

**ÇËSHËTJA E PRONËSISË TOKAVE NË SHQIPËRI.
PRONA, FORMAT E MENAXHIMIT & MARËDHENIET
MIDIS TOKAVE BUJQËSORE DHE ZONAVE TË
UBANIZUARA**

**Land ownership, land management and relations
between rural and urban areas –major issue in
Albania**

Prof. Dr. Bahri MUSABELLIU

**Agricultural University of Tirana
Farm & Agribusiness Management Dept.**

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PRONESIA MBI TOKEN, FORMAT E DREJTIMIT DHE LIDHJET NDERMJET TERRITORIT BUJQESOR DHE ZONAVE TE UBANIZUARA, PROBLEM THEMELOR NE SHQIPERI

Land ownership, land management and relations between rural and urban areas –major issue in Albania

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1. FARM UNITS AND AGRARIAN STRUCTURES (Farm units, farm zise and fragmentation level)

After land privatization in 1991, the organizational form of agricultural production in Albania is the family farm.

Condensed data characterizing **Land ownership, Farm average size and Land fragmentation***

Nr	Item	Unit	Area	Tirane	Korce	Fier	Shkoder
1	Amount of agriculture land [†]	Ha	195 633	33031	47538	91243	23821
2	Farms' number [‡]	Nr	200 054	35 148	48442	68384	48080
3	Farm average size (1:2)	dy	9.7	9.4	9.8	13.3	5
4	Overall number of plots [§]	"	4255	626	1306	1475	848
5	Average number of plots per farm (backyard included)	"	4.2	3,3	5.1	4.8	3.4
6	Plots average size (3:4)	dy	2.3	2.9	1.9	2.8	1.5

Source: World Bank, Study, Musabelliu. B. etc, 2002

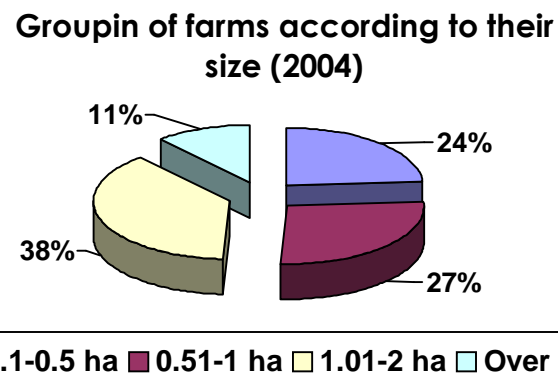
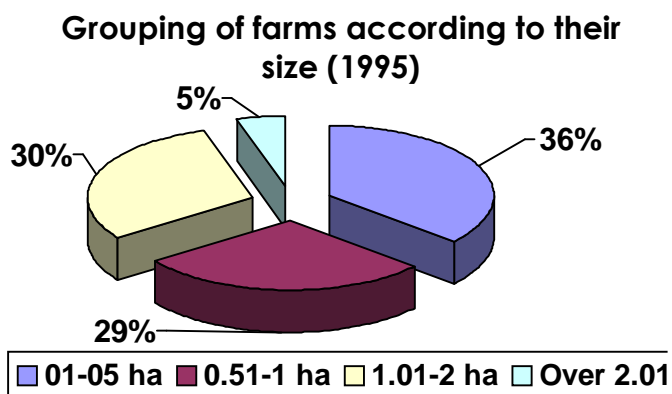
* World Bank, Study, 2002

[†] INSTAT. General census of agricultural holdings. 1-30 June 1998

[‡] INSTAT. General census of agricultural holdings. 1-30 June 1998

[§] Survey data

1.1. Farms size



Source: MoAF. The special agricultural survey (1995, 2004)

From the analysis of the above data it can be concluded:

- ✚ First, the total number of the farms is decreasing.
- ✚ Secondly, there exists a trend towards the decrease in the number of the minimal size farms. During the last 10 years the number of the farms of 01-05 ha and 0.6- 1ha is decreased with about 13%.
- ✚ Thirdly, it results that the farms groups of 1-2 ha and 0.6-1 are. The land transactions have given positive effects on this trend (land market and land leasing).

1.2. Farms and land fragmentation

Presence of minimal size and considerably fragmented farms is the consequence of several factors:

- ✚ Law on land content
- ✚ Demographic development of village and population clustering in specific rural areas
- ✚ Land privatization during several stages
- ✚ Law on land interpretations
- ✚ Natural fragmentation
- ✚ Inheritance.

Some advantages of land fragmentation are:

- ✚ Production risk diminishing
- ✚ Facilitates implementation of agricultural rotations
- ✚ Use of several ecological zones
- ✚ Rational use of households available labor
- ✚ Advantages stemming from peculiarities of product markets

Some disadvantages of land fragmentation are:

- ✚ Loss of agricultural land
- ✚ Increased transportation costs
- ✚ Waste of time
- ✚ Obstacles to establishment of farmers' associations
- ✚ Hinders irrigation investments
- ✚ Impedes use of agricultural equipment

1.3. Farms consolidation

Factors that refrain farmers from selling their land plots are numerous, but we are mentioning only these:

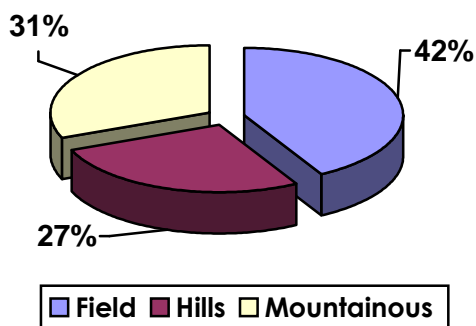
- ✚ Albanian farmers' strong ties with their land
- ✚ Disillusion that farmers experienced during formerly cooperative system
- ✚ Overcrowding of rural households
- ✚ Long term feeling of security stemming from land property

Factors that encourage land-selling process are:

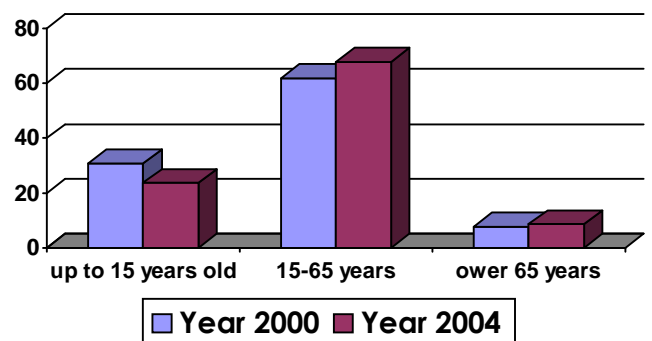
- ✚ Considerable land fragmentation and necessity for land consolidation
- ✚ Necessity to attain optimal parameters in farm size
- ✚ Competition
- ✚ Lack of desire among youth to engage in agricultural activity
- ✚ The need for capital concentration on land

1.4. Farms and employment structure

The structure of the rural population (%)



Age structure of the rural population



Source: Agricultural survey, 2004, MoAF

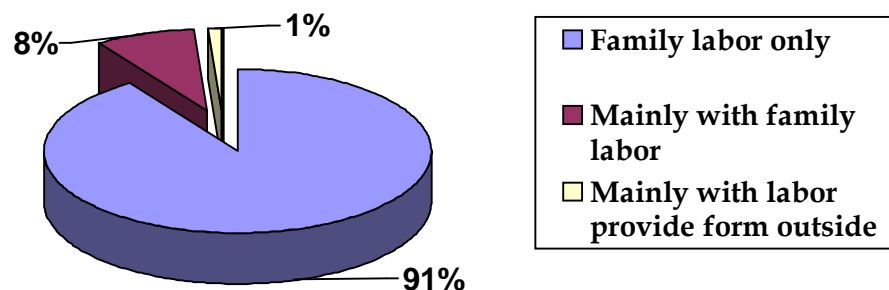
From the analysis of the above data it can be concluded:

- ✚ The rural household in Albania is composed of about 4.8 persons, but recent statistics show a declining trend
- ✚ During the years 1997-2004 the average number of family members has decreased as the rural population in general
- ✚ The rural zone is dominated by families with 4-5 members, which represent 56% of the total number of the families or 47.5% of the rural population
- ✚ The rural population is still dominated by young people. About 26% are up to 15 years old, 67.8% are 15-65 years old and only the remaining 8.6% is over 65 years old.

The farm is the main source of employment. The statistics show that about 73% of the working force is employed in agriculture, 6% is employed in non-agricultural businesses, 6% in agro-industrial activities and 3% in other jobs.

The main characteristic of the agricultural farms in Albania is the domination of the family labor. About 90% of the farms satisfy their job needs from their family.

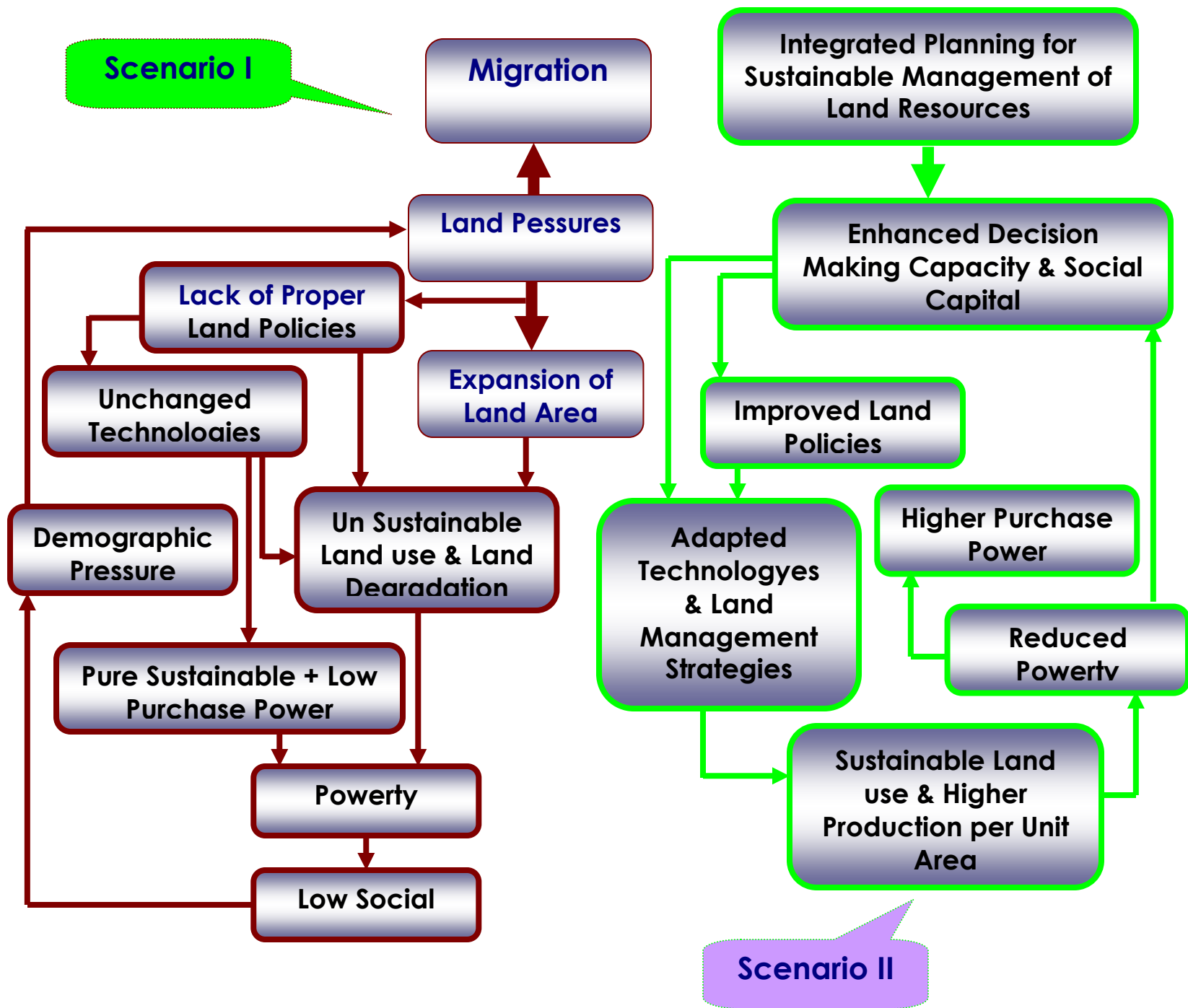
Farm types according to the labour source available



Source: INSTAT, Statistics 1993-2004

There are two main problems Albanian agriculture is facing nowadays:

- ✚ Firstly, the existence of agricultural holdings with a minimal size, fragmented, closed in itself and oriented towards the fulfillment of the family needs
- ✚ Secondly, the existence of a considerable large family which needs to operate in this micro-farm on the rural development.

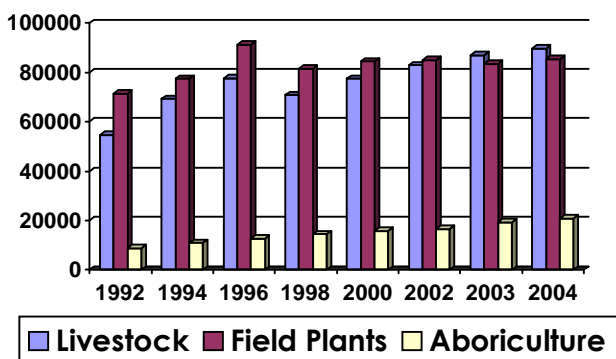


2. THE ESTIMATED PRODUCTION AND THE AGRICULTURAL REVENUE

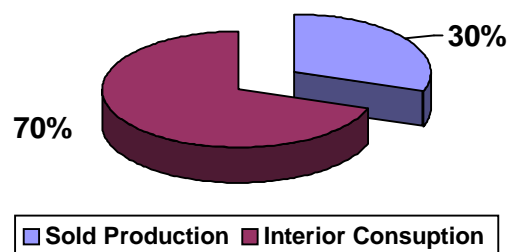
The estimated agricultural production has been increased every year. The destination of the estimated production shows that:

- ✚ The cash incomes in farm are still low in comparison with the interior consumption, although the average incomes during 1997-2004 are increased about 2.3 times.
- ✚ The sold production composes about 30% of the estimated production in 2002 compared with 13% in 1997.

The estimated production in agriculture
(with the price of 2000) in million leks



The destination of the estimated
production (in %)



Source: Agriculture and Food Statistics of Albania, 2004

We can draw some conclusions from the following data:

- ✚ The family farms in Albania continues to be considered as subsistence, although during the last years is noticed an increase of the revenues realized from sales.
- ✚ The majority of the agricultural and livestock production is used for family consumption.

The number and the distribution of the farms according the gross revenues'

No	The revenues (leks)	Total Farms with crops	Selling Farms	The ratio of the selling farms	Average income per farm	% of farms
1	0 – 10.000	41104	19094	46.5	1854	10.9
2	10.001-100.000	111798	111074	99.4	53971	29.6
3	100.001-400.000	181874	181874	100.0	214335	48.2
4	> 400.000	42652	42652	100.0	703790	11.3
5	Albania	377427	354693	94.0	199005	100

Source: Agriculture and food statistics of Albania, 2004

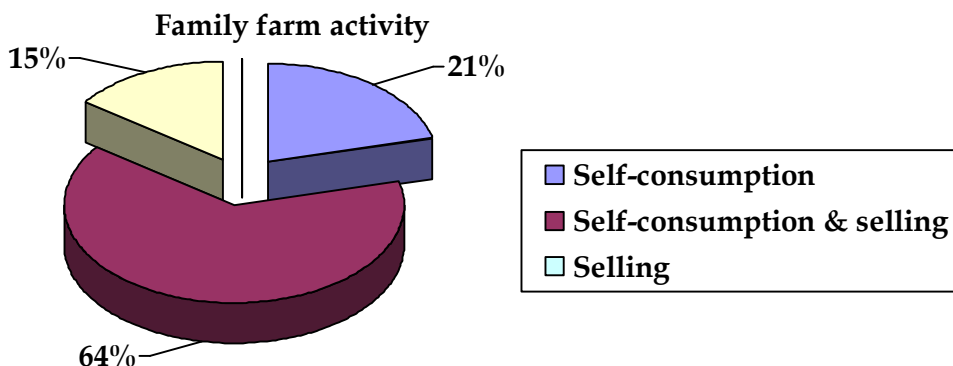
From the analysis of the above data it can be concluded:

- ✚ About 40.5% of the farmers realize up to 100 000 leks incomes
⇒ The poorest farms (11%), which possess less than 0.5 ha, are located in the mountainous areas and make limited incomes with an average of 10000 leks.
- ✚ About 49% of the farms have big incomes varying from 100 000 to 400 000 leks
- ✚ Only 11.3% of the farms are well-managed and make big profits over 400 000 leks per farm

2.1. Farm's socio-economic profile

The growth of the Albanian economy and the economic stability are conditioned from the growth and the development of the agricultural sector. After 1990, the big changes of the economy affected also the change of the GDP structure in favor of agriculture.

According to the number of study, in Albania family farms activity in these areas can be classified into three groups:



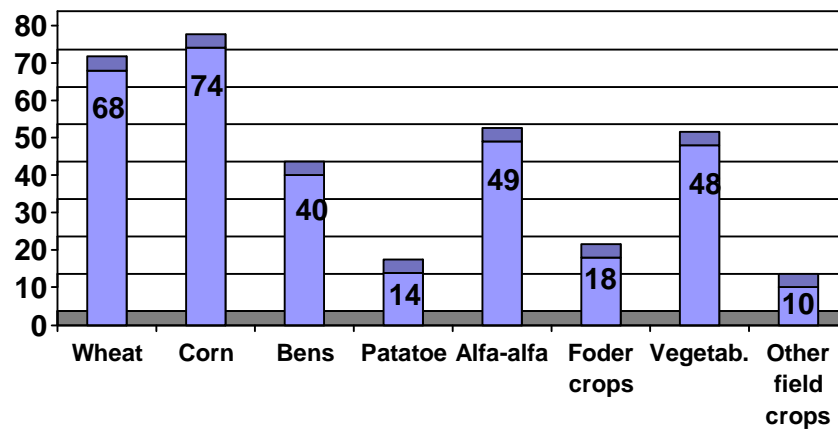
- ✚ Self consumption 21%
- ✚ Self consumption and selling 64%
- ✚ Selling 15%

3. FARMING SYSTEMS IN ALBANIA

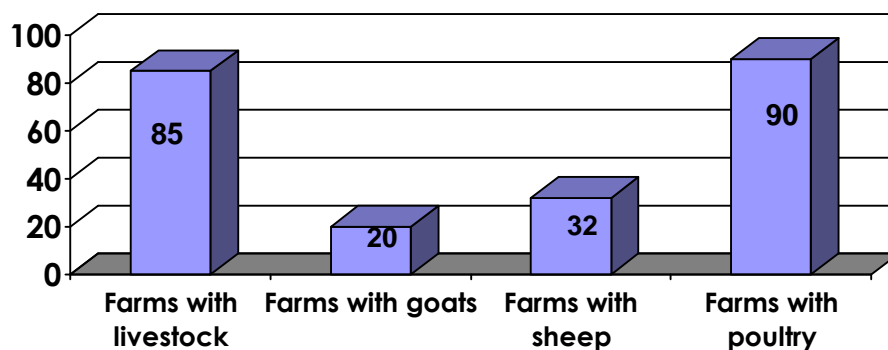
3.1. Types of farms

Family farms in Albania are characterized by characteristics such as: **limited access to production capacities, considerable land fragmentation, overcrowded rural families, financial constraints regarding input provision, lack of public institutional framework, insufficient credits for agriculture, high interest rates for agricultural credits, inadequate collateral, lack of information and infrastructure, etc.**

The number of the farms that cultivate field crops (in %)



The number of farms that breeding livestock (in %)



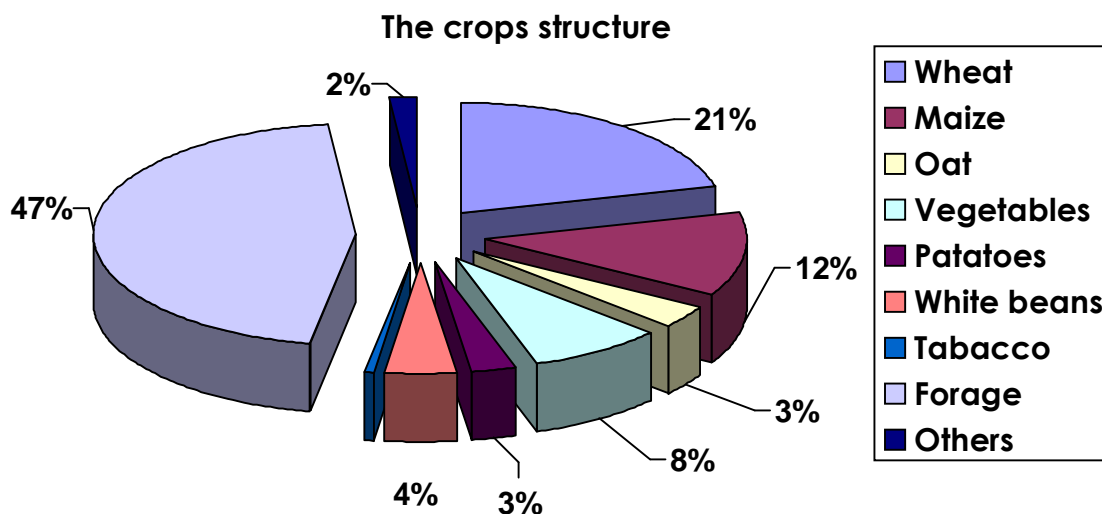
Source: MoAF- The special agricultural survey, 2004

We can draw some conclusions from the following data:

- ✚ Farm production patterns include almost all crops and animals, and to a large extent this is due to the fact that farms are not market oriented, but produce mostly for family farms self consumption
- ✚ Albanian farmers' rationale behind conceptualization of production structures is based on two principal objectives: food security for the household and minimization of economic risk.

3.2. Analyzing of agricultural systems

Based on the limited production potential (land, livestock, etc), the Albanian farm system has developed as a rational solution the use of complex productions structures, which include a large number of crops and animals.



Source: MoAF- Agriculture and Food Statistics, 2004

Different production structures can be found according to the farm's location, destination of production, (for marketing or not), family needs fulfilments, etc. Nevertheless, the dominant farm production systems are:

- Cereals – Vegetables – Forages – Livestock – Other.
- Cereals – Forages – Livestock – Vegetables.
- Vegetables – Forages – Livestock.
- Vegetables – Fruit Trees – Vineyard.
- Cereals – Livestock.
- Vegetables (greenhouse).
- Vegetables – Potatoes.
- Forages – Livestock.
- Fruit Trees/Olives.
- Vegetables – Vineyard.

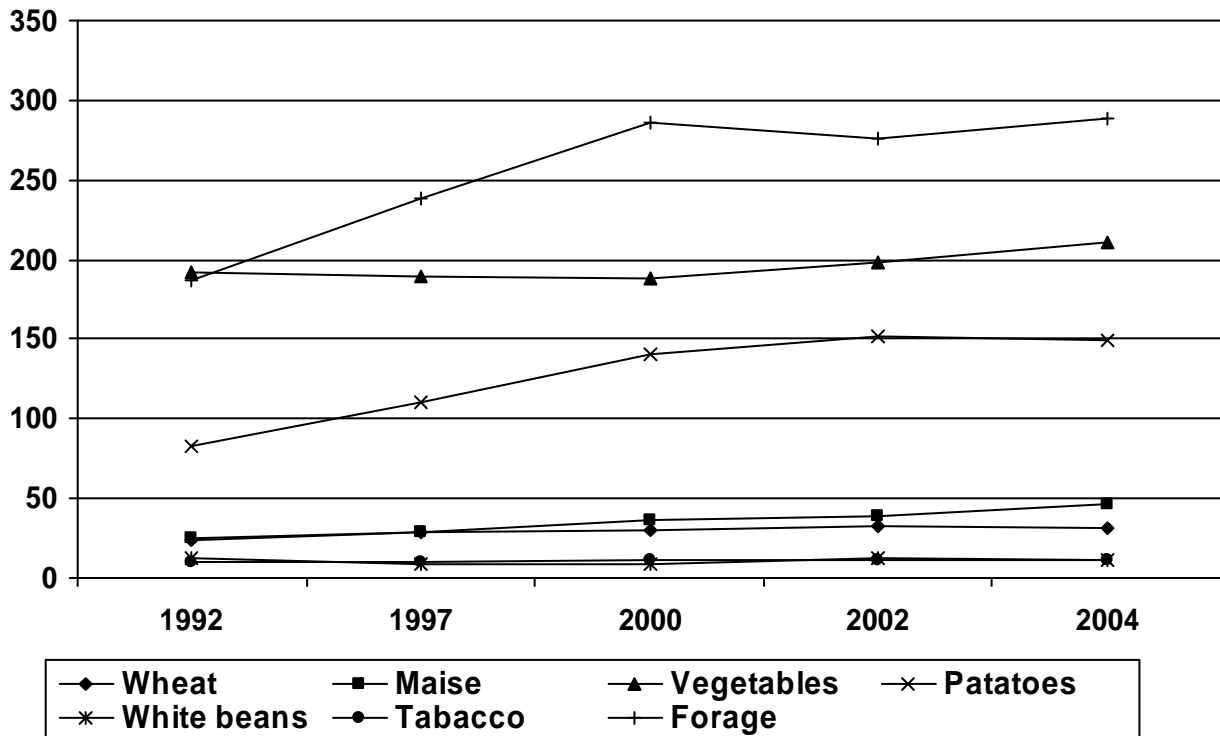
Analyzing farm production structures in different areas, the following can be concluded:

- ✚ Farm production systems are characterized by crop systems composed of annual and perennial crops, and by the livestock's systems, which include all types of livestock, and poultry
- ✚ The number of crops cultivated in a farm varies from 4 to 7. Farms deal with several types of livestock, and several fruit trees (generally

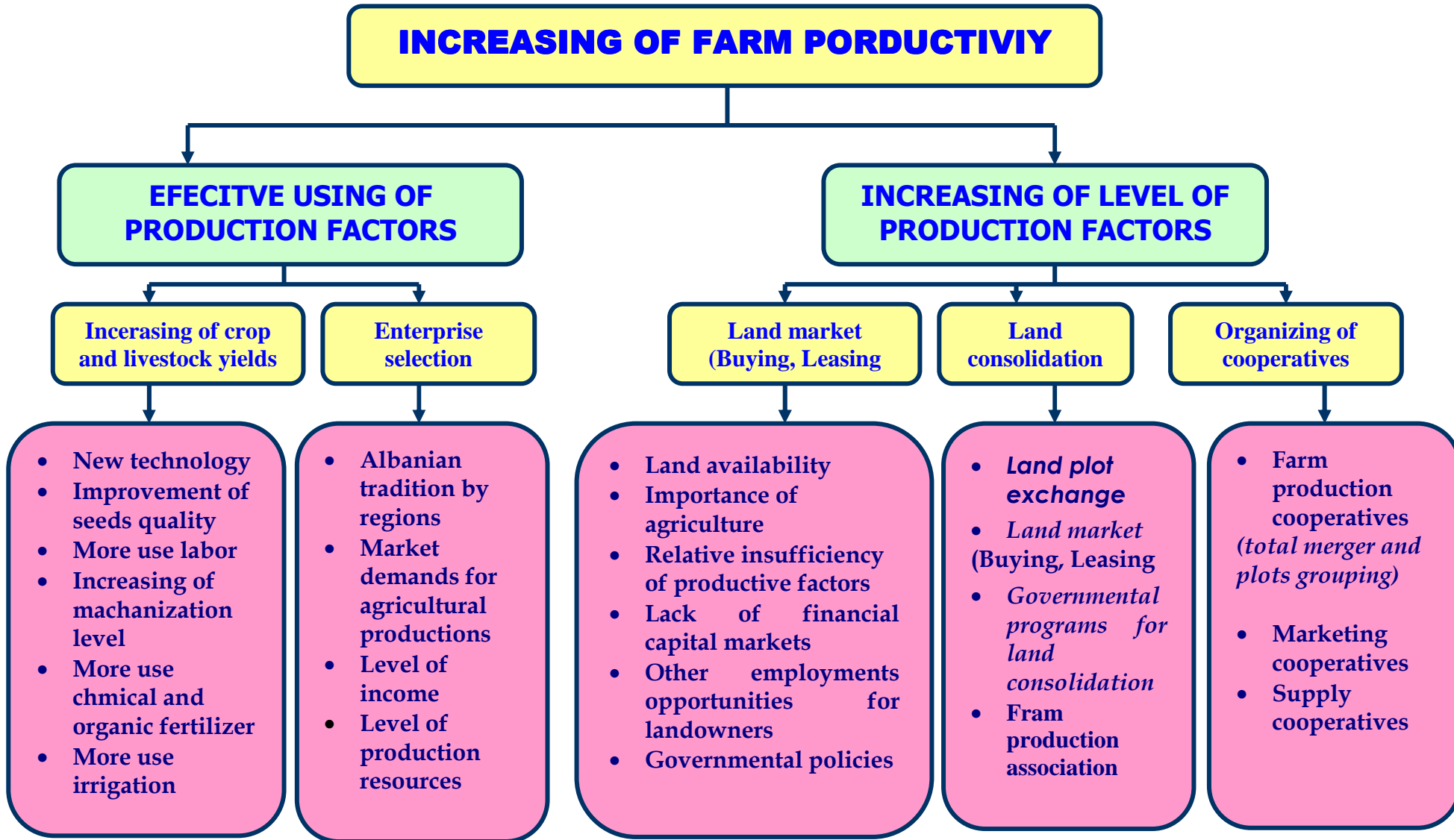
distributed within farms). Such a “mosaic” of production aims not only to fulfill family needs for food, but also to diminish the economical risk.

- ✚ Based on a general assessment, in different zones, farmers have divided the land into the following approximate proportions in terms of production systems:
 - ⇒ In the plain area: cereals 40%, forages 38%, vegetable 9%, and others 13 %.
 - ⇒ In the hilly area: cereals 28%, forages 47%, vegetables 15%, and the others 10%
 - ⇒ In the mountain area: cereals 11%, forages 64%, vegetables 4%, and the others 21%
- ✚ The conceptualization of such production structures has transformed the Albanian agriculture into a self-sustained part of economy
- ✚ Production for marketing has not become yet a particular objective. It represents a surplus after the completion of the two main objectives mentioned already.
- ✚ The production systems developed in farms are conditioned by the following factors: **Tradition, Demand, Income, Resources.**

Field crops yield (1992-2004)



The identification and evaluation of factors that determine the growth of farm productivity in Albania



4. MARKETING OF AGRICULTURAL AND LIVESTOCK PRODUCTS ADVANTAGES AND BARRIERS

Consolidation of the farm activities, and farm specialization as an important point for market oriented farms. Specialization and increased production requires well-organized marketing channels for efficient and good operations on the markets. This process demand distinguishes between farm “input supply” sectors ‘farm’ and ‘processing’ sector and the farm must be focused only on the production activities. From the study results that agricultural products markets according to their importance rank as follows: Center district, Local market, Village and Road, Other villages, Center of other districts, directly to the purchaser.

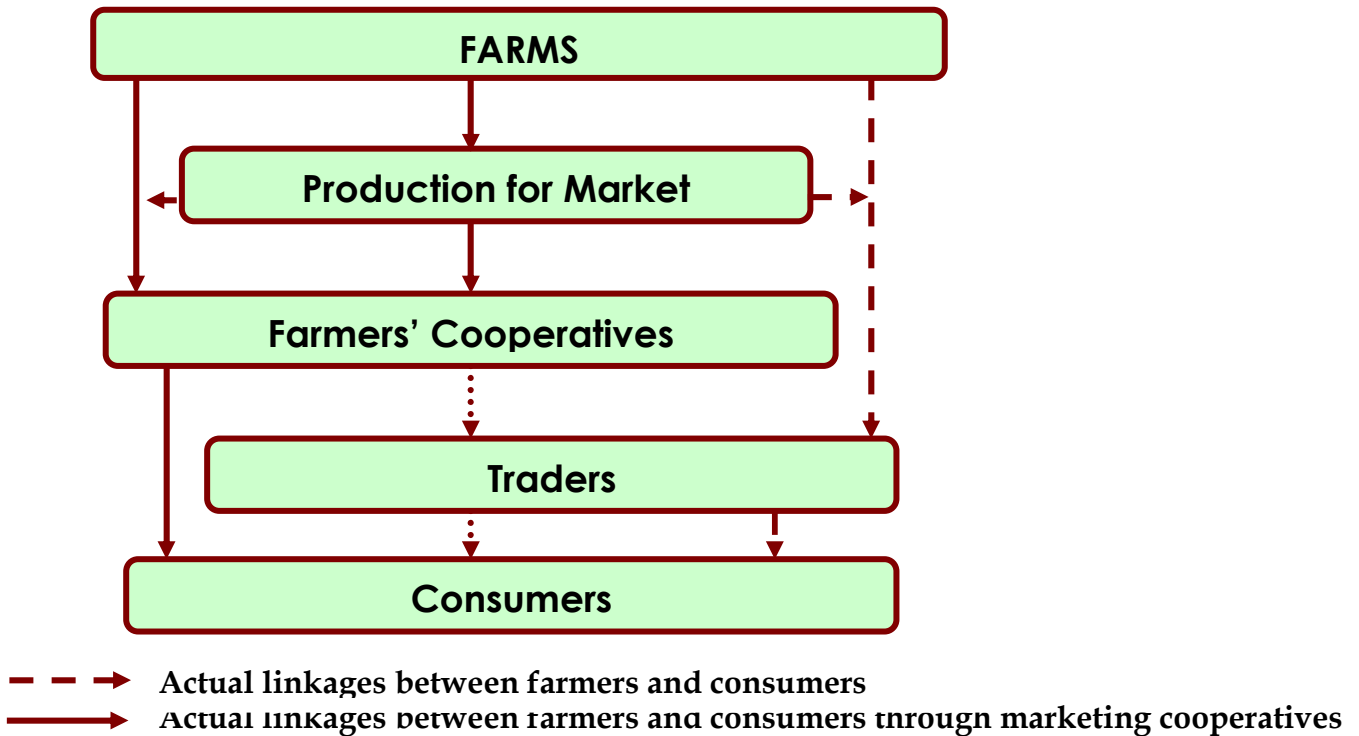
Regarding the kind of obstacles that farmers face while selling their crops outside their district or abroad, from the study results the following ranking: Transportation problem is most important, then Other problems (such as lower quality of their products in comparison with the imported ones, inadequate appearance of their products, lack of time to go to the market, competition from local producers of similar products).

Most respondents regarding the difficulties that they face while selling their products in general indicated Lack of permanent market place as most important. Then, they indicated Lack of provision enterprise, Transportation problem, Willful decline of prices, Lack of processing enterprise and other problems (regarding inputs and irrigation competition from imported products).

5. FARMERS' COOPERATIVES AND ITS ROLE IN VERTICAL INTEGRATION

5.1. Farms and their position in the markets

Analysing farms' production systems we can recognize that in every case farmer try to be in its classic position, as a producer of agricultural and dairy products. But, this position can' take him aside from possibility looking ahead, to exploit trade intelligence, thinking about the trade and future prices for its products, also to be part of marketing system for these products, as it is illustrated in the following sceme.

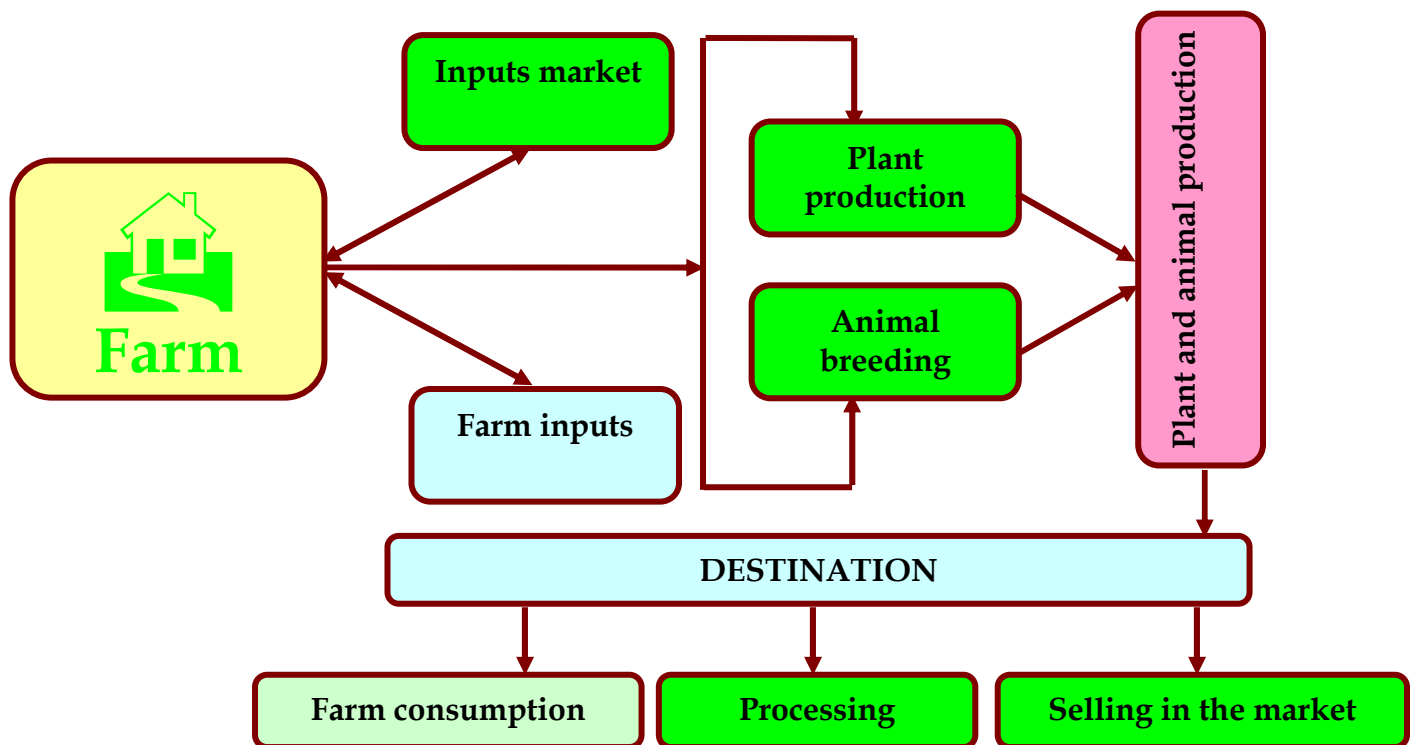


Relying on the reality in the country, we can distinguish three possibility of farms orientation: **production oriented farms, trade oriented farms, marketing oriented farms**. Looking at marketing oriented farms, farmers try to benefit from the marketing system of its products, which involve its commitment in some activities like:

- Storing of product for future selling, waiting for profitable prices in the future: farmer benefit from time utility that marketing system gives to its products
- Product processing (cleaning, sorting, categorization with respect to quality, standardizations, aiming increased future prices)
- Selling of product, through the first marketing chanel, directly to last consumer, forward vertical integration.

5.2. A brief analysis about farm system activities

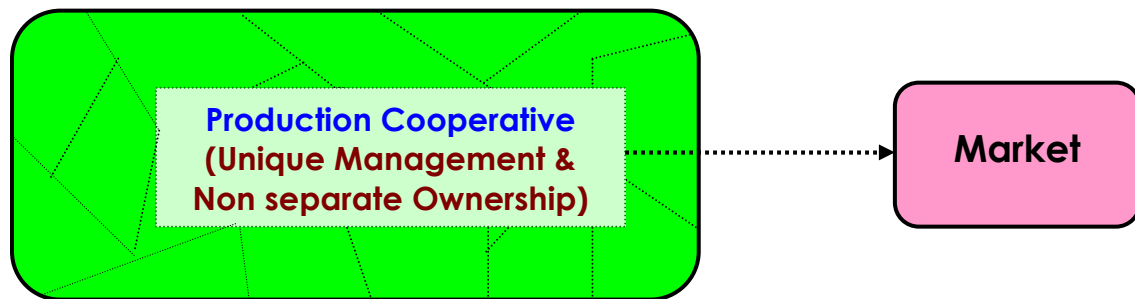
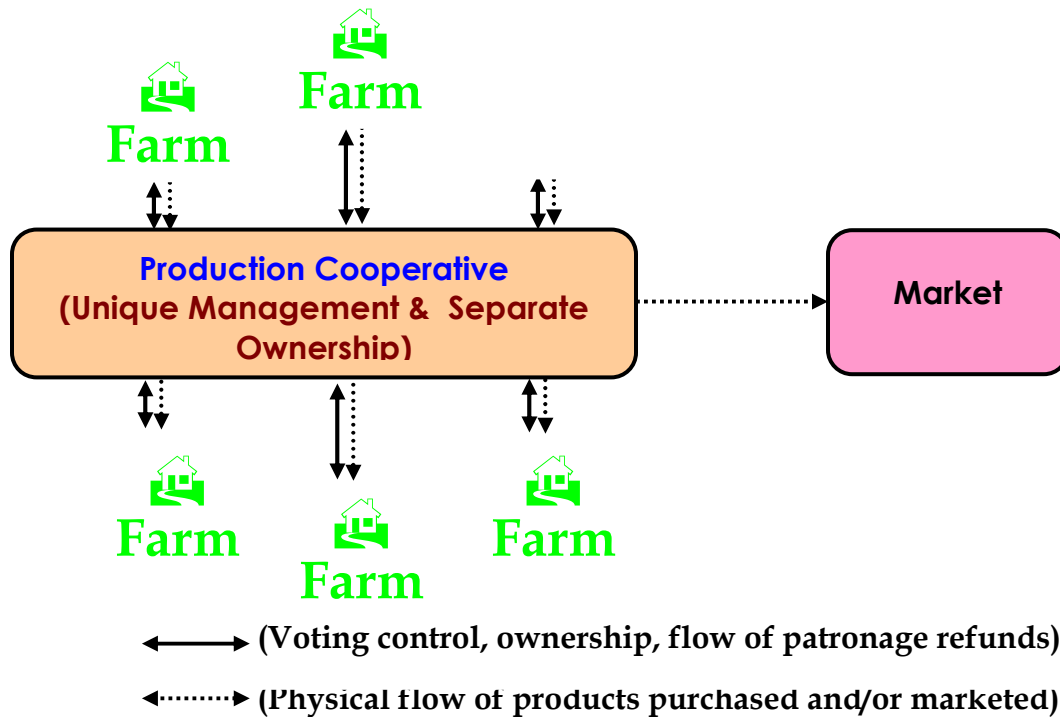
To judge about the ways that evolution development of farms must follow, aiming integration with agri-industry, it is necessary to know and evaluate some features that characterizing actual Albanian agriculture development such as: existing farm structure, farms orientation, complexity level of production systems, level of profitability for each level of production activities, etc. To know and analyse these features help us identifying even the most rationale alternatives of their activities, dealing with way of organizing these activities which can be individually or cooperation between different groups of farmers and for which defined level of their production activities.



5.3. Challenges that must be faced

It is obvious, the more complicated the production systems activities of the farms, the more difficult is for farmers to handle these activities. In this context, naturally rise the problem that in which level of production activities farmers must be engaged, ways of engagement (individually or cooperation) and even more, how farmers can participate in those level of their production activities where benefits as an effect of "scale economy" are very large?

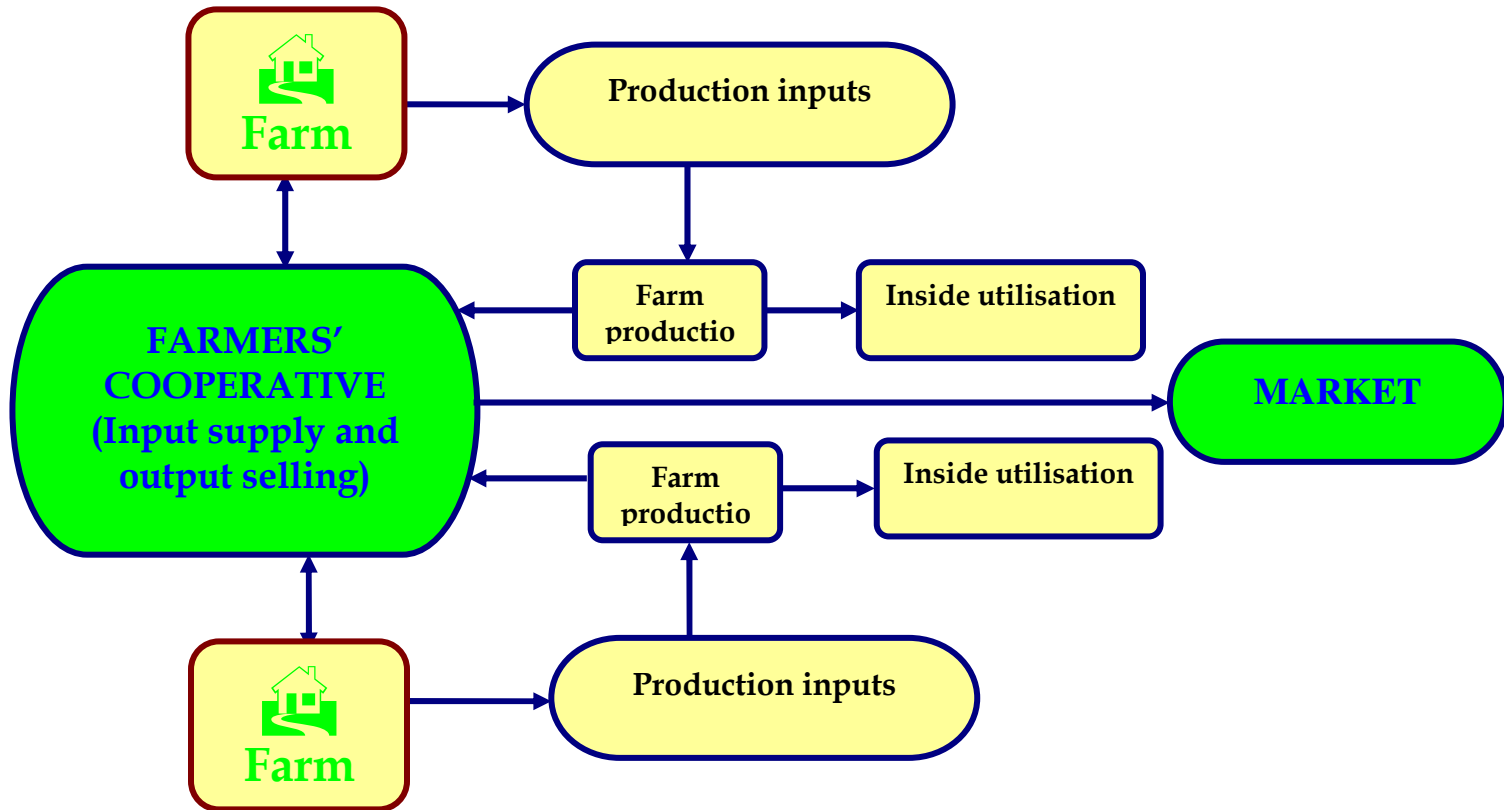
5.3.1. Production level cooperation



5. MARKETING COOPERATIVES AND ITS ROLE IN PROMOTING INTEGRATED DEVELOPMENTS

Consolidation of farms' activities, and in this context further specialization of production in farms towards market, finds out the need for simplification of farms' activities system. This simplification deals with **separation of farm from inputs sector, from processing and marketing of production (selling it in the market)**. Fulfilling this objective requires self-organization of farmers through cooperatives, where **marketing cooperatives play a very important role for their integration in the markets.**

What is a marketing cooperative? Referring to the above information, below is presented in scematically way how a cooperative can be organized regarding the marketing and supply sector, which is the farmers' position (members) in it, and its role in farmers' integration into the agri-industry enterprises.



5.1. Potential benefits from cooperatives

- Being focused on production, farmers can be partners in the markets, as a result of an larger supply, it is very well known that actually in the markets producer supply (which is a individual supply) face always a aggregated supply
- Cooperatives enable farmers for their vertical integration. As a result of being member of cooperative, farmers can assure markets for their products, and agri-industry enterprises can assure raw materials.
- Farmers can benefit not only from farms' activities, but even from **"added value"** created by product along different steps of marketing chanel, as a result of cooperatives' activities.
- As the size of agriculture enterprises increases, cooperatives enable farmers (members) receiving more benefits coming from **"scale economy"**.
- Cooperatives will enable farmers getting more benefits from other levels of production activities, these benefits can't be provided from other organization forms.

- Such cooperatives can exercise sensitive pressures in competitive market environment, by offering high prices for products coming from members and low prices for inputs. That's because cooperatives are very flexible in price policy determination.
- Reduction of individual uncertainty by risk diversification is other important function that cooperative can offer.
- Cooperative try to lower market power of other businesses, by doing so favor its members. This is realized by increasing consumers' reliability, by producing with brand name, by offering necessary services etc.
- Cooperative can try for assuring quantity and quality of product, necessary for fulfilling markets' requirements.
- Finding inputs' markets and products' markets, are two most important advantages that cooperative offers. This is a big problem, especially for the farmers that produce sensitive products (fruits, vegetables).
- Cooperatives' activity can increase politic influence to government. As a result legal and administrative rules can be established in favor of cooperatives' business.
- Benefits from cooperatives' activity exceeding its members, benefits go not only to the members but also to the community in general.

Considering what is discussed above we can conclude:

- ✚ Cooperative are the most appropriate alternative for helping family farms. Credits' and supplies' cooperatives can help farmers increasing operating performance to reach big economies. Marketing and processing cooperatives can help farmers securing markets for their products.

6. DECISION-MAKING FOR COOPERATIVES ORGANIZATION

Organization and functioning of a cooperative is certainly a difficult enterprise. In any case to get into suces in this activity is necessary **knowing closely all problems that farmers face, detrmining clerly targets that must be reached, also farmers must be aware for the necessity of being organized in a cooperative.** All what is discussed above contribut to the suces in decision-making, as you can observe in decision-making tree below.

MARKETING COOPERATIVE

