

Social-economic profile Of family farms In albania

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1. INTRODUCTION

Albanian economic transition was associated by implementation of considerably structural and institutional reforms requested to establish a solid market economy. Though achieved progress, especially the macroeconomic and financial stability, Albania has one of the lowest levels of incomes per capita in Europe. There is a big differentiation of incomes distribution between rural and urban areas.

Economic reform implementation in agriculture, with all the elements characterizing it, caused the organization of new productive structures and concretely the **family farms**.

Investigations on entire country show that farms in Albania are characterized of some specific elements and their study, as well as the solution of problems related to them deserve a special attention. Some of the main elements characterizing agricultural farms in Albania are: the high number and their overutilization, limited arrangement of Productive capacities (land, machinery etc.); heighten fragmentation of land, low level of production amplification, hard financial support of inputs, no guarantee, high norms of credit interest offered by banks or non-credit institutions

agriculture. _____ of a study The information of this report is based on the conclusions

performed in four prefectures of the country (Shkoder, Tirana, Korce, and Fier) related to social and economic problems faced actually by agriculture development.

The main objective was to contribute as more as possible to the World Bank activities related to agricultural services, markets (of land and seeds) and production and conception of a strategy on entire country

development.

2. General assessment of productive capacities of agricultural farms

Study data show that average size of farms in studied area is 1.4 ha, and variation according to prefectures goes from 0.7 ha for Tirana's Prefecture till 1.6 ha for Fieri's Prefecture. This disproportion is conditioned by relieve composing, land surface, peasant population

number, etc.

The number of small parcels managed by farmers varies from 1 up to

40 parcels, on an average of 4.2 parcels per farm. As obvious, Albanian farmer is working on small plots of land, with a size from 0.02 ha to 4 ha

Regarding other productive capacities (capita number), study data show that there are not sharp disproportions, conditioned mainly by the fact that the last ten years dominated the general tendency to increase the capita number, without taking into consideration ruin of livestock during 1996-1997 as result of pyramidal schemes presence

Based on study data, not only from prefectures, districts and communes but also even from information gathered from interviews in focus group

and experts, as conclusion, study area is characterized of:

- > Presence of an agricultural farm of minimum size and divided into plots.
- > Farm is compiled of a huge number of small parcels.
- > Presence of a relatively huge family obliged to work on this micro-

farm.

- > Presence of a positive tendency on animal number increase as well

as arboriculture farm development.

- 1 > Deficiency of mechanical means.

In these conditions, it is indispensable to concept **right policies on farm consolidation** in Albania. Achievement of this objective would include:

- > **Establishment of Department of land consolidation beside Ministry of Agriculture and Food**, which function is acknowledgement of fragmentation situation and proposal of solutions regarding prospective consolidation of agricultural land.

> **Establishment of national agency of land purchase**, with branches in every district, that would control and manage land purchase in function of the realization of agricultural structural policies and implementation of law requests. This agency could take the bank role in financing land purchase.

3. Farms activity advantages and production re- strains

Previous aspects, which characterize almost all rural areas in Albania, show directly their influence on farm productive structures planning and implementation. Faced with the abovementioned problems, Albanian farmers consider as rational the adoption of complex productive structures, which include **a huge number of plants and animals**, as observable on the data of tables correlated to this report.

The number of plants cultivated in a farm is huge, including almost all kinds of plants. Dominative systems on farm production structures are: Cereals -Vegetables. Livestock Forages, Others Cereals-V etables-Livestock. Vegetables-Livestock-Forages Fruit TreesOlives-Vineyards Cereals- Livestock. Etc., Vegetables (Greenhouses); Vegetables-Potatoes Livestock- Forages Fruit TreesOli@ve Vegetables-Vine@ards It happens because farm productive structures priority is not the market demand generally, but supply of family food needs. Analyzing farms' productive structures included in the study area, conclusions are:

> Productive structures of farms are characterized of development of 121ant life systems coml2iled of annual and multi annual 121ants and livestock Vstems that include all kinds of animals. Plant life systems include mainly plants such as: wheat, corn, alpha-alpha, vegetables, bean, potatoes, and arbori culture. Livestock systems are dominated of cows and chickens.
> On the study area, farmers have found more rational to divide the

surface b _____ orts: wheat 4

.y this ral2p _____ 0%, corn 19%, forage 22% and other

plants 19%. Albanian peasant conception of productive structures is based on two main objectives related to: **supply of family food** needs and **minimization of economic risk.**

> Productivesystemsoffamilyfarmsareconditionedbysomefactors among which: **'kadition,**

Demand, Incomes, Resources, etc.

In front of these conditions, integration level of family farms to the agro-business system is very low either in products' sale or providing inputs indispensable to the production. Different elements of agro-business pretending to assume the functions of furnishing the farm inputs or gathering of agricultural and livestock products are often non-turnover to farmers.

What is the way to increase family farm productivity in general in order to allow increasing of market product? There are different strategies on the achievement of this objective, among which:

> Increasing of productive capacity levels of every farm toward optimal limits and

> Increasing of working forces usage efficiency at the same time and through its decreasing.

Both strategies are acceptable but use of one or the other is conditioned of specific circumstances and mainly the factors previously treated. So, industrial development of the country would set as primary the second strategy, creating premises of establishment *ofpart-time* farms. This comes because land presents a long-term insurance to industry worker, immigrant or small merchant, if he loses his job in the future.

4. A social-economic profile of farms In the studied area

Referring to the previous elements related to farm productive capacities and production structures, study data and other information resources as well, show that farmers' productive activity may be classified in three groups:

First RLQup:

> Do not completely supply most vital family food needs > Their productive system is not reproducible

> Scarce real and potential possibilities to increase and make efficient

their productive capacities

> Dominating productive system, cereals - livestock - forages - others.

> Almost inexistent relation to the market

> Representatives of this group are deep areas

This group represents about 21% of entire area farmers.

Second group:

- > Supply family food needs
- > Part of the group has capacities to accumulate and invest
- > Product diversification does not correspond to market demands > Dominating productive systems: cereals-vegetables-livestock, vegetables-livestock-forages, fruit trees/olives-cereals-livestock etc.
- > Partial relation to the market and limited partnership among them > Part of this group tends towards commercialization process of productive activity.

This group represents about 64% of entire area farmers.

Third Group:

- > Production goes mainly to the market > More possibilities of investments > Satisfying reproducing level
- > Dominating productive systems: vegetables (greenhouses); vegetables-potatoes; livestock-forages, fruit trees/olives; vineyards; cereals- livestock etc.
- > Tendency leads towards production amplification
- > Product diversification corresponds to market demands > Market partnership is relatively fine > More possibilities to face the risk
- > Tendency toward productive activity commercialization process **This group represents about 15% of entire area farmers.**

Evaluating all the abovementioned profiles it comes as result to some social-economic considerations characterizing them. Among others:

- > First group includes a part of farmers, whose main destination of their activity is self-consumption. **Existence and activity of this group is threatened and forms the basis of migration and immigration of rural**

population. Study data show that **young people have no employment alternatives in this family farms group.**

- > **Second group** includes farmers working for self-consumption but selling extra product. This group **tends toward specialization and commercialization of productive activity.**
- > **Third group** includes a small part of farmers, whose main activity destination is mainly for sale. This group **has made steps towards specialization and commercialization of productive activity, represents a satisfying production diversification level according to market demands** and the highest level of engagement of young people, mainly in greenhouses industry, arboriculture and livestock development.

Agriculture development through free market, presumes farms increasing and strengthening in accordance to previous groups, aiming passage from a lower group to a higher.

In front of this situation it is necessary, in a macro-economic level, to elaborate and implement economic policies able to stimulate agriculture development. They must aim toward a strong support of family farms systems:

- > That encourages **more optimal alternatives of productive capacities usage** (land, machinery, animals etc.).
- > That **stimulates new productive activities development**, where **added value** of agricultural products is higher and young people tend working there.
- > That supports adequate schemes of input and agricultural product offers uses through marketing systems development and improvement, etc.

5., Summary

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.

Disproportion regarding levels of farm production capacities, large number of farms, prevalence of minimal-size farms and labor intensive

methods, presence of production limiting and non-limiting resources, lack of land market, etc., are some of basic factors that associate progress of agriculture in Albania during the transition.

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. Production structures are designed on the grounds of farmers' analysis of its activity environment, i.e. production capacities constraints, overcrowded farm families, presence of a non-consolidated and advantageous supporting system, etc.

In Albania family farms can be characterized as subsistence farms. Production intended for market doesn't represent an authentic objective, but it is a derivative from the attainment of the two- aforementioned objectives rather.

Level of integration of family farms into the agribusiness system is still inadequate regarding either the sale of products or inputs procurement. Overcoming of this situation requires both the increase of farms production capacities up to the optimal levels and the productive use of working forces parallel to and through its decrease.

According to the survey, in Albania family farms activity can be classified into three groups: First group includes a part of the farmers in the surveyed area whose main objective of their activity is self-consumption. Second group includes the farmers who produce for self-consumption, but sell product surpluses as well. Third group includes the farmers whose main objective of their activity is sales. Consequently, there should be designed and implemented macro- economic policies aimed at giving additional impulses to the development of agriculture. They also should be aimed at giving a greater support to family farms in terms of agricultural mechanics, subsidies for agricultural inputs, reduction of interest rates for agricultural credits, revitalization and efficient use of intellectual potentials in agriculture that remain idle yet.

Literature

1. **Methods of Farm Management investigations for improving farm productivity** (FAO Agricultural Development Paper No 80. Rome 1965)
2. **Farm Management Research For Small Farmer Development.** (FAO Farm Systems Management Series, No.6,1993.
3. **Farm Management Data Collection and Analysis.** FAO Agricultural services Bulletin No.34, Food and Agriculture Organization of the United Nations, Rome.
4. Agricultural services project Albania (social assessment), World Bank,

Table 1. Syntlietic data on farms size and fragmentation level

| Q r EMFRTIMI | M.U Area | Tirane Korce Fier | | | | Shkoder |
|-----------------------------|------------|-------------------|-------|-------|-------|---------------------------------|
| 1 Agricultural land | Ha 195 633 | 33031 | 47538 | 91243 | 23821 | Surface' |
| 2 Farms number2 | Nr 200 054 | 35 148 | 48442 | 68384 | 48080 | |
| 3 Farm average size (1:2) | dyn. | 9.7 | 9.4 | 9.8 | 13.3 | 5 |
| 4 Parcels total number' | 4255 | 626 | 1306 | 1475 | 848 | |
| 5 Parcels average number | 4.2 | 3,3 | 5.1 | 4.8 | 3.4 | per farm (including the garden) |
| 6 Parcels average size 3:4) | dyn | 2.3 | 2.9 | 1.9 | 2.8 | 1.5 |

Group of Authors. Study on land fragmentation in Albania. March, 1995 2 Also there

INSTAT. General census of agricultural holdings. 1-30 June 1998 INSTAT. General census of agricultural holdings. 1-30 June 1998 Data of our questionnaire.

Table 2. Data on farm productive capacity level

Prefectures

No

Description

0

| | | | | | | | | | | | | | | | | |
|------|-------------------|--------|-----------------------|-----|-----|-----|-----|---|----------------------|-----------------------------------|------|------|------|-----|-----|---|
| 1 | Farm average size | Ha | 1.4 | 0.7 | 0.9 | 1.4 | 1.6 | 3 | Land size per capita | Dyn/ca. | 0.22 | 0.14 | 0.18 | | | |
| 0.29 | 0.32 | 3 | Family members number | Nr | 6 | 5 | 5 | 6 | 5 | Capita number averagely per farm) | | | | | | |
| 1 | cows | Capita | 1.4 | 1.4 | 1.3 | 1.4 | 1.3 | 2 | Sheep | Capita | 4.2 | 4.3 | 3 | 3.4 | 4.4 | 3 |
| Goat | Capita | 1.6 | 1.5 | 2 | 2.6 | 0.5 | | | | | | | | | | |

Table 3. Data on fann structure

Prefectures No Farms

b4 @z

| | | | | | | | | | | | | | | | | |
|-------------------|-------------|-----------------|-----------|------------|----|----|---------------------|------------|-----|----------------------|-------------|---------------|----|----|--|--|
| 1 | Wheat farms | 67 | 73 | 16 | 79 | 94 | 2 | Corn farms | 65 | 68 | 53 | 72 | 57 | 3 | | |
| Beans farms | 63 | 77 | 37 | 56 | 76 | 4 | Potatoes farms | 41 | 59 | 26 | 42 | 24 | 5 | | | |
| Alpha-alpha farms | 75 | 77 | 63 | 70 | 86 | 6 | Other forages farms | 20 | 202 | 15 | | | | | | |
| 44 | 7 | Vegetable farms | % | 75 | 87 | 82 | 34 | 92 | 8 | Other cultures farms | % | 19 | 11 | 16 | | |
| 36 | 12 | 9 | Cowsfarms | % | 84 | 90 | 79 | 79 | 86 | 10 | Sheep farms | % | 31 | 39 | | |
| 26 | 30 | 30 | 11 | Goat farms | % | 17 | 17 | 26 | 23 | 1 | 12 | Poultry-farms | % | so | | |
| 92 | 65 | 77 | 84 | | | | | | | | | | | | | |

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|------------------------|----------|------------|------------|------------|------------|----|---|---------------|---|----|-----|------|
| 1 XX@heat | % | 40 | 40.3 | 38 | 42 | 39 | 2 | Corn | % | 19 | 16 | 29.2 |
| 17 10 3 Beans | % | 5 | 4.6 | 4.1 | 6 | 3 | 4 | Potatoes | % | 2 | 2.3 | |
| 3.2 1 1 5 Alpha-Alpha | % | 20 | 36 | 7 | 10 | 36 | 6 | Other forages | % | 2 | | |
| 0.2 3 4 3 7 Vegetables | % | 4 | 0.4 | 3.6 | 4 | 7 | 8 | Others | % | 8 | | |
| <u>1.2 11.1 is 1</u> | | | | | | | | | | | | |
| Total | % | 100 | 100 | 100 | 100 | | | | | | | |