



Forest Producer Organisations in Albania - a review

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Tirana, Albania, autumn 2015

Financed by: Swedish Government



SWEDEN

Connecting Natural Values & People Foundation - Albania

a legacy organisation of **SNV** in the Balkans

Forest Producer Organisations in Albania – a review

Forest for Local Economic Development project

Albania, autumn 2015

This review on Forest Producer Groups in Albania is conducted within the framework of the FLED project by CNVP. A project implemented with financial support of the Swedish Government.

The review was implemented by the CNVP team, all staff contributed to this review and many of our partners were directly engaged in the review. Without their support and willingness to provide information and share their ideas this review could not be done.

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Abbreviations

BoD	Board of Directors
CNVP	Connecting Natural Values and People
ETFRN	European Tropical Forest Research Network
FLED	Forest for Local Economic Development project
FPUA	Forest and Pastures Users' Associations
NWFP	Non-Wood Forest Products
MAP	Medicinal and Aromatic Plants
NGO	Non Governmental Organisation
SHBB	Shoqata e Bashkëpunimit Bujqësor ¹
Sida	Swedish International Development Cooperation Agency
VAT	Value Added Tax

¹ Shoqata e Bashkëpunimit Bujqësor literally means "Association of Agricultural Cooperation" but is sometimes also translated as "Agricultural Cooperative Company" to better cover the meaning of SHBB

Executive summary

Forest producer organisations play an important role in the sustainable use and marketing of natural resources. In Albania forest producer organisations such as the Forest and Pastures Users' Association (FPUA), and formal and informal producer groups are gradually developing and have a great potential for further economic development while ensuring the sustainable management of natural resources. However, at present, the scale and organisation of forest producer organisations are still limited. Noting the importance for sustainable development in rural areas and sustainable management of the communal forest and pastures, Connecting Natural Values and People (CNVP) carried out a review and analysis of forest producer organisations as part of their four year programme: "Forest for Local Economic Development" (FLED) in Albania. The purpose of this review is to: 1) assess the current situation, 2) learn from existing producer organisations, 3) obtain insights on the necessary steps for further development and support to forest producer organisations and 4) identify potential ways to embed forest producer organisations in the overall forest structure for further strengthening and support. The review consisted of several parts including:

- A desk study providing an overview and background information on forest producer organisations,
- A survey consisting of structured questionnaires in the seven regions where FLED is implemented.
- Several focus group discussions with 1) producers/ producer groups, 2) FPUA & Regional Federations and 3) Forestry related institutions.
- Interviews with key persons at the regional and national level. These were held to obtain more in depth knowledge from experts.
- Four case studies of existing producer groups.

In the review, forest producer organisations are understood as: organisations, enterprises, groups or clubs engaged in the recollection, production transformation and marketing of a wide variety of forest products (both wood and Non-Wood Forest Products (NWFP)) and/or engaged in forestry related services. Forest producer organisations can be very diverse. They vary in size, types and quantities of products harvested, in the degree of primary and secondary processing, market orientation, organizational arrangements, objectives pursued, and formal establishment.

In general, the preferred option for forest producer organisations focusing on economic activities is to be organised as cooperative or in Albania as "Shoqata e Bashkëpunimit Bujqësor" (SHBB) which literally can be translated as "Association of Agricultural Cooperation"². Forest producer organisations focusing on a common purpose could be registered as association or in Albania as NGO (FPUAs are for example registered as NGO). In Albania, NGOs can deploy economic activities as long as these activities don't become the principal activity and are used towards achieving the objectives of the organization based on their statutes. Also, informal forest producer groups might be a suitable form, especially in the early stages of a producer organisation's operations. However, it provides no legal liability protection for its members. A number of producer organisations can form multi-level or umbrella organisations to increase the scale of the business as well as increasing access to services, lobbying and advocacy.

In Albania, most forest users are currently not a member of any forest producer group but would like to become a member of a producers' organisation. They expect that when they are part of a producer group they can have better access to information, marketing and training and economic benefits. Benefits such as representation of forest users through lobbying and advocacy and logistic support are less recognised. The major reason mentioned for not becoming part of a producer organisation is a lack of trust.

² Sometimes SHBB is translated as Agricultural Cooperative Company to better cover its meaning

Most existing forest producer groups in Albania started first start as an informal group and decided later to become registered once the group turned out to be economically viable. Reasons provided by informal groups why they are not registered are: high costs to start as a legal business, lack of interest and other reasons such as: lack of information and knowledge on how to become registered and lack of trust. Producer groups are relatively new and do not have much experience. The average size of a producer group in Albania is 18 members, with about 13 men and 5 women. Producers groups implement a variety of activities such as: collection, production, marketing, and processing. Producer groups sell the forest produce of their members mainly to wholesalers, local markets and local traders and to a lesser extent to retailers and at fairs. Most producer groups sell their produce through verbal agreements, although some make use of written contracts.

Individual collectors and producer groups collect their forest produce (such as firewood, fodder, Medicinal and Aromatic Plants (MAP), mountain tea and nuts (chestnuts, walnuts and hazelnuts) mainly from communal forests and pastures. However, this is done without following the management plan. The management plan is in general not implemented because forest users have no information about the plan, no control over the plan or the plan doesn't include details about NWFP collection. The management plan often contains very general guidelines regarding NWFPs and lacks specific criteria for sustainable collection practices at unit or parcel level. As a result their production and collection is potentially unsustainable, but it also might well be that forest users harvest in a sustainable manner while not knowing or applying the management plan.

Opportunities that were recognised for producer groups include the following:

- Marketing and business opportunities: as a producer group it is easier to access market information and the market, to ensure better quality of the products and to sell produce based on contracts. Also costs, such as costs for inputs or marketing costs can be decreased. Formalising will also help to increase trust, to have certificates of origin for their products, to brand products and thus better able to profile the producer group, which will increase the trading and marketing opportunities.
- Representation: Producer groups can help to represent their members in negotiating prices and facilitate contracts/ agreements between the group (members) and traders. Women can also be more easily involved and represented in producer groups. Apart from representation related to marketing, representation is also important in other issues pertaining the members and forest users. As an individual forest user it is difficult to make your voice heard but as a group it is possible to influence (local) public and private actors.
- Technical and other assistance: Producer groups can provide training to their members or avail technical assistance and training through their networks and umbrella structures. Also the formation of a producer group helps to access external technical trainings. Being organised is often a prerequisite to apply for projects, subsidy schemes and/or compensations from the government or other donors.
- Cooperation and networking is easier as a group than as an individual. As a group it is easier to establish trust from wholesalers and traders and increase cooperation which often translates in a better price for the produce. Cooperation and networking can also be among groups with similar objectives which can evolve in networks, umbrella organisations or federations. Through these relations, producer organisations can pool their resources, assets and competencies.

Although these opportunities can exist in general for both informal and formal groups, they are more valid for formalised groups. Apart from opportunities, producer groups also expressed that they face some challenges, including:

- Costs of formal registration: Most forest produce is seasonal and thus the activities related to the marketing of the forest products is seasonal. If producer groups are

formalised as an SHBB, they could incur costs around the year. Also once formalised as a group, the group will have to pay taxes such as VAT.

- Organisational strength of the producer organisation: most forest producer organisations have limited skills to manage the organisation properly and operate in a professional and commercial way. They need to become more market oriented, while knowing market demands, standards and other requirements. Furthermore, many forest producer organisations lack the necessary infrastructure (stores, transport, processing, packaging etc.).
- Informal nature of the market on forest produce: Markets related to the forestry sector are mainly informal and ad hoc with many buyers and sellers are not following legal procedures. If producer groups become formalised they will have to pay taxes such as VAT. The informal market for forest produce creates thus unfair competition for formalised groups because the formalised groups will have to pay taxes which somehow needs to be covered in the price.
- Lack of ownership over forest land: Some forest users have secured tenure over their forest parcels in the form of user contracts. Nevertheless, people would like to have explicit ownership over their individual forest land because property rights over land, buildings, and other assets are needed to formalise a business. Landownership rights are also a requirement to become eligible for subsidy schemes. Unfortunately, the current political context does not allow for private ownership over communal forest and pastures and it will be a long process to change this situation.

The role FPUA plays in forest producer groups varies. Some producer groups operate entirely independently from FPUA, others cooperate with FPUA, while some others are part of FPUA. If there is cooperation between FPUA and the producer group, this mainly related to the provision of information, technical assistance and training, and to a lesser extent to implementation of the management plan, marketing & promotion, and fee collection. There are a number of advantages of integrating producer groups into FPUA or establishing close collaboration with FPUAs: a) FPUAs are involved in the actual management and production of communal forests and pastures, b) FPUAs are existing and recognised organisations that have a certain social status with structures in every village and are assigned to manage the communal forest and pasture areas based on management plans, c) FPUAs have the technical skills, information and developed extended knowledge on the forestry sector and can provide trainings and technical support, d) FPUAs have built relevant networks (also through the Regional Federations) with key players and e). FPUAs, as formal organisations, can apply and implement different projects.

Depending on the context, situation, interest and motivation of the producer groups and individual forest users, four main ways forward have been identified to embed producer groups better into the existing forest structure:

1. The producer group (formal or informal) sell the forest produce directly by themselves but have close collaboration with FPUAs to enhance production, sustainable collection and management of the communal forest and pasture areas;
2. Umbrella organisations are formed of producer groups, with the marketing carried out by the umbrella organisation; also FPUA's could take up the function of an umbrella organisation facilitating the economic activities of several producer groups;
3. FPUAs are directly involved in marketing forest products through their structures; this is the preferred option for wood biomass value chains;
4. FPUAs establish a SHBB within their structure, this option might evolve when wood biomass value chains further develop and mature.

The review concludes with a number of recommendations to individual users, producer groups and FPUA.

For individual users these relate to the formation of producer groups and land tenure. If individuals are interested in forming a producer groups to market forest produce should

take their own initiative and avail information from potential sources such as other producer groups, FPUAs, Regional Federation and potentially others. It is furthermore for individual forest users essential to obtain secured land tenure prior to marketing forest products.

For producer groups the recommendations relate to 1) organisational models, 2) organisational strength, 3) creating networks and relations, 4) developing business activities, 5) sustainable management.

1) Producer groups should use an organisational model that fits their situation best. At the early stages groups can function as an informal group, gradually mature, and then when economically viable register and become legally recognised. Another option is that several informal (or formal) producer groups form together a formal umbrella marketing organisation.

2) Producer groups need to develop organisational strength, especially when registered, with strong governance and administrative structures ensuring accountability and transparency. Also it is important that producer groups have the necessary skills related to organisational operations (leadership, book & record keeping, etc.), business planning, marketing, product development, quality and standardisation, negotiation, conflict management, promotion, packaging and branding, contracting, etc. Furthermore, it will help if producer groups have some infrastructure and especially store rooms for the storage of products.

3) For forest producer groups it is important to create networks and relations with other forest producer groups to increase economies of scale but also to pool their resources, assets and competencies. Networks can be created in the form of umbrella organisations supporting several producer organisations in their endeavours. Umbrella organisations are also vital in up scaling influence and power. Networks and relations also need to be built with external key players who are essential for the success of the producer group, including: 1) traders/wholesalers, 2) FPUAs, 3) the new municipalities as the new owners of the communal forest and pasture areas and 4) rural development programmes and the ministry of agriculture to apply for subsidy schemes.

4) Developing business opportunities start with knowing market demands and having information on the quality and quantity requirements and price.

5) The sustainable management of forest produce is paramount to ensure a sustainable supply of forest produce that can be marketed. Collectors and producer groups need to relate to the forest management plans. In case the management plan has no prescriptions for the collection of NWFPs, guidelines could be developed in collaboration with FPUAs.

Recommendations to FPUAs concentrate on: 1) clarification of their role, 2) strengthening their capacities, 3) ensuring sustainable collection and management, and 4) developing wood-biomass value chains.

1) FPUAs are producer organisations and they need foremost to clarify their role and position in forest economic development activities. FPUAs will need to improve their structure and functioning in order to be able to start delivering services related to the formation of producer groups, consolidation of these groups and marketing.

2) Also the capacities of Communal Forest Federations need to be increased if they are going to play a major role in supporting forest users to form small producer groups and become effective producer groups. They need to develop marketing related service packages and be well versed in delivering these service packages (for example: producer group formation, organisational development, book & record keeping, marketing, business planning, standardisation, etc.). Furthermore, it might be necessary to review and enhance the existing technical services they deliver.

3) FPUAs need to collaborate with forest users in developing annual harvesting plans based on the existing management plans to ensure the sustainable management of forest resources. For species that are collected for commercial purposes (such as MAPs, mountain tea, nuts, etc.) special management schemes or guidelines pertaining their sustainable collection could be developed in collaboration with the forest users and the state forest services.

4) Firewood and to a lesser extent timber becomes increasingly an important product from communal forest and pasture areas. Developing wood value chains will require very close cooperation and coordination with the municipalities as owner of the forest and the forest inspectorate to ensure sustainable management of wood and compliance to the forest management plans. FPUAs are best positioned to take up this role and become the major player in wood value chains.

CNVP and the FLED programme in cooperation with their partners, especially the Communal Forest and Pastures Federations at regional and national level, are committed to support forest producer organisations in implementing many of the above mentioned recommendations. In doing so, CNVP will provide special attention to the inclusion of women in decision making in FPUA and producer groups.

1 Introduction

Farmers and forest producer organisations are of critical importance to the sustainable use of our natural resources, now and into the future. These organisations represent the voices of people dependent and dealing with forests and other natural resources. Forest producer organisations are important to overcoming many issues, from poverty and human rights, to environmental degradation and biodiversity conservation. Forest producer organisations appear in many models – informal or formal, as cooperative of association, but they all provide essential services to their members. Trust among the members and in their organisation is a key aspect.

In Albania forest producer organisations are gradually developing and have a great potential. However the scale and organisation is still limited. Noting the importance for sustainable development in rural areas and sustainable management of the communal forest and pastures, Connecting Natural Values and People (CNVP) implements the four year programme: "Forest for Local Economic Development" (FLED) in Albania. The programme is financed by the Swedish Government through the Swedish International Development Cooperation Agency (Sida) and builds on earlier communal forestry projects. The aim of the programme is to further strengthen the capacity of democratic institutions such as Local Government Units and local Civil Society Organizations, in particular the Forest and Pasture Users Associations (FPUA), and strengthening linkages between stakeholders for sustainable communal forestry and pasture management and improving the environment. FLED's programme main objective is: *"Improved decentralized and sustainable Communal Forestry providing increased production, service and income to rural communities"*.

FLED will promote improved decentralized decision making, planning and implementation for communal forests and pastures in support of more inclusive economic development. Thus, the programme is supporting sustainable communal forestry and gives specific attention to supporting forest producer organisations.

Albania knows a variety of forest producer organisations, including: 1) formal and informal producer groups of about 15 to 80 households, 2) nut clubs with more than 1000 members (e.g. in Diber region) and 3) Forest and Pastures Users' Associations (FPUA). The producer groups are focused on bundling efforts in marketing forest produce, while the nut clubs are more focused on providing services to their members related to the production and selling of nuts. FPUAs are NGOs focusing on providing forestry related services and have multi-level structures at the municipality level, regional level and national level. FPUAs can be considered as forest producer organisations in itself as they manage forests, grow forest products, provide services and represent forest users in policy decision making processes. At present the role the FPUAs play in actual harvesting, processing and marketing is very limited.



Photo 1: Drying of collected herbs, Peshkopi, Diber

CNVP has undertaken this review to assess the current situation, learn from the past and obtain insights on the necessary steps for further development and support to forest producer organisations. Moreover, this review helps to understand how forest producer organisations can be better embedded in the overall forest structure for further strengthening and support.

This document is the result of a total review and analysis made during 2015 with involvement and consultation of all actors involved. The review consisted of several elements, including:

- A desk study providing an overview and background information on forest producer organisations,
- A survey consisting of structured questionnaires in the seven regions were FLED is implemented. In total 143 questionnaires were filled in: 17 questionnaires by producer groups, 17 questionnaires by FPUA and 109 by individual producers



Photo 2: Conducting Structured Questionnaire, Palaman village, Slllove, Diber

- Several focus group discussions with 1) producers/ producer groups, 2) FPUA & Regional Federations and 3) Forestry related institutions. The FLED offices in the regions of Diber, Kukes, and Korça) conducted at least one discussion for each focus group. Thus, a total of 9 focus group discussions were held.
- Interviews with key persons at the regional and national level were held to obtain more in depth knowledge of experts. In this respect interviews were held at the regional level with people from the State Forest Service, Regional Federation, Regional Agricultural Office, Commune Forestry/Agriculture specialist and at national level with experts from the Ministry of Environment and the Ministry of Agriculture and furthermore with people from the National Federation and the Agricultural and Forestry University.
- Four case studies of existing producer groups, including: 1) Sustainable use of medicinal plants in Dropull i Siperm in Gjirokaster region, 2) Marketing Organisation of producers in Prespa National Park, 3) Maqellara Farmers' Association in Diber region, and 4) Productive Reci in Shkoder region.

Different reports have been developed describing the results of each of the elements of the forest producer organisation review. This report is a synthesis of these reports and provides further analysis of the current situation. The analysis has led to conclusions and recommendations that give direction to the way forward in further development and support of forest producer groups, striving to sustainable development in rural areas, while managing natural resources in a sustainable way.

2 Forest producer organisations- an overview

What are forest producer organisations?

For this review, we understand the following under forest producer organisations: Forest producer organisations are organisations, enterprises, groups or clubs engaged in the recollection, production transformation and marketing of a wide variety of forest products (both wood and Non-Wood Forest Products (NWFP)) and/or engaged in forestry related services. Forest producer organisations are very diverse. They vary in size, types and quantities of products harvested, in the degree of primary and secondary processing, market orientation, organizational arrangements, objectives pursued, and formal establishment. They vary in size from a few to more than a thousand members; from community based groups of individuals to larger umbrella organisations or federations that represent many smaller organisations. Forest producer organisations can have different institutional arrangements. They may be either informal or formally registered as association, cooperative or a certain type of business. Thus, forest producer organisations can refer to informal producer groups, community forest user associations, private forest owner associations, or forest products related cooperatives and certain companies³. Forest producer organisations are formed for and by their members. Generally the members of such forest producer organisations are the men and women (farmer families⁴) owning or using the forest and other natural resources.

Forest producer organisations mainly aim to produce and sell their forest products. These products may vary from timber, firewood to NWFP. The latter includes a range of products such as medicinal plants and herbs, teas, mushrooms, fodder, forest nuts and fruits. Although not solely forest related, products such as honey or wild game are often included. In case pastures are connected as well, such as in Albania, livestock related products may be included, although in practise this is in general dealt with farming products and their related producer organisations.



Photo 3: Different forest products, Korça fair

The primary aim for farmers in forming a forest producer organisation is to reach objectives together that they would not be able to obtain individually. These objectives can be different of nature. Enhancing profits from productive activities through developing business opportunities may be the main objective but surely not the only one. Other

³ Strength in numbers: Effective forest producer organisations. Agricorn, FAO, Forest & Farm Facility. Available at: <http://www.fao.org/docrep/016/ap452e/ap452e00.pdf>

⁴ For easy reading, in this document often the term 'farmer' or 'farmers' is used. In the context of forest producer groups the farmers herewith refer to communal forest and pastures users or forest owners (men and women).

objectives could be for example: 1) to improve production and sustainable management, especially if resources are derived from community based natural resources, 2) to avail services and/or information, 3) to apply for technical or financial support programs that require producers to be organized and/or 4) lobbying and policy making. Through the formation of producer organisations people can pull their strength together to achieve their shared objectives. However, producer organisations will only be successful if their members are active, while smallholders/farmers will only be active members of producer organisations if joining such an organisation provides them tangible benefits.

Different business forms of forest producer organisations

As mentioned above, forest producer organisations may have different business forms. The most common business forms used by forest producer organisations are: Cooperatives, associations and informal groups because they are relatively easy to establish, have a voluntary basis and are established by and for the forest users.

Cooperative: Co-operatives are for-profit, limited liability businesses owned and run by and for their members. They are thus jointly owned and democratically controlled enterprises. In general, this structure is the preferred option for forest producer organisation that pursue commercial marketing. A new law (Law 38/2012) on "Shoqata e Bashkëpunimit Bujqësor" (SHBB) which literally can be translated as "Association of Agricultural Cooperation⁵" was adopted in Albania in 2012 (see box 1). In Albania the term 'cooperative' is generally not used in due to negative connotation of this term during the communist regime in Albania. However, in an international context, these associations can be considered as cooperatives. In this document the abbreviation SHBB is used to avoid confusion and to distinguish from the business form "Association" as described below.

Association: Comprised of an organisation of individuals who voluntarily enter into an agreement to accomplish a purpose. An association is usually incorporated as a non-profit organization that does not distribute its surplus funds to owners or shareholders, but instead uses them to help pursue its goals. A relatively simple way for producer organisations to become registered. However, because of their not-for-profit status, they are not designed to share income and distribute profits among their members. Also, once the producer organisation is established as an association, it is difficult to transfer assets from it to a for-profit business entity. In Albania, several producer organisations are registered as association or NGO. For example, FPUAs are registered as NGO. In Albania, NGOs can deploy economic activities as long as these activities don't become the principal activity and are used towards achieving the objectives of the organization based on their statutes (Law 5.05.2001 article 2, point 4 (revised in 2013)).

Informal producer group: A business that is not formally registered with the government as a business entity. This may be a suitable form, especially in the early stages of a producer organisation's operations. However, it provides no legal liability protection for its members.

⁵ Sometimes SHBB is translated as Agricultural Cooperative Company to better cover its meaning

Box 1: Albanian law on Shoqata e Bashkëpunimit Bujqësor (Associations of Agricultural Cooperation) (38/2012)

The law on SHBBs states that SHBBs are entities established on a voluntarily basis which primarily scope is fulfilment of members' needs in the field of production, processing, and commercialization of livestock and agricultural products. The SHBB requires a minimum of 7 members and needs to be registered at the Commercial Register to acquire legal status.

The minimum capital for the establishment of the SHBB is ALL 100.000. The contribution to the company's capital might be either in cash or in kind. In the latter case the in kind contribution should be expressed in monetary value.

Members have the following rights: (i) Propose change of the administrator(s) of the company; (ii) Propose amendments to the bylaws of the company; (iii) Require to be provided with a copy of the bylaws, internal regulation or resolutions of the decision making bodies; (iv) Require data on the financial and economic situation of the company; (v) Upon written request to obtain annual financial accounts, reports on company's activity including reports of the certified accountants and methods of distributions of profits; and (vi) To be informed on regular basis on the meetings of the general assembly, including the agenda and the respective documentation, especially where the resolutions to be taken affect the interest of the member.

Members have the following obligations: (i) Participation in the general assembly; (ii) Applying the agreements approved by the company's decision making bodies; (iii) Participation in activities constituting the company's objective and participate in qualification and formation activities; (iv) Not to disclose company's secrets or data; (v) Not to engage in competing activities, except in case such activity has been authorized by the general assembly; (vi) Perform payment of the contributions in the capital of the company.

The general assembly is the highest decision making body and is composed by all members of the company. The general assembly has the following mandates (not exhaustive): (i) Determining the economic policy of the company; (ii) Appointing and dismissing the administrator(s), certified expert(s) and liquidator(s) and determining their compensation; (iii) Examining the financial situation of the company including annual accounts, financial management, etc.; (iv) Approving the increase or decrease of the company's capital; (v) Approving amendments to the company's bylaws; (vi) Approving the distributions of the company's profits; (vii) Resolving on the dissolution, demerger and transformation of the company; (viii) Resolving on the participation in other agricultural cooperative companies, and eventual adherence in representative organizations including exit from them.

The general assembly appoints one or more legal persons as the administrators of the company. The term of office for the administrator is five years, renewable. The general assembly may dismiss by simple majority the administrator at any time. The administrator is entrusted with the following authority and responsibilities: (i) Representing the company with third parties; (ii) Carrying out all the necessary actions for the management of the company's activity pursuant to policies set out by the general assembly; (iii) Drafting and signing the balance sheet including the consolidated one and the report on the economic situation of the company together with the proposed distribution of profits and submitting the same to the general assembly for approval; (iv) Setting up a proper system of information to prevent circumstances that may harm the company's activity and its very existence; (v) Performing the mandatory registrations with the Commercial Register held by the National Registration Centre and assuring the company's books are properly held.

Members are allowed to receive profits from their SHBB provided that firstly they allocate a certain percentage of the net profits to two different funds. The first one is the compulsory reserve fund which is 15% of net profits per annum (up to an amount equal to company's capital (i.e. ALL 100.000)). The other is the emergency fund to which the company should allocate at least 10% (ten percent) of its net profits. These funds cannot be distributed to the members except in case of liquidation of the company.

The major difference between cooperatives and associations is that a cooperative is a *for-profit* organisation with the main purpose to support and promote economic activities of its members. An association is a *not-for-profit* organisation focusing on other objectives than earning income from economic activities. The members thus make the profit not the association. The income made in a cooperative is utilised to cover the administration cost of the cooperative. In case of surpluses, these are spent for the welfare of the members, kept as reserve, and shared among the members as dividend. An association on the other hand is not designed to share income and distribute profits among their members. If profits are made within an association these are spent on achieving their goals and mission. The advantages of a cooperative set-up versus a setup of a business company is that the profits of the operation belong to the members. This also means that farmers risk getting paid less than what had been planned in case of losses.

Both cooperatives (the actual SHBBs) and associations are formally registered which support continuity, moreover their members have legal liability protection which is to be preferred above informally formed organisations which lack this kind of protection. However, informal small organisations formed by voluntary agreements that are self-managed and self-controlled can be very effective and efficient as they can be more flexible with simple procedures and management systems.

The way in which the forest producer organisation is organised, depends on the selected business form. Forest producer organisations organised as cooperative/SHBBs or NGOs and informal organisations have a voluntary basis and are governed by joint decision-making. They have a steering committee or board responsible for management and administration with or without additional committee/board members or hired staff to manage production, relations, the internal control system, bulking, marketing, processing of the product, etc. Cooperatives/ SHBBs might have different sections for management and administration, and for marketing (buying and selling) of the forest produce. If the cooperative/ SHBB is small or just established (some of) these different sections might be covered by the same person. In all producer organisations the committee or board members are democratically elected for a certain agreed upon term (often two to three years) during the general assembly. Also strategic decisions are jointly made via the general assembly with members having (mostly) equal voting rights (one member, one vote). Depending on the statutes, decisions are made only if a majority of the members agree. In principle everyone can become a member of a producer organisation, although some organisations might have some admission criteria and membership fees that need to be paid. See figure 1 for a typical set up of a producer cooperative.

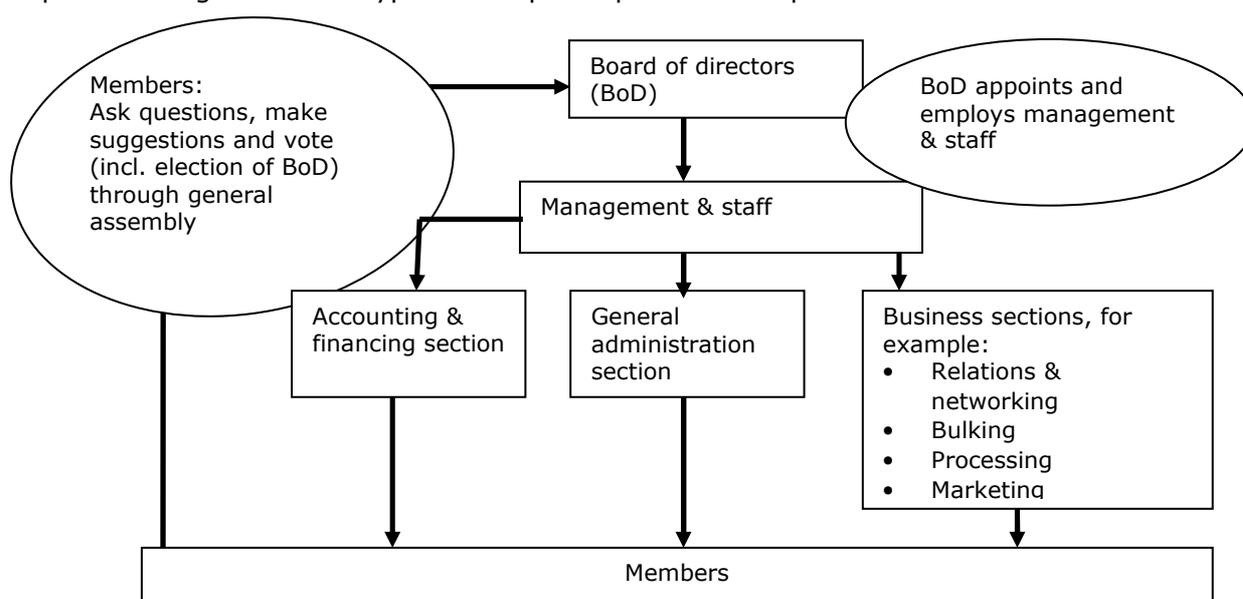


Figure 1: Typical set up of an agricultural producer cooperative

A producer organisation aimed at commercial marketing might become difficult to manage in a single organisation once they further develop and grow (many studies suggest that the ideal size of a producer organisation aimed at commercial marketing is between 15 to 30 members). In this case it might be better to have different first level organisations and bring these together in a second level organisation, which represents and provides services to these smaller producer organisations. These second level organisations may come together to create a third level or even a fourth level. In this way *multi-level producer organisations* or *umbrella organisations* are created. Multi-level producer organisation structures are often needed to increase the scale of the business in order to increase bargaining power and compete in the market as well as increasing access to services, lobbying and advocacy. However, to manage such structures efficiently and effectively demands considerable skills, experience, and resources. When such structures are not managed effectively there is a real danger that members' ownership, trust, and commitment is weakened, which can sometimes lead to the collapse of the organisation. Therefore, multi-level organisations should be developed gradually and organically, according to the needs of the business and the management capacity of the producer organisation's members.

Five main aspects of effective forest producer organisations

For producer organisations to be effective, five main aspects need to be taken into account: 1) Developing organisational strength, 2) creating networks to avail services, 3) lobbying and policy-making, 4) developing business opportunities and 5) providing forestry and related services. The first two relate to the producers' organisational capacity, and the last three cover the ways in which this capacity is used to support members mainly politically, economically and technically (see figure 2).

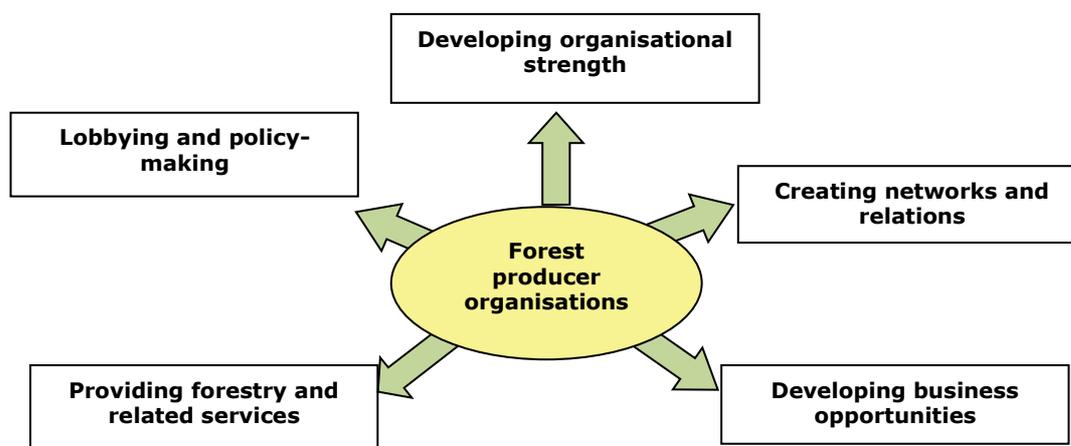


Figure 2: The five main aspects of effective forest producer organisations

Developing organisational strength

A producer organisation needs to have a clear sense of purpose, be well-structured and represent a substantial proportion of the producers (both women and men) in its area of operation. Furthermore, the producer organisation needs to have strong governance and administrative structures. Members need to be motivated and active as the successfulness and functioning of forest producer organisations depend on the members themselves. Firm accountable leadership is important and transparency in financial transactions is essential.

Organisational strength and close relations and solidarity among the farmers in the producer organisation takes time to develop and to become established. Through strong relations between members of the producer organisation, farmers gain confidence and knowledge to analyse their own problems, make informed decisions and act collectively.

Once firmly established, producer organisations which will help to create a strong community as producers within the organisation rely on each other.

Creating networks and relations

Producer organisations could establish bridging relations with other similar producer organisations to form larger organisations in the form of producer unions, networks, umbrella organisations or federations. Through these bridging relations, farmers from different producer organisations can pool their resources, assets and competencies to for example overcome market barriers and access better quality information. This will help to create greater negotiation power which translates in turn into more favourable transaction conditions. In essence, these inter-organisation relations help farmers to engage under fairer and more balanced conditions with more powerful market actors and policy makers.

Apart from forming networks among producers and producer organisations, forest producer organisations need also to build relations and build networks with other key-actors such as government institutions, private sector (traders), development agencies and/or civil society organisations. These relations can be directly established through the individual producer organisation and/or through larger formed organisations as described above. Through the extra organisation relations, producer organisations are better able to provide good quality services to their members. For example, producer organisations can through their networks facilitate access to markets, access to information and technology, and enhance access to financial services for production and trading.

It is easier for producer organisations to establish relations with other organisations than individual producers. Also, it is easier to apply for technical or financial support programs as an organisation. In many instances it is a prerequisite that producers are organized to be eligible for such programs.



Photo 4: Exchange women producer group, Pustec, Korça

Lobbying and policy-making

Forest producer organisations can represent legitimately and speak out on behalf of farmers/individual forest users whose voices, views and concerns might otherwise not be heard. Producer organisations can bring the collective view and interests of their members to the attention of policy-makers. This requires good coordination within the organisation

and with other stakeholders to gather and consolidate members' (both women and men) views.

Developing business opportunities

Forest products can provide a sustainable (often additional) source of income for family farmers. Producer organisations can play many roles in developing and enhancing business opportunities (more efficient and more secure compared to the individual endeavour). They can:

- Create favourable conditions to improve production and reduce production costs;
- Facilitate access to market information on current prices and quality requirements. This information can help members to decide what to grow, when to harvest, how to process the forest product, etc.;
- Support favourable business practices, such as: economies of scale, increased bargaining power for better prices, improved market access, reduced transaction costs, etc.);
- Work together for storage, drying and processing to increase product quality;
- Help in business planning;
- Help to effectively participate in certification schemes, etc.

Providing forestry services

Beside lobbying and policy-making and strengthening collaboration for production and trade of forest products, producer organisations can provide also other services for their members. For example, forest producer organisations might help in:

- Facilitating or provide directly technical advice related to forest management such as silvicultural techniques;
- Provide direct service for making forest inventories and annual harvesting plans;
- Support the approval of harvesting/ logging plans, transit permits and/or other logistics respecting sustainable forest management practices
- Training and knowledge on harvesting and silvicultural practices.

3 Forest producer organisations in Albania

To be able to develop and support forest producer organisations it is necessary to understand the current local situation of forest producer organisations in Albania. A survey was therefore conducted to assess the present situation. This chapter is based on the results of the questionnaire survey, focus group discussions and interviews with key persons that were held with individual producers, producer groups and FPUAs. The results of the survey are summarised in Appendix 1.

In Albania a variety of forest producer organisations exist: Informal producer groups, registered producer groups either as NGO or SHBB, and FPUA. Producer groups are mostly focused on bundling efforts in marketing forest produce and may or may not be officially registered. There are 15 producer groups in Albania which are established/supported by the Strengthening Communal Forestry II project, a previous project of CNVP with Sida. Of these 15 groups 3 groups were formed prior to this project. For the review 17 groups were interviewed including both producer groups supported by the project and other groups within the area of the FLED programme.

At present, there are over 250 established and functional FPUAs in Albania, organized in 11 Regional Federations (Diber, Tirana, Korça, Kukës, Berat, Shkoder, Gjirokaster, Fier, Vlore, Elbasan and Lezha). These Associations and Federations are represented at national level by the National Federation of Communal Forests and Pastures. All the FPUAs are registered in the court as Non-Governmental Organisation (NGO). As per the statute all the members of a community that make use of the communal forests and pastures are automatically members of the association. FPUAs main role lies with the management of

communal forest and pastures and coordination of activities with forest users. For this they need to cooperate well with municipalities. FPUAs are established with the aim of 1) representation of members; 2) lobbying and advocacy; 3) networking, relations and brokering; 4) capacity building services and 5) economic services.

Individual producers

109 individual forest users responded to the survey questionnaire. This chapter describes the results.

Forest users are mostly over 50 years old, which is a logical consequence of younger people migrating and leaving the villages for larger cities in search of better opportunities and living conditions. All forest users are considered members of FPUAs according to FPUA's statutes, but only 36% of the individual producers stated that they considered themselves members of a producer organisation (including FPUA). Of the people who didn't consider themselves member of any producer organisation, 83% mentioned that they are not informed and have no information about existing producer organisations. A great majority (90%) of individual producers mentioned that they would like to become members of producers' organisations and consider that the benefits of being part of such organisations are related mostly to information, marketing and training and economic benefits. Benefits such as representation of forest users through lobbying and advocacy and logistic support are less recognised. The major reason mentioned for not becoming part of a producer organisation is a lack of trust.

The main products individual producers mention that they collect include: firewood, fodder, Medicinal and Aromatic Plants (MAP), mountain tea and nuts (chestnuts, walnuts and hazelnuts). These products are mainly collected from Communal Forest and Pasture areas (49%: of which 31% from commonly used areas and 18% from individually used family forest⁶) directly followed by agricultural land (28%), and state forests (17%). 92 percent of the interviewees mentioned that they don't collect forest products according to the management plan when harvesting from communal forest and pasture areas. When individual forest users were asked if they are aware of prescribed annual allowable cuts related to wood, 14% answered with yes and 86% with no. The same percentages were found when people were asked if they paid fees and tariffs (14% does pay, while 86% doesn't pay).



Photo 5: Interview woman producer, Palaman village, Sillove, Diber

Individual forest users sell mostly to local traders, retailers, wholesalers and at the local markets. The biggest problem they face is the low price offered for their produce. Buyers would like to have larger quantities for a lower price. Most individual forest users secure

⁶ Family forests are forests used individually for multiple purposes within the communal forests.

less than 10% of their incomes from forest products. About 20% of the people responded that they derive 30 – 50% of their incomes from forest produce, which shows the importance of forest products in generating additional income.

Regarding FPUA, more than 70% of individual producers are aware that FPUAs exist, but only 44% mentioned that they are a member of FPUA. This means that many individual forest users are not aware that they become automatically members of FPUA when using communal forest and pastures. Most people who mentioned that they are a member of FPUA stated that they received training and technical assistance. These are also the main reasons mentioned by people willing to become a member.

More than a third (38%) of the individual forest users expressed that producer groups could best operate separately from FPUA but have close collaboration, 32% think that producer groups can better be part of FPUA, and 20% think producers groups should operate independently. See also figure 3.

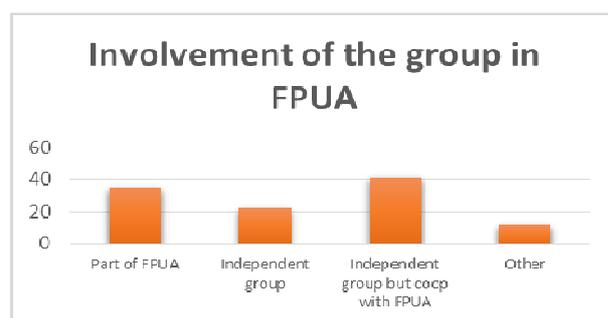


Figure 3: Proposed relation between producer groups and FPUA according to individual forest users

Producer groups

17 representatives of 17 producer groups (5 producer groups in Diber region, 3 groups in Kukes region, 3 groups in Shkoder region, 2 groups in Korça region, 3 groups in Gjirokaster region and 1 group in the region of Elbasan) answered the questionnaire. Of these 17 producer groups, 8 groups are formally registered, while 9 are not or not yet registered. Among them are 9 associations, 2 SHBBs and 6 informal groups. Most groups first start as an informal group and decide later to become registered once the group turns out to be economically viable, as for example the farmers' association in Maqellare (see the next chapter on cases of producer groups in Albania). Reasons provided by informal groups why they are not registered are: high costs to start as a legal business, lack of interest and other reasons such as: lack of information and knowledge on how to establish a SHBB (or another business model) and lack of trust. Four groups are established less than 2 years ago, eight groups exist between the 2 and 5 years and five groups exists more than 5 years. Producer groups are thus relatively new and do not have much experience. An exception is the producer group in Rec village (Shkoder region) which operates already for more than 10 years. This group has shown some good results over the last years and evolved from a group focused on solely one product, chestnuts, to a group engaged in a variety of products, mainly: chestnuts, sage and cheese providing income year round (see also the next chapter on producer group cases).

The average size of a producer group is 18 members, with about 13 men and 5 women. Only one group asks members to pay a membership fee (the producer group in Rec), while one group plans to apply a membership fee (the marketing organisation in Prespa National Park; see also the next chapter on case studies). The other producer groups function without payment of membership fees. Most producer groups (53%) operate at the village level, followed by 23% at commune level. Producer groups are less active at clan level (18%) and regional level (6%). About half of the producer groups are

established based on their own initiatives (8) and half (9) are initiated by projects (including projects implemented by CNVP). The producer groups that received support from projects, received mainly technical assistance and some infrastructure and financial support. This supports continues mainly for the producers groups supported by CNVP only. Several groups (6) collaborate with FPUA and only 3 producer groups collaborate with companies.

Producer groups mainly deal with nuts and MAP, but also with firewood, fodder and mushrooms. About 50% (24% from common areas of communal forest and pastures and 24% from family forest⁷) is collected from communal areas, while 29% is collected from state forest. Mainly all collection is without following the management plan. Only one producer group mentioned to follow the management plan, while 4 out of the 17 group state that they coordinate their collection of forest produce in communal and family forests with FPUAs. However, it is possible that producer groups cooperate with FPUAs (e.g. on information, training) but do not follow the management plan. The management plan is in general not implemented because forest users have no information about the plan, no control over the plan or the plan doesn't include details about NWFP collection. The management plan often contains very general guidelines regarding NWFPs and lacks specific criteria for sustainable collection practices at unit or parcel level. As a result their production and collection is potentially unsustainable.



Photo 6: Honey produced and packaged from Kukes

Producers groups implement a variety of activities such as: collection, production, marketing, and processing. At present, producer groups are managed in different ways, some have a board that make decisions, some have a chairperson, while others make daily decisions jointly with their members. In general, producer groups have no written agreements with their members but they meet two to three times per year. A quarter of the groups have no assets at all, while the other groups have some facilities such as an office, store, tools or other equipment. Producer groups sell the forest produce of their members mainly to wholesalers, local markets and local traders and to a lesser extent to retailers and at fairs. Most producer groups sell their produce through verbal agreements, only two producer groups (the producer group in Rec village, Shkoder region, and the group in Dropull commune, Gjirokaster region (see the next chapter) make use of written contracts. In general the producer groups have no business plans but made some calculations by themselves; they are confident that they had a positive balance over the last few years. Representatives of the producer groups considered finding markets, information and trainings as the most important benefits of forming producer groups, but they also see some challenges of which the most important ones are: lack of infrastructure

⁷ Family forests are forests used individually for multiple purposes within the communal forests.

(stores, transport, processing, packaging etc.), linking with the market (market information and negotiation, contracts, etc.), lack of trust and internal communication.

Existing producer groups need to increase the number of their members, the organisational structure and internal communication to further enhance and consolidate their groups. Representatives of the producers groups consider that they need further capacity development, especially related to: marketing, management and product development in order to improve services to their members and increase incomes. Furthermore, they state that the markets demands are mostly related to quality and product certification, and to some lesser extend to increased quantity. Most (5 out of 7) producer groups which are currently not registered are willing to become formally registered. Most producer groups mention that they operate independently and cooperate with FPUA, 70% of them (9 out of 13) prefer to continue this way while 40% (6 out of 15) would like to become part of FPUA.

FPUA

The survey on FPUAs was held under FPUAs in seventeen different associations of the regions of Diber (5), Shkoder (3), Kukes (3), Elbasan (1), Korça (2) and Gjirokaster (3). In total 17 representatives of FPUAs participated in the survey, holding positions of chair persons (14) and board members (3).

According to FPUA, the main forest products collected include: medicinal herbs, fuel wood, fodder and nuts. The main products sold in the market are medicinal herbs and nuts (fuel wood and fodder are mainly collected for domestic use). 85% of the products is said to be marketed by individual households, while producer groups only are accountable for the other 15%. This is mainly due to the small number of producer groups and the small number of individuals within a producer group. The collection of forest produce is in general done without considering the forest management plans according to 71% of the FPUAs. Sustainable collection according to the forest management plans is only done by 29%. This doesn't necessarily mean that collection is unsustainable if the management plan is not followed. It might well be that forest users harvest in a sustainable manner while not knowing or applying the management plan.



Photo 7: Firewood produced from Communal Forests, Diber

Asked about the relationship between FPUA and producer groups, it turned out that in for 7 FPUAs the producer groups function independently from FPUA, four groups are considered to be part of FPUA, and 3 groups function independently but do cooperate with FPUA. There were no producer groups in the area of the remaining 3 FPUAs. If there is cooperation between FPUA and the producer group, this mainly relates to the provision of information, technical assistance and training, and to a lesser extent to implementation of the management plan, marketing & promotion, and fee collection.

In relation to cooperation with producer groups, FPUAs see themselves to fulfil a main role in the provision of training, information and technical assistance. Not one interviewed FPUA sees a role for themselves in marketing and promotion (while this would be expected if they want to fulfil their role as producer organisation). Most of the FPUAs prefer producer groups to stay independent while some consider it better that producer groups become part of FPUA (see figure 4 below).

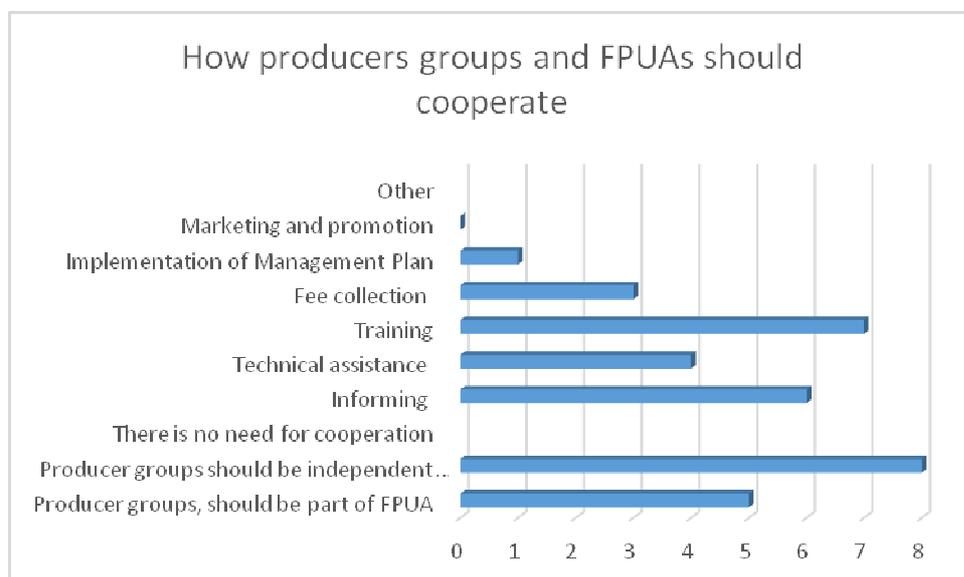


Figure 4: Ideal cooperation between FPUAs and producer groups (according to FPUA)

When asked what services FPUA could deliver to producer groups, all 17 mentioned that they could provide technical assistance and information. Six FPUAs stated that they could help with management of the communal forest and pastures and three FPUAs mentioned that they could render services related to marketing and organisational development and also three to institutional organisation.

Also 76% of the FPUAs state that they regard themselves as a producer group. Products they could market include: nuts, medicinal herbs and firewood. These are the main products collected from communal forest and pastures and sold in the market.

4 Four Albanian producer organisation cases

This chapter provides insights in four producer groups that operate in Albania, including: 1) Marketing Organisation of producers in Prespa National Park, 2) Chestnut producer group in Rec village in Shkoder region, 3) Maqellara Farmers' Association in Diber region and 4) Sustainable use of medicinal plants in Dropull i Siperem in Gjirokaster region.

Marketing organisation of Prespa National Park

In the area of Prespa National Park four producer groups are active. Each of these groups focuses on a particular product. One group is involved in the production and marketing of honey and consists of 60 members (3 women). Another group is engaged in medicinal plants / mountain tea and consists of 61 collectors (25 women). A third group are the mushroom collectors with more than 100 collectors (more than 50% women). And the fourth group consists of 70 fishermen⁸. However, all these groups faced some marketing challenges.

⁸ Men and women (husband and wife) work together but the working licence is on the husband's name

CNVP in collaboration with Prespa national park organised a number of meetings with producers' group's representatives on different models to improve the marketing and sustainable management of the products. Based on the discussions it was decided to form a marketing organization. The main purposes of this organisation are: 1) market identification, 2) intermediary role between producers and traders, and 3) negotiation on producers' behalf. The marketing organisation plays thus a facilitating role, while the producers sell the produce by themselves.



Photo 8: Prespa National Park Forest products marketed at Korça fair

The marketing organization was established as a NGO in June 2014. The board consists of 2 or 3 representatives of each of the different groups (11 in total) and one person from the administration of Prespa National Park. The board hired two staff (an executive director and secretary) to implement the work. They started with a preliminary market analysis. It is planned that farmers will pay about 100 € per year to be a member of the marketing organisation in order to financially sustain the organisation.

The marketing organisation already made some remarkable progress in its first 6 months of operation. Through negotiation with traders, the selling price of the mountain tea increased by 30% compared to the previous year (2013). The quality of honey increased as well as the packaging and labelling of the honey. At present the honey is sold in nice and well labelled glass jars instead of making use of plastic containers (with support from different projects/organisations). The marketing organization also provided transport for the fish (refrigerated transport vehicle) for use to the fishermen. It is also planned to open a shop in Korça City, where the fishermen can sell their products. Furthermore, staff of the marketing organization are negotiating with Albanian traders to buy their mushrooms. At present the mushroom collectors have to cross a mountain range to sell their mushrooms in Macedonia, which is very inconvenient.

In the near future, the marketing organisation wants to work on improving the supply chain including increasing the production and productivity through sustainable management, post-harvest care and processing, labelling & packaging and increased market awareness of producers. Furthermore, the marketing organisation will continue the organizational management, marketing (including the identification of potential markets and their requirements), fundraising to improve the infrastructure and facilities (such as: storage, processing, products standardization), etc.

Productive Recj, SHBB, Rec village, Shkoder region

"Productive Recj" is one of the few producer groups in Albania that already exists for more than 10 years. In 2004, the group started as an informal group of 7 members focused on the marketing of chestnuts. Nowadays 80 households are members of the SHBB dealing with a variety of products (mainly chestnuts, sage and cheese). The quantities of chestnuts sold from this village have grown significantly from 10 tons in 2004 to about 500 tons in 2014. The revenues derived from chestnuts counts for more than 70% of the total annual members' household income.

Productive Recj started as an informal group for the collection, management and marketing of chestnuts with the aim to respond to local and international market demands. Shkoder region is rich in chestnuts forest and Rec village covers 350 ha of chestnuts forests. At the time of establishment the group received support from Oxfam and was registered as a NGO. Its main purpose was to support farmers in coordinating their actions, selling their products and giving needed services. In the first years, Oxfam and other projects provided the group with needed facilities such as basic processing machinery and storage facilities; and provided support in thinning and cleaning the chestnut forests to increase productivity. During the last few years the group received assistance from CNVP especially related to on forest management, forest protection, product management, pre- and post-harvest care, required product standards, networking and marketing, organizational management and service provision.



Photo 9: Chestnut grafting

In 2013 the producer group of Rec reorganized and registered as a SHBB named "Productive Recj". As such, instead of focusing on providing services to its members, the group itself is now able to legally engage in activities of production, processing, transportation, distribution and commercialization of natural/processed forestry, agricultural and livestock products. Being registered as a SHBB also gives access to fiscal benefits (exempted from paying taxes for the first 5 years from its establishment) and subvention schemes.

In order to increase the revenues, the SHBB diversified its production and invested in the production of sage. In 2013, the group produced over 700 tons of sage and became an

important national player for this product. The engagement in sage cultivation also increased the interests of other farmers to become a member of the SHBB.

Productive Reçi has transformed into a very successful group. Major factors that contributed to this success are: strong leadership, active members (members pay a membership fee and sell their produce to the SHBB), transparent and accountable organisational structure, support from other organisations, good network, available facilities, available natural resources (chestnuts), diversification of products with high market demand (sage cultivation) and being dynamic responding to changes.

Maqellare Farmers' Association, Diber region

About seven or eight farmers initiated the formation of the farmers' association of Maqellare. They encountered some difficulties in selling their agricultural products, mainly apples, and decided to rent a shop in Bulqize to sell their products. Bulqize lies about 35 km from Maqellare, and is unlike Maqellare not a very productive area and has a high demand for agriculture products. The farmers organised transport (one of the farmers owned a private car) and started selling together. All costs (including the salary of the seller in the shop) were equally divided between them based on the total of the sold products. They also had one shop in Maqellare itself and contracts with two shops in Peshkopi. Market demands increased and it became necessary to increase the quantity of products and also the quality. This was the first challenge for the group.

At this point the producer group met someone from Agrinet (a national NGO based in Korça region), they started to exchange information and participated in a meeting at national level organized by Agribusiness Association. After this meeting, and after analysis and discussing their situation, the farmers decided to register their group as an association. On 6th of June 2012 they were registered as a NGO and became legally recognised. At that time they had 10 members.

Over the last three years, the producer group grew from 10 members to an economic viable group of 50 members (20 women and 30 men) today with some support from Agrinet. More farmers became interested to join the group because of the services they provided, reduced prices for inputs and reduced cost of production. Also the attention to gender issues, stimulated women to join the association. Apart from apples, the group diversified and became also engaged in a variety of vegetables and livestock products. The group also expanded geographically from Fushe Bulqize to Peka village to be able to increase quantities and respond to market demands. As a producer association the group facilitated the selling of the agricultural products. The association collects products from their members and sell it in their shops or to the shops with whom they have a contract in Peshkopi. They divide the revenues based on the product quantity and quality of each farmer while deducting made costs for transport and other incurred costs. Everybody can become a member of the group, but farmers have to fulfil a set of well-defined criteria which mainly relate to the production process (seeds, inputs, standard of production, etc.) and price. Furthermore, members have to pay a membership fee of 500 ALL per month to cover costs incurred by the group (such as office rent).

Over the last years, the producer association of Maqellare learnt the advantages of being organised as a group. Production costs are lower. Reduced prices for inputs are not only efficient but also help to increase interest to form and function as a group. Technical expertise in production is very important to increase quantity and quality, and to access and survive in the market. Prices are higher for better quality. Diversification of products overcomes seasonal dependence on one product.

In the near future, the producer association would like to register as SHBB. In that way they can better focus and expand their business activities and can avail fiscal benefits and

subvention schemes. Also it is easier to receive loans from banks and support from donors as a SHBB.

Their motto is: "When there is a need there is a way".

Sustainable use of medicinal plants in Dropulli i Siperm, Gjirokaster region

The area of Dropull i Siperm is rich in medicinal plants, especially wild sage. However, many young people left the area and emigrated to find jobs elsewhere. Not many people were, therefore, available and able to manage the communal forest and pasture areas and collect medicinal plants. In 2011, a group of around 50 people from three villages Likomil, Klishar and Selo realised that without proper management the resources were wasted and decided to find a way to manage the area of around 1700 ha (900 ha of forest and 800 ha of pastures), arrange the collection of products, find the market and generate and share the incomes.

The community agreed to form a board representing the three villages. The board is composed of the three elders of the three involved villages and is supported by one volunteer from the community to do the accounting. The board is responsible for the sustainable collection, contracting workers to do the collection, selling of products (including setting and negotiating the price), and sharing of the incomes among the 175 households living in the three villages. Before the season starts a board meeting takes place to agree upon the above. Every season about 40 collectors are hired.

80% of the income generated from selling the medicinal plants are equally distributed to all the households including families that have temporarily emigrated but still maintain their land/house in the area. The remaining 20% are reinvested in the community. The community decides upon these investments during a general assembly meeting. During this meeting also the situation of last year is discussed as well as the directions for the next year. In the past few years, they have reconstructed the cultural centre, invested in the water supply system in one of the villages and in the entrance road to the area.

5 Forest producer organisations and sustainable forest management

Forest produce is mainly collected from communal forests and pastures by both individual collectors and producer groups without following the management plan. In general, the management plan focuses on wood and includes operational plans for annual allowable cuts of wood. It doesn't provide details on the sustainable collection of MAP, nuts, and other NWFPs. This makes it difficult to organise sustainable collection and harvest of NWFPs following the management plans. On the other hand even though management plans may provide for sustainable harvest and collection of NWFPs there is often not a sufficient connection with the people actually collecting NWFPs and the FPUAs and municipalities who are responsible for the implementation of the management plans (being the manager of communal forest and pastures). Furthermore, there is not a proper licensing system to manage the collection of NWFP and also a proper system to monitor the implementation of the management plan is lacking.

This situation might lead to unsustainable collection and harvest. Also the State Forest Service expressed their concerns about unsustainable harvesting practices when collecting forest produce. They mentioned that laws and regulations are often violated. This is of great concern when producer groups further develop and enhance their marketing operations. This is also leading to institutional constraints, the ones collecting (forest producer groups and individual forest users) are reaping the benefits of the communal

forests and pastures, while the owner or manager of these natural resources is bearing the responsibility for management and protection including the related costs for such (the FPUA and Municipalities in the case of communal forest and pastures). The role FPUAs have in management and coordination of use of the communal forest and pastures should therefore be further enforced.

The sustainable management of forest produce is paramount to ensure a sustainable supply of forest produce that can be marketed. Forest management tend to be more sustainable when tenure is ensured. Therefore, it is essential for the new municipalities to finalise the registration of all territories and hand over communal (family) forest to their rightful users according to user agreements/ contracts.

6 Opportunities for forest producer organisations

The opportunities for producer organisations were discussed during focus group meetings and interviews with key persons. The outcomes of the surveys were presented and used for the discussion. The main opportunities that were recognised by producer groups can be grouped into the following areas: 1) Marketing and business opportunities, 2) Representation, 3) Cooperation and networking and 4) Technical and other assistance. Although these opportunities can exist in general for both informal and formal groups, they hold truer for formalised groups.

Marketing and business opportunities

People expressed that as a producer group it is easier to access the market, to ensure better quality of the products and to sell produce based on contracts. Also costs, such as costs for inputs or marketing costs can be decreased. Costs related to marketing are for example: costs for certification, packaging, labelling and transportation. Being organised also helps in resisting unfair competition, defining proper prices in the market, etc. Furthermore, being in a group the loss is shared in case of failure.

As a formalised group, the group has legal protection. Formalising will also help to increase trust, to have certificates of origin for their products, to brand products and thus better able to profile the producer group, which will increase the trading and marketing opportunities. Being legally organised also fights informality and protects interests of farmers in the long run.

Representation

Producer groups can help to represent their members in negotiating prices and facilitate contracts/ agreements between the group (members) and traders. Contracts will help to ensure the sale of produce and is considered safer than the verbal agreements. Also profiling as a group helps to get better prices. Women can also be more easily involved and represented in producer groups.

Apart from representation related to marketing, representation is also important in other issues pertaining the members and forest users. As an individual forest user it is difficult to make your voice heard but as a group it is possible to influence (local) public and private actors.

Cooperation and networking

Also cooperation and networking is easier as a group than as an individual. As a group it is easier to establish trust from wholesalers and traders and increase cooperation which

often translates in a better price for the produce (for example through agreements for a large amounts of the product).

In Albania, farmers also cooperate to become eligible for agricultural subsidy schemes. One of the eligibility criteria is the parcel size (at least 3 dynym to 1 ha depending on the agricultural crop and location), but many farmers have smaller agricultural plots. Farmers can pool their resources, cultivate the same crop and become together eligible for the subsidy schemes. The subsidy scheme is thus an incentive to motivate farmers to collaborate and work together to apply for agricultural subsidies. In this way also the adverse impacts of land fragmentation are reduced. Farmer associations can support their members in their efforts to collaborate and apply for subsidies.

Cooperation and networking can also be among groups with similar objectives which can evolve in networks, umbrella organisations or federations. Through these relations, producer organisations can pool their resources, assets and competencies.



Photo 10: Discussion among stakeholders during FLED seminar, Tirana

Technical and other assistance

Producer groups can provide training to their members. Also the formation of a producer group helps to access external technical trainings. Moreover, being organised (in whatever form of a forest producer organisation) is often a prerequisite to apply for projects, subsidy schemes and/or compensations from the government or other donors. For example, groups registered as SHBB are entitled to fiscal incentives and support schemes (Article 3, Paragraph 2 of the Law on SHBB (38/2012)).

Producer organisations could also often avail technical assistance and training through their networks and umbrella structures. For example, FPUAs at the local level can avail services and technical assistance from the Regional Federations while the National Federation supports the Regional Federations. Already Regional Federations have supported FPUAs with numerous trainings, information and awareness.

7 Challenges for forest producer organisations

A number of challenges were identified during the focus group discussions. These challenges are mainly related to: 1) the (high) costs to establish and operate the forest producer organisation especially if registered as an SHBB, 2) informal nature of the market on forest produce, 3) the organisational strength of the producer organisation and 4) the lack of ownership over forest land.

Direct and indirect costs of formal registration

Most forest produce is seasonal and thus the activities related to the marketing of the forest products is seasonal. If producer groups are formalised as an SHBB, they could incur costs around the year such as for example office rent. Also once formalised as a group, the group will have to pay taxes such as VAT (20%).

Informal market of forest produce

Markets related to the forestry sector are mainly informal and ad hoc with many buyers and sellers are not following the legal procedures. If producer groups become formalised they will have to pay taxes such as VAT which for forest products is the same as for other products, namely 20%. The informal market for forest produce creates thus unfair competition for formalised groups because the formalised groups will have to pay taxes which somehow needs to be covered in the price. Becoming formalised and registered as a SHBB does therefore not seem to have a high priority.



Photo 11: Mushroom storage, Korça

Organisational strength

At present forest producer organisations have limited skills to manage the organisation properly and operate in a professional and commercial way. They need to become more market oriented, while knowing market demands, standards and other requirements.

Furthermore, many forest producer organisations lack the necessary infrastructure. Although, some organisations have offices but this does not have a direct positive effect on the incomes of the group.

Most forest producer organisations are dependent on support of donors. For example, the Malzi chestnut producer group registered as an SHBB with support from donors in August 2014. However, without further donor support the SHBB has become very fragile and is about to discontinue their activities due to the following main reasons: 1) the high costs: taxes and fees have to be paid as SHBB (see the above mentioned challenges), 2) lack of trust among members resulting in the selling of products to traders coming from outside the village, instead of through the SHBB, 3) lack of premises for collection and processing

of the products, 4) lack of market information and 5) lack of experience in marketing, branding and packaging. To build organisational strength is thus key to develop successful producer groups and this takes time and serious efforts.

Lack of ownership rights over forest land

Some forest users have secured tenure over their forest parcels in the form of user contracts. Nevertheless, people would like to have explicit ownership over their individual forest land because property rights over land, buildings, and other assets are needed to formalise a business. Landownership rights are also a requirement to become eligible for subsidy schemes. Unfortunately, the current political context does not allow for private ownership over communal forest and pastures and it will be a long process to change this situation.

Another challenge that was identified is the lack of good functional models of SHBBs which could inspire other forest producer organisations and from which they could learn.

8 Conclusions

There are several advantages for individual forest users to be organised in a group. These advantages relate to better marketing and business opportunities, lobbying and advocacy, receiving technical assistance and building networks and relations. Many forest users are aware of these advantages, and most individual producers expressed interest to become part of a producer organisation. Individual forest users not interested to become a member mentioned the lack of trust as the major reason.

Forest producer organisations can be either informal or formally registered. In Albania, forest user organisations are mainly registered as NGO, such as the FPUAs and some producer groups, or as SHBB, a business cooperative form. Only few forest producer organisations are registered as SHBB, since the adoption of this law in 2012.

More than 60% of the forest producers' groups are not registered mostly because they consider that the registration will implicate high costs. The forest product market is highly informal at present and being formalised as a SHBB implies that formal procedures have to be followed including the payment of taxes such as VAT. The informal market for forest produce creates unfair competition for formalised groups because the formalised groups will have to pay taxes which will need to be somehow incorporated in the price. Of course being formalised has also numerous (potential) advantages such as: legal protection, increased trust, certificates of origin for their products, branding and better profiling,



Photo 12: Producer group Rec, exchange

which will increase the trading and marketing opportunities. Being legally organised also fights informality and protects interests of farmers in the long run. Furthermore, being organised as a SHBB gives some fiscal benefits.

The major difference between being registered as an NGO or a SHBB is that the first mentioned is a not for profit organisation with people being organised to fulfil a certain purpose, while the last one is a for-profit organisation focused on doing business. At present the FPUAs and some producer groups are registered as NGO, while some other producer groups are (or are in the process to become)

registered as SHBB. NGOs can deploy economic activities as long as these activities don't become the principal activity and are used towards achieving the objectives of the organization. Based on their statutes FPUAs are thus allowed to be involved in economic activities as long as these contribute to their overall aim of sustainably managing the communal forest and pasture areas. However, during the group discussions FPUAs expressed that they would need to change their statutes if they want to take up business activities. Several FPUAs stated that they are interested to change their statutes and become more involved in business and marketing forest produce. There are a number of advantages of integrating producer groups into FPUA: 1) FPUAs are involved in the actual management and production of communal forests and pastures, 2) FPUAs are existing and recognised organisations that have a certain social status with structures in every village



Photo 13: Drying herbs, Peshkopi, Diber

Communal forest and pastures are the most important resource for forest products, but not the only one. Many forest products are produced and obtained from other resources such as private and state forest land. The structure and functioning of forest producer organisations should acknowledge this.

and are assigned to manage the communal forest and pasture areas based on management plans, 3) FPUAs have the technical skills, information and developed extended knowledge on the forestry sector and can provide trainings and technical support, 4) FPUAs have built relevant networks (also through the Regional Federations) with key players and 5) FPUAs, as a formal organisation, can apply and implement different projects.

In general, the position and role FPUAs play in forest economic development need to be further improved, clarified and consolidated. FPUA's main role lies with the management of communal forest and pastures and coordination of activities with forest users. All collectors and producer groups dealing with forest produce derived from communal forests and pastures should therefore coordinate and cooperate with FPUA to strengthen the sustainable management of resources. FPUAs could furthermore play a role in supporting producer groups and facilitate them in marketing their products or become directly involved in marketing forest products.

9 Way forward to embed producer groups in established structures

The recommended way forward depends on the situation, context, interest and motivation of the forest producer group and its members. However, in all cases FPUA plays an important role. FPUA's main role lies with the management of communal forest and pastures and coordination of activities with forest users. All collectors and producer groups dealing with forest produce derived from communal forests and pastures should therefore coordinate and cooperate with FPUA to strengthen the sustainable management of resources. People should thus become a member of both FPUA and the producer group. At

present FPUAs support focuses on production, sustainable management of forest produce, provision of information, and to some extent on economic development. However, FPUA's position and role in economic activities needs to be clarified and further developed. In the near future FPUAs could play a stronger role in providing services related to economic development, including the formation of producer groups and support to these groups to become effective economic entities, preferably registered as SHBB. Also FPUAs could be directly involved in business activities and/or establish a SHBB within their structures. However, for this the statutes of FPUA will need to be changed. Depending on the context, situation, interest and motivation of the producer groups and individual forest users, four main ways forward have been identified and recommended:

1. The producer groups (formal or informal) sell the forest produce directly by themselves but have close collaboration with FPUAs to enhance production, sustainable collection and management of the communal forest and pasture areas;
2. Umbrella organisations are formed of producer groups, with the marketing carried out by the umbrella organisation; also FPUA's could take up the function of an umbrella organisation facilitating the economic activities of several producer groups;
3. FPUAs are directly involved in marketing forest products through their structures; this is the preferred option for wood biomass value chains;
4. FPUAs establish a SHBB within their structure, this option might evolve when wood biomass value chains further develop and mature.

In the following part the different options are further described.

It is important to start small and focus on building trust if producer groups are just formed. In the initial stages producer groups can function as an informal group. Informal groups formed by voluntary agreements that are self-managed and self-controlled can be very effective and efficient as they can be more flexible with simple procedures and management systems. Coordination with FPUA is also for informal groups essential if they deal with forest produce collected from communal forests and pastures. Furthermore, FPUAs could provide necessary support to the groups, while FPUAs can receive support from Regional Federations in delivering these services (see figure 5).

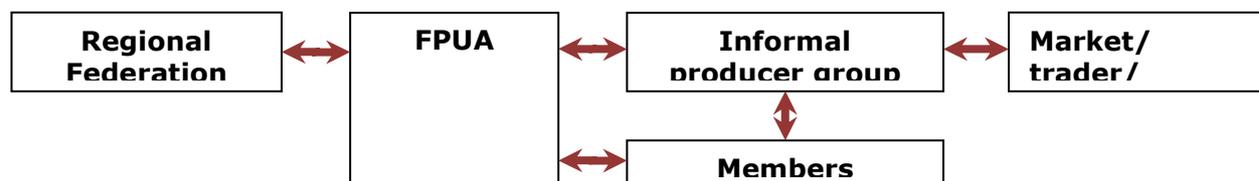


Figure 5: Option 1a: Informal producer group with cooperation with FPUA; marketing done by the producer group

It is recommended for informal, economic viable, producer groups to become registered. Registration and becoming legally recognised has a number of advantages to increase trading and marketing opportunities. For example, registration will help to increase levels of trust, to obtain certificates of origin, to brand products, and to profile the group better. Being legally organised also fights informality and protects interests of farmers in the long run. Producer groups in Albania are often going through different phases: at first as an informal group and secondly, when proven economically viable, becoming registered as a NGO or SHBB. Some producer groups are first registered as a NGO and turn later (the last phase) into a SHBB when the group becomes more commercial and professional. Also formal producer groups should collaborate with FPUA for the same reasons as above (see figure 6).

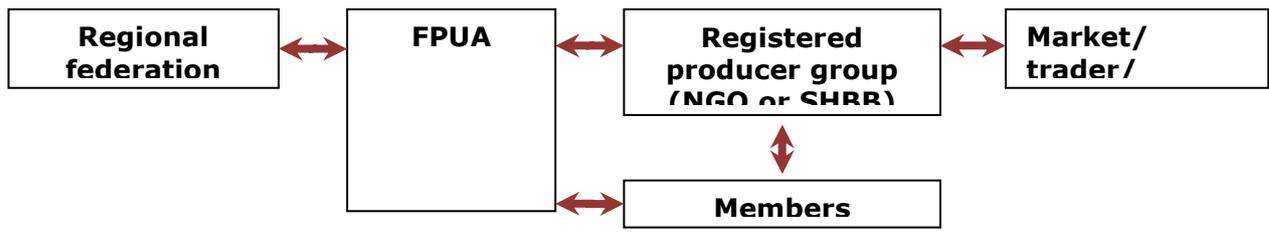


Figure 6: Option 1b: Registered producer group with cooperation with FPUA; marketing done by the group

Different formal or informal producer groups could enhance their cooperation through the formation of umbrella organisations, especially if there are a number of producer groups within the same area or if producer groups become too large to manage in a single organisation. Studies suggest that the ideal size of a producer group is between 15 to 30 members. If the producer organisation further develops and their membership grows it might be better to split into different producer groups and bring these together in a second level (umbrella) organisation, which represents and provides services to the smaller producer groups.

Formation of umbrella organisations will help forest users from different producer groups to pool their resources, assets and competencies to for example overcome market barriers and access better quality information. Also it helps to increase quantities and reach economies of scale. This could help to create greater negotiation power which could translate in turn into more favourable marketing conditions. These producer groups within an umbrella organisation could focus on the same or on different products. An example of different informal producer groups forming together an umbrella organisation is the marketing organisation in Prespa National Park as described in chapter four. Of course the umbrella organisation will need to collaborate with FPUA and/or the Regional Federation depending on the size and area covered by the umbrella organisation. The Regional Federations could also support FPUAs in delivering their services. See figure 7 for a schematic diagram of this option. The producer groups under such an umbrella organisation can be informal or formal (NGO or SHBB). If the development of forest producer groups continues these basic producer groups might be separate sections within the larger forest producer organisation. This is more efficient than registering many small groups (consisting of about 15-30 people) and better economically feasible in the long run.

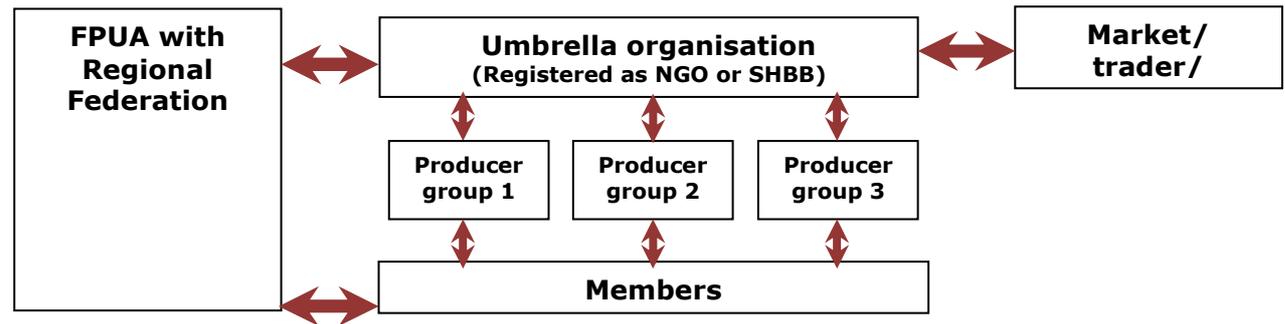


Figure 7: Option 2a: Umbrella organisations of producer groups with collaboration with FPUA; marketing done by the umbrella organisation

Also FPUA could act as an umbrella organisation and buy forest produce from producer groups and sell it to traders and provide services to its members (supported by the Regional Federations). The producer groups could be either be formal or informal (see figure 8) or FPUA becomes directly engaged in business activities making use of their own structures without the formation of separate producer groups. In this option FPUA facilitates the marketing of products, act as broker or is directly involved in the marketing

of forest produce (see figure 9). The village commissions within the FPUA could fulfil the basic forest producer groups in this case.

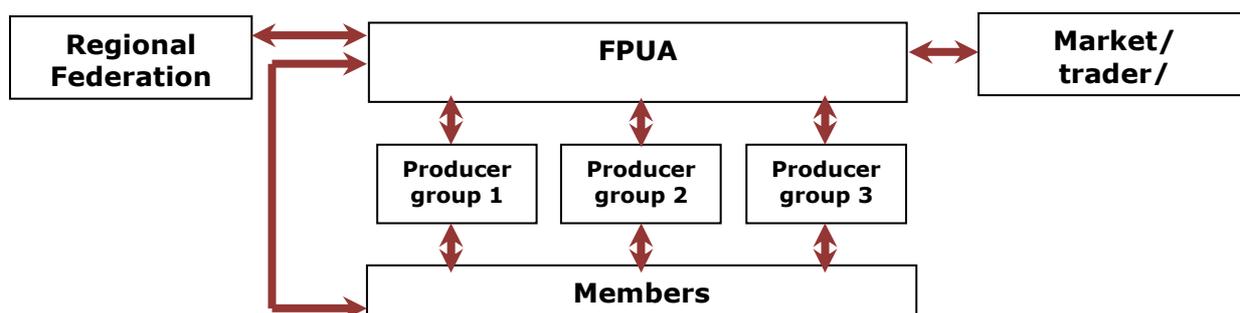


Figure 8: Option 2b: FPUA as an umbrella organisation with FPUA taking care of the marketing of forest produce and providing services to its members

The direct involvement of FPUA in marketing forest products is the preferred option in developing wood/ wood biomass value chains. Developing these value chains will require very close cooperation and coordination with the municipalities as owner of the forest and the forest inspectorate to ensure sustainable management of wood and compliance to the forest management plans. FPUAs are best positioned to take up this role. FPUAs could also establish a SHBB within their structure to be engaged in buying and selling forest produce. This option might evolve when wood biomass value chains become more developed and mature. Regional Federations can help to provide support, deliver services to the FPUAs but the Regional Federations could also be engaged in coordinating and in becoming directly involved in wood biomass value chains at higher levels (see figure 9).

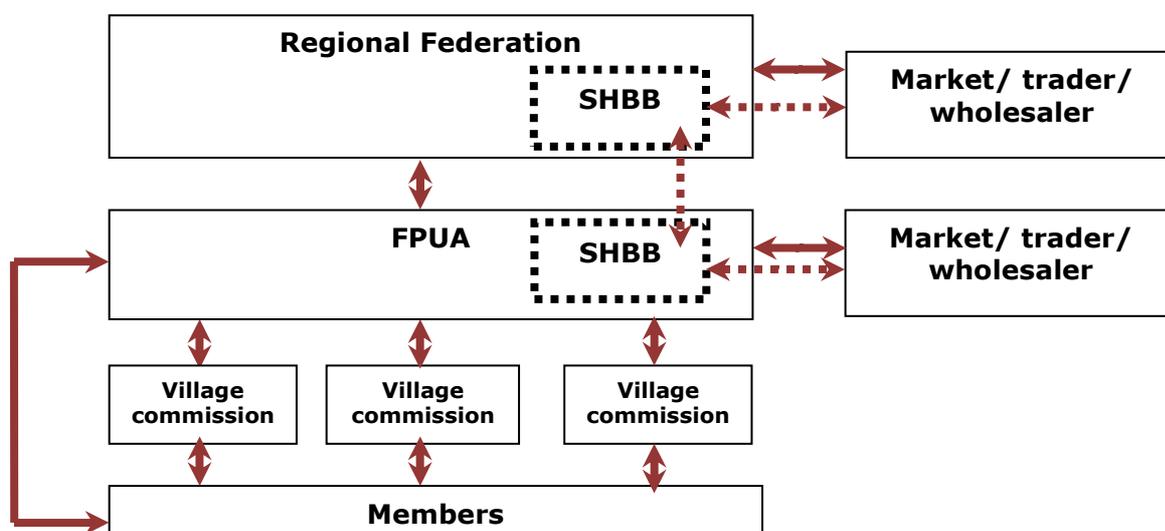


Figure 9: Option 3: FPUAs directly engaged in forest business activities through its structures and option 4: Formation of SHBB within the structure of FPUA to take care of marketing forest produce

Thus, depending on the situation, context, interests and motivation of the people involved, there are different ways forward for forest producer organisations. In all options FPUAs (supported by Regional Federations) play a major role in enhancing sustainable management of the resources of the communal forests and pastures if forest produce is collected from these areas and marketed. However, forest produce is also collected from other areas such as private land and State land and need thus to make also arrangements for the collection of products from these areas. In short, forest producer organisations should acknowledge where they collect their produce and have this recognised in their structure and functioning.

Producer groups need to address a number of key issues to develop into effective producer organisations. The key issues identified as presented in this review are very similar to the key issues found in other international studies on forest producer groups. The key issues coming from the analysis carried out by the European Tropical Forest Research Network (ETFRN) are very similar to this review. The ETFRN key issues are presented in the box below. To further develop the forest producer groups in Albania these are key issues that need to be taken into account.

Key issues to make producer organisations effective

Internal organization – the foundation

- Self-governance is crucial, with financial and political independence, openness and equitable benefit-sharing the keys to success.
- Federations and umbrella organizations are vital in scaling up influence and power.

Tenure and governance – the critical preconditions

- Access and clear rights to land, justice and equality are fundamental prerequisites.

What you know and who you know – the key entry points

- Learning from each other is essential, as is access to technical knowledge, skills and training.
- Local producers' active participation and influence in processes of governance reform pave the way for progress.

External services and support – the enabling environment

- Government agencies and services must adapt their "offer" to better meet smallholder needs, seeing them as partners.
- International organizations and NGOs would do well to learn lessons from the past. The large-scale private sector can play a greater role, but must accept the fair sharing of benefits, investments and responsibilities.

Markets and business opportunities – the end game

- Building on local markets will help increase resilience to market shocks.
- Building brand recognition though business support remains a common gap.
- Increasing access to affordable finance will be increasingly important.

In conclusion - one way forward

- Producer organizations should be included in all programmes related to climate change, food security and nutrition, landscape restoration, rural livelihoods, and engagements with the large-scale private sector.

(Copied from ETFRN, 2015)

10 Recommendations

Above the way forward for forest producer organisations is described in general. Here some specific recommendations are given to individual forest users, producer groups and FPUA. Also the role that CNVP and FLED can play in supporting the follow-up on these recommendation is provided in this chapter.

Recommendations to individual forest users

- **Formation of producer groups**

With regenerating and improving communal forest and pastures individual forest users are becoming increasingly focused on marketing and selling products. Individuals who are interested in forming a producer groups to market forest produce should take their own initiative and avail information from potential sources such as other producer groups, FPUAs, Regional Federation and potentially others. Awareness on the opportunities to be part of a forest producer group is needed. CNVP and/or other organisations could support the process of awareness to people for becoming part of a forest producer group by organising workshops for individual forest users on the advantages and disadvantages of forming a producer group, successful models of producer groups, the procedures and the process, and encourage discussion.

Individual forest users could also try to become involved in existing producer groups and or work together with them to understand market demands, negotiate prices and sell their products. If FPUAs are becoming more active in facilitating marketing, individual forest users should also seek cooperation with them.

- **Land tenure**

It is for individual forest users essential to have secured land tenure. This could be in the form of ownership, user rights, and/or land management rights. Although individual forest users would like to own their individual parcel of the forest and have private forest, in the current political context this is not a legal feasible option and cannot be realised in the near future. However, individual forest users should obtain secured land user rights prior to marketing forest products. FPUAs can support individual forest users in this process.

Recommendations to producer groups

- **Organisational models**

The establishment of a producer groups takes time and cannot be rushed. Groups should be formed based out of interest of the individual forest users. It is better to start with small groups at village level because it is easier to establish trust and people know each other. At the early stages groups can function as an informal group, gradually mature, and then when economically viable register as an SHBB. Another option is that several informal producer groups from different villages or focused on different products form together an umbrella marketing organisation or work within the FPUA structures. Especially when registered as an SHBB it is important to diversify in products (and sales) and/or to be able to store products over longer times to generate income throughout the year because also costs are incurred throughout the year. The group in Rec village in Shkoder region, which started with chestnuts only and diversified with the cultivation of sage provides also a good example.

- **Developing organisational strength**

If the group decides to become registered, especially if registered as SHBB it is important to have qualified staff to run the business because forest producer groups, especially SHBB's can only flourish if they have strong governance and administrative structures ensuring accountability and transparency. For existing producer groups it might therefore be necessary to review their structures, membership and relations among producers.

Also it is important that producer groups have the necessary skills related to organisational operations (leadership, book & record keeping, etc.), business planning, marketing, product development, quality and standardisation, negotiation, conflict management, promotion, packaging and branding, contracting, etc.

Furthermore, it will help if producer groups have some infrastructure and especially store rooms for the storage of products.

- **Creating networks and relations among forest producer groups**

For forest producer groups it is important to create networks and relations with other forest producer groups to increase economies of scale but also to pool their resources, assets and competencies. Networks can be created in the form of umbrella organisations supporting several producer organisations in their endeavours. Umbrella organisations are also vital in up scaling influence and power.

The national federation and regional federations are considered as umbrella organisations supporting several FPUAs. This structure has great potential to support FPUAs to become more active in economic activities, especially in wood (biomass) value chains.

- **Creating networks and relations between forest producer groups and key players**

Networks and relations also need to be built with external key players who are essential for the success of the producer group, including: 1) traders/wholesalers (for example through facilitated meetings between producer groups and buyers and/or fairs) to establish long term trade relations preferably with written contracts, 2) FPUAs to avail services to forest users and to ensure that forest produce is collected in a sustainable manner through annual harvesting plans, 3) the new municipalities as the new owners of the communal forest and pasture areas to ensure access to these areas where a large portion of the marketed forest produce is collected (new administrative law), and 4) rural development programmes and the ministry of agriculture to apply for subsidy schemes.

- **Developing business opportunities**

Developing business opportunities start with knowing market demands and having information on the quality and quantity requirements and price. Buyer-seller meetings are a good starting point for discussions, understanding the market, and building trade relations as described above. Through market analysis, producer groups can then identify their shortcomings, niches and best marketing opportunities.

Knowing the market, may imply that the producer groups has to work on the quality of the product/ standardisation of products, certification, branding, etc.

- **Strengthening the sustainable management of forest resources**

The sustainable management of forest produce is paramount to ensure a sustainable supply of forest produce that can be marketed. Collectors and producer groups need to relate to the forest management plans. Forest management tend to be more sustainable when tenure is ensured. Therefore, it is essential for the new municipalities to finalise the registration of all territories and hand over communal (family) forest to their rightful users according to user agreements/ contracts.

Related to communal forest and pasture areas, it is important that forest users are aware of the management plan and that annual harvesting plans are developed in a participatory manner (involving forest users, FPUA and municipality) based on the availability of the resources and in line with these management plans. Harvesting of forest produce should then take place by users and producer groups according to the management plans and operational plans. This can then be monitored by the FPUA and the municipality as manager and owner of the communal forest and pastures.

In case the management plan has no prescriptions for the collection of NWFPs, guidelines could be developed in collaboration with FPUAs to enhance the sustainable management of these species. These guidelines could pertain on the when, where, what, how and how much of the produce is collected and could for example include rotational schemes.

Recommendations to FPUAs

Recommendations to FPUAs concentrate on: 1) clarification of their role and position, 2) developing organisational strength, 3) ensuring sustainable collection and management, and 4) developing wood-biomass value chains.

- **Clarification of FPUA's role and position**

FPUAs are as a matter of fact producer organisations and they need foremost to clarify their role and position in forest economic development activities. FPUAs will need to improve their structure and functioning in order to be able to start delivering services related to the formation of producer groups, consolidation of these groups and marketing. FPUAs need to take up their role, this includes their role production and marketing of forest products. They need to facilitate and coordinate marketing and other activities in connection with producer groups and/or SHBBs. They need as well to fulfil more their role on sustainable production, marketing and sales regarding wood products. Their role on forest management needs to be in balance with their role on production and marketing. One of the first steps is to improve their communication to their members (all users of communal forest and pastures) and inform them about the role and functioning of FPUAs, the services they can (and cannot) provide, and increase awareness that they are members of FPUAs. Increasingly formal membership is needed and FPUAs should start collecting (membership) fees to financially sustain their organisation and deliverance of services. Membership should not follow automatically but go parallel to having secured user rights.

- **Developing organisational strength**

Also the capacities of FPUAs need to be increased if they are going to play a major role in supporting forest users to form small producer groups and become effective producer groups. They need to develop marketing related service packages and be well versed in delivering these service packages (for example: producer group formation, organisational development, book & record keeping, marketing, business planning, standardisation, etc.). Furthermore, it might be necessary to review and enhance the existing services they deliver such as: technical assistance on forest management and related issues as for example production and tenure (participatory mapping, facilitation in developing forest user contracts, etc.).

- **Sustainable management of forest resources**

To ensure the sustainable management of forest resources, FPUAs need to collaborate with forest users in developing annual harvesting plans based on the existing management plans. Especially the sustainable management of forest produce that is collected for commercial purposes such as: MAPs, mountain tea, nuts, etc. needs to receive special attention. For these species special management schemes or guidelines pertaining their sustainable collection could be developed in collaboration with the forest users and the state forest services.



Photo 14: Communal Forest managed by FPUA Suç, Burrel

- **Developing wood biomass value chains**

Firewood and to a lesser extent timber becomes increasingly an important product from communal forest and pasture areas. Developing wood value chains will require very close cooperation and coordination with the municipalities as owner of the forest and the forest inspectorate to ensure sustainable management of wood and compliance to the forest management plans. FPUAs are best positioned to take up this role and become the major player in wood value chains. FPUAs should consider establishing a SHBB within their structures for the buying and selling of wood biomass, especially when wood biomass value chains become more developed and mature.

CNVP and FLED support to forest producer organisations

In cooperation with our partners, especially the Communal Forest and Pastures Federations at regional and national level CNVP will provide support to the development of forest producer organisations. In the coming years CNVP-FLED will focus on the following:

- Awareness to forest users and FPUA; CNVP-FLED will support awareness raising on the advantages and disadvantages of forming a producer group, successful models of producer groups, the procedures and the process, and encourage discussion.
- Support the formation of forest producer groups; CNVP-FLED will support formation of producer groups according to different models depending on the context and interest of the forest users. These models could be: informal producer group or formally registered as NGO or SHBB, and/or organised within an umbrella organisation
- Support forming and strengthening umbrella organisations, especially the Regional Federations in fulfilling their role regarding delivering services to forest producer organisations.
- Support inclusion of women in decision making in FPUA and producer groups
- Support clear land tenure and user rights for communal forest and pastures users
- Connect forest producer groups and collectors with the owners/managers of communal forest and pastures (FPUA/municipalities)
- Support FPUA in taking an active role in forest economic development in cooperation with other producer groups
- Support FPUA in the actual sustainable management of the forest resources and developing guidelines/plans for the sustainable management of NWFPs and wood products that are marketed
- Support FPUA to develop and become a key player in wood value chains
- Support producer groups in marketing by organising buyer/sales meeting, fairs and product promotion

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 - Case study: Organised producers in Maqellare, Diber region
 - Case study: Organised producers in Dropulli i Siperm for sustainable heritage for the future generations

Appendix 1: Comparative summary results of the survey

	INDIVIDUAL PRODUCERS	PRODUCER GROUPS	FPUAs
STATISTICS OF INTERVIEWEES	Producers, mostly over 50 years old	60% not registered Registered PG are mostly as NGOs	Registered as NGOs
ORGANIZATION	36% are members of FPUAs 31% are part of informal groups 26% members of NGO 5% part of business Associations 2% part of Cooperatives	PG not registered because: 1. High costs 2. Lack of interest 3. Lack of trust	Established after 1999. Board is decision making body. Offer different services and information to their members
	83% have no information on existing producers groups	Period of being established: • 2-5 years (8 groups) • More than 5 years (5 groups) • Less than 2 years (4 groups)	
BENEFITS OF BEING PART OF PRODUCERS GROUPS	Information, marketing, training and economic benefits	Marketing, information, trainings and finances	FPUAs sustainability and diversification of services
CHALLENGES OF BEING PART OF PG	Marketing, Information, Training, Economic benefits	Lack of infrastructure, lack of trust, marketing and internal/external communication	Lack of capacities of FPUAs staff to develop economic activities
MAIN PRODUCTION	Firewood, Fodder, MAP	Nuts, MAP	MAP, firewood, fodder, nuts
AREA COVERAGE	66% Communal, state, village forest.	80% communal forest	80% communal forest
ACTIVITIES		Mainly collection. Marketing, production, processing	
INCOMES FROM FOREST ACTIVITIES	Mainly 30-50% of household incomes		
RECEIVED SUPPORT		Mainly technical for members	Information, technical support
LINK OF PRODUCTION WITH MP	No (90%)	No (95%)	
COOPERATION	With individuals	Mostly with Farmers; FPUAs & companies	With forest users, LGUs
DECISIONMAKING		Board, all members, chairman	Board
LOCATION FOR SELL	Local traders Retailers Wholesalers Market	Wholesalers Local trader Local market	
CONTRACTS/ AGREEMENTS	All verbal	86% verbal	
CAPACITY DEVELOPMENT		Technical advice, marketing, product development, management	Technical assistance, management, marketing, institutional organization
RELATION WITH FPUA	More than 50% are aware, but NOT members of FPUA	PG want to cooperate with FPUA, but NOT to be part of them	PG function independently PG are part of FPUAs
COOPERATION OF PG & FPUAs		Technical Assistance Information Trainings	Training Informing Fee collection MP implementation



Working together to grow a canopy of trees providing home, shelter, food, a livelihood as well as a place to wander

CNVP, a The Netherlands based foundation, is a legacy organisation of SNV in the Balkans. Established through a legal demerger, CNVP will continue the SNV forestry and rural development programme in the Balkans and beyond.

CNVP envisions:

- Local communities achieving their own development goals;
- Maximising the production and service potential of forests through Sustainable Forest Management and locally controlled Natural Resource Management;
- Forests contributing to equitable local economic development supporting rural livelihoods;
- Forests contributing to wider societal interests and values including biodiversity conservation and wellbeing;
- Connecting natural values and people!

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