



**CNVP**

Building a Greener Economic Environment

# REPORT ON SOCIO-ECONOMIC IMPACT OF CNVP INTERVENTIONS IN MAPs MARKET IN 4 PILOT AREAS IN ALBANIA

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## Abbreviations

CNVP	Connecting Natural Values & People
LED	Local Economic Development
MAP	Medicinal and Aromatic Plants
MEIA	Mediterranean Export – Imports Albania
Sida	Swedish International Development Cooperation Agency

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## I. INTRODUCTION

Connecting Natural Values and People (CNVP) in April 2019 begun to implement a pilot project named Local Economic Development (LED) contracted by The Swedish International Development Cooperation Agency (SIDA). In this framework the pilot project goal is to enhance the economic growth of rural mountainous Albania through market system development for Medicinal Aromatic Plant (MAP) sector and some forest product sub-sectors. The Project objective is to improve the income opportunities of households by supporting marketing, production and sustainable management of MAPs and other forest produce in 4 targeted Regions: Gramsh, Shkodra, Korca and Tirana. The interventions are planned based on the new model of Market Systems Development (MSD) and suggested by both National and International consultancy regarding MSD.

The outcomes of the project are addressed to the problems and opportunities in three main areas as following:

Outcome 1: Developed markets for MAPs of better quality and safety

Outcome 2: Producers strengthened through MSD approach.

Outcome 3: Improved enabling environment for the marketing and management / production of MAPs.

At the end of the Inception period of the project, after results of the CNVP interventions in the targeted areas, an assessment of the socio-economic impact is planned to represent the impact that the action has had in the area.

In this regard the report presented here is a socio - economic analyses to better understand the effects of the project's interventions during Inception Phase, as a result of the field study during June 2020- July 2020 which includes:

- Interview of MAP companies and focus groups of farmers/households, supported during the inception period of LED project
- Information related to the project's interventions for MAPs activities in the targeted areas
- Review and study the existing project's materials and reports, case studies, etc.

### **CNVP interventions have aimed at improving the situation in the main points:**

- support to farms and processing firms to increase productivity (through the provision of improved farm inputs, technology, etc.),
- improving value chain governance and increasing standards (through the provision of trainings, introduction of contract farming, improved buyer-supplier coordination),
- improving business environment (by helping farmers and processors to access financing, information, resources (e.g., municipalities lease unproductive land

- to farmers and processors), etc.), and finally,
- improving government policies (by working closely with government agencies and other stakeholders in resource management and other relevant areas).

The interventions undertaken during 2019- 2020 are:

1. Introduction of new improved contract farming models between MAPs producers and buyers (outcome 1).
2. Introduction of private sector driven agricultural extension delivery models (outcome 1).
3. Testing and introduction of new drying and storage technologies through partnership with local suppliers (local manufacturers & importers) (outcome 2).
4. Testing and introduction of new plant varieties and other inputs, particularly organic plant nutrition and protection products (outcome 2).
5. Intervention: Introduction of mechanization service delivery models targeting MAPs cultivators (outcome 2).
6. Improve local municipality capacity to manage and allocate land for MAPs cultivation (outcome 3).

## **II. METHODOLOGY OF THE STUDY**

The methodology of the study will be based on a combination of qualitative and quantitative methods. Quantitative methods will rely on secondary data, some identified from the already prepared reports of CNVP and others gathered from different sources to identify the interventions impact in local level. Primary data from questionnaires gathered for the socio-economic impact and for evaluation of how project objectives are realized will also serve for comparative analyses.

The analyses of impact includes variables (quantitative and qualitative) to check the impact and answer the questions through information such as:

- (1) Is the cultivation areas with MAP and production of MAP Increased? What is the situation about costs and prices after the intervention?
- (2) Has the intervention contributed to quality improvement of raw MAP, and how?
- (3) Is the coordination between buyers (processing companies) and farmers enhanced? Has the collaboration foundation from contracts and models impacted the value chain?
- (4) Have farmers and companies gained better knowledge and information about Market of MAP and quality standards?

- (5) Did the interventions lay ground for future possible improvement of regulatory and legislative framework?

## 2.1 Qualitative analyses

Qualitative analyses is used for better identification of social impact and perceptions of project beneficiaries in farm and firm level and stakeholders about the impact of the CNVP interventions. Methods include focus groups with farmers, one in each region in total 4 focus groups and semi-structured interviews with consolidator company representatives.

Design of focus groups is in accordance with criteria of focus group composition and size according research methodology standards as well as the type and total number of farmers that has been part of interventions, trainings, support with technology, fidane, etc.

The optimal number of focus groups according methodology should be 8-12 persons. The composition of the focus group should represent homogeneity regarding some characteristics to minimize conflicts among members for issues non related to the aim of the study, while heterogeneous to reflect differences in opinions regarding the multiple explanations and ideas required by the group for the goal of the study. In case of farmers, differences are represented by characteristics such as gender, age, family positions, their activity in cultivating different cultures of MAP of the area and position in different villages. While the group were planned to be composed as homogeneous in the inclusion that they have had during the project, in being supported by the CNVP and the companies. Not all participants in each group were from the farmers impacted directly during inception phase of the project, but from the other side, this contributed to gather information on problems from non-supported farmers and their perception of this opportunity to be active part in the MSD model and approach. Some conclusion about future possible action might also

CNVP helped with the composition and planning of the focus groups as following: From 26 farmers supported and included in the project in four (4) villages in Shkoder area the group was composed of 12 farmers who have cultivated different cultures such as *sage, lavender and thymus*.

From 15 farmers selected from CNVP to support in two villages in Tirana, Petrelw and Precalle, both for *lavender and laurels cultivation*, the focus group included 10 people, some farmers and some workers from both villages. Different perceptions from workers and farmers were faced during the session.

In Gramsh and Korca region, since the Pandemic of COVID 19 situation from March 2020 has impeded to continue normally with the farming season, the support to farmers was replaced with masks and gloves as well as other materials to forefront

the situation. The farmers in these regions have been of course part of all the introductory and preparatory phase with workshops, trainings and meetings to ensure the MSD approach implementation. From \_\_\_\_ farmers supported from the CNVP in Gramsh region, especially participants in workshops and meetings for contract farming, 12 people participated in the focus group. While in Korca Region focus group participants were equally man and women farmers and also equally farmers included in the project interventions and not included in the action.

In addition to focus groups, four unstructured interviews with representatives/owners of the consolidator/trader companies were realized to take the viewpoint from an important actor in the market, considered as a focal point also from the MSD approach.

Both sides information was cross-referenced for analyses of the socio-economic impact, using text analyses and qualitative analyses.

## 2.2. Quantitative analyses

Quantitative analyses is based on CNVP interventions data on the following indicators /variables:

- Volumes of production
- Income (estimation based on production for supported area, because of lacking data on sales)
- Operative costs (estimation)
- Investments (especially in some interventions where measurable investment is possible)
- Number of employees/family members involved and/or time dedicated to farm activities

Quantitative analyses is based on questionnaire data and secondary data gathered from CNVP activity and their quarterly reports.

## III. ANALYSES AND DISCUSSION

*The analyses follows the points of intervention to reflect the perceptions taken from the focus groups and the interviews. The reader will find the general viewpoint for all the areas involved and following if there are specifics in each area. The socio-economic impact is measured according to Outcomes and Interventions. Qualitative data precedes the perceptions of different groups on the impact of each intervention, while quantitative data follow in each section for measurement of impact where*

possible, in this inception phase.

### 3.1. Developed markets for MAPs of better quality and safety

#### 3.1.1 Intervention: Introduction of new improved contract farming models between MAPs producers and buyers

During this intervention 77 farmers in all 4 regions were supported to sign contract with 4 selected companies, one in each region. Data on supported farmers through contracts and respective relation to companies in respective areas are shown in table 1. The raw data serve for income estimations in family level and in the total area of intervention.

Company	No of households	MAPs Varieties	No of seedlings	Area cultivated per h/h (ha)	Estimated production per ha (ton),	Actual price per ton ALL
LNL Herbs	25	Sage	324000	0.29	3.5	200000
LNL Herbs	2	Thymus	48000	0.5	0.2	500000
LNL Herbs	2	Lavender	8000	0.15	12	90000
MEIA	10	Laurel	5000	0.4	28	40,000
MEIA	15	Lavender	90500	0.24	12	90,000
Bio Holta	3	Lavender	20000	0.3	12	90,000
Bio Holta	10	Cyan	45000	0.12	2	900,000
<b>Total 1</b>	<b>67</b>		<b>447500</b>		<b>69.7</b>	
Bio Holta	2	Calendula	kg	0.06	1	700000
Bio Holta	4	Sunflower	kg	0.16	1	900000
Wita Herbs	4	Mallow	kg	0.05	1.5	1400000
<b>Total 2</b>	<b>10</b>			<b>0.27</b>	<b>3.5</b>	
<b>Total, 1+2</b>	<b>77</b>				<b>19.16</b>	

Table 1. Data on households supported according their relation to companies and plant varieties

Source: CNVP data on interventions

CNVP intervention has contributed to the increase of cooperation between farmers and consolidation / intermediation companies, laying the foundations for the reflection of this cooperation in legal contracts valid for the future. It has currently contributed *to changing the mind-set of some farmers* regarding the need to cooperate with companies in the market, not just through verbal agreements, but through written agreements in the form of contract farming. However, *there are different behaviours of farmers in this regard* depending on the region where they work and the benefits and effects they have seen in relation to the interaction with



companies. Thus, *in the area of Shkoder/Malesi e Madhe, there is an increase of cooperation with companies through contracts*, based on the technological capacities of processing and operation on the lands of intermediary companies. Even in the area of Gramsh, there is an increasing need for cooperation with intermediary companies, as evidenced by interviews, the increase of farmer-company contact to reach an agreement for next year. In Korca area there have been few cases of disrespect of the contracts signed, that is always because of a little raise in price offered by the next company. Some farmers (Prespa Marketing) are actually collaborating with CNVP to improve the process and CNVP through local office has assured that *up to 15 farmers will collaborate in the future*. Such initiatives have problems with leadership and representativeness, because all farmers that can be part of such cooperation have to be represented in some way in the process of interaction with other actors in the market. This should be a *focus for future interventions regarding contract and collaboration among market actors, horizontally and vertically*.

The trust process is very important in building contracts and this is starting to be felt despite the difficulty of signing the final contract. It has created a value also in relation to the good name of the companies, they foresee more cooperation in the future.

In relation to *production the agreement of companies and farmers* with CNVP consisted of providing support with seed / seedling / drying mechanisms for plants.

The problem of support in the Gramsh area has been the situation caused by the COVID 19 Pandemic, as it was not possible to plant the seedlings and consequently measure the pilot project to see the production quantities, performance and economic / financial effect. But from the company's point of view, this is seen as an *important opportunity because it was a good start for cooperation, which has built the basis for the future*. There is also **a need to create stability in the area, as the foundations of cooperation have been laid and this must continue**.

CNVP interventions have also *enabled the creation of agreements with higher prices, especially for Lavander* in order to increase farmers' motivation. On the other hand, the consolidation companies admit that this is an opportunity for them and for the farmers, as their interest has been seen, especially during this year. It has been noticed that more organized work has given a positive result regarding the motivation of farmers to continue with the planted areas. Also after promoting the company in the field with farmers, there is a growing number of requests through phone calls from farmers to cooperate with the companies ( Gramsh ).

***\*\*Economic impact per household in different agreements company/household(farmer) and areas. Example of Lavender:***

We have chosen the analyses for Lavender, because the investment of CNVP in

supporting with Lavender can show differences among three different companies with which farmers have agreements through the support with seedlings.

The following data in table 2 show only the support in the Inception phase with lavender seedlings, in the household level.

Company/area	Average Nr of seedlings per h/h	Seedlings per h/h in percentage	Area cultivated per household in percentage
LNL/Shkoder	4000	0.24	0.22
MEIA/Tirane	6033	0.36	0.35
Bio Holta/Gramsh	6667	0.40	0.43

Tab. 2 Amount of support in lavender seedlings and area cultivated per household in percentage according company/area.

Source: CNVP data on interventions

The table 2 shows that there are differences in the households in percentages of seedlings and area cultivated. The first support in seedlings is with a greater number per household for Bio Holta company, in Gramsh. The second supported company is MEIA with seedlings and the third is LNL. The differences in percentage with area cultivated with lavender show that **there is a better usage of areas in household supported in Gramsh than in Shkoder and Tirana**. How has this contributed in production and family incomes, it is shown in graph in figure 1.

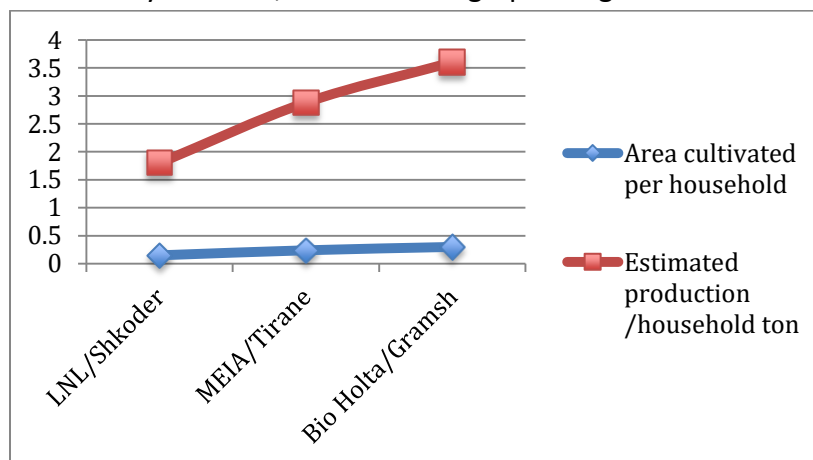


Figure 1 Impact of support in Area cultivated and production of lavender per household

*It is important to understand that the timing of intervention allows only to identify estimated production for the next year, since the time of harvesting does not correspond with this report. The estimated levels of productivity in the area has been declared in the minimum.*

The graph in the Figure 1 shows that there are differences among areas in estimated production for each household in tons of Lavender. **The estimated production in ton is greater in Gramsh from Bio Holta Company since the area cultivated has a better usage. The role of productivity should be thoroughly investigated in the future to**

**explain differences.**

The same trend is shown also for the estimated income for the household (supposing a sale rate of 100% of all production), in fig 2. For a price of the lavender estimated in 90000 ALL per ton, farmers/households supported by the project can make an average income per family around **266243 ALL**. **This is a figure of a weighed average of data presented in the graph in figure 2. This income is considered to be added to the family income from the support of the project in average in all areas supported with Lavender.** While from the graph in figure 2, we can say that more support is given to Bio Holta and households in Gramsh, with an added income of 324000 ALL for each, a lesser extend to MEIA and each of 15 households with 259000 ALL and less to LNL with an added income of 162000 ALL to the households.

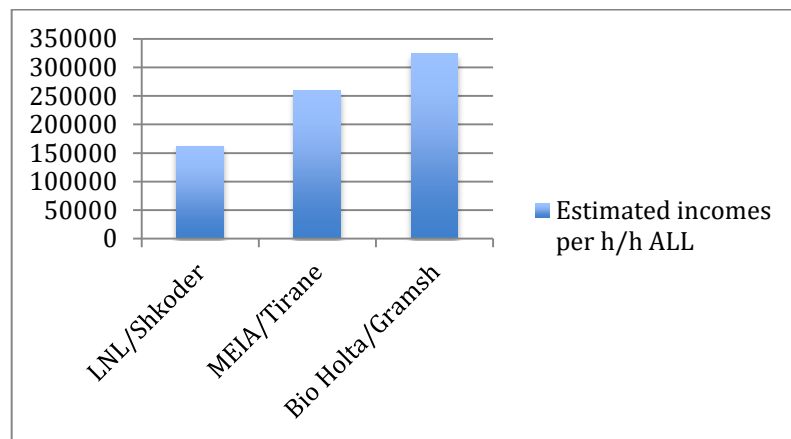


Figure 2 Estimated incomes on production per household in ALL

With a minimum of 100 days work in a year and maximum of 200, **the family income per day of their work is 1300-2600 ALL per day added to their family income from the support of CNVP with the seedlings and areas cultivated per household.**

Adding the cost analyses to the economic effect is very important. Even if the costs are not identified in farmer/household level, some figures related to focus group information can help in identifying and discussing costs for a primary analyses. From company information there is a cost of work minimum 1500 ALL/day to maximum 3500 ALL/day, depending on worker productivity. It is foreseen also a cost regarding land improvement. For lavender it is 1 time in 20 years while for other MAPs is a one time cost in 5 years. It should be considered a fixed cost depreciated for the number of years accordingly. Other costs are those of transportation, fixed costs of Machinery and buildings etc.

**In farm /household level there are not such costs as those of workers, but the family members are working. In an evaluation of the situation with days of**

**work during the season and the income from sales of production, there is a less income/work day in the case of the farmer.**

**Anyway a thorough study with focuss on gathering data on economic impact is needed in the future.**

### **3.1.2 Intervention: Introduction of private sector driven agricultural extension delivery models**

The CNVP intervention has been designed to establish private extension service and better enabling the public one. This is considered both by companies and farmers, a valuable step towards the quality in the MAP market. In all interviews with company representatives they are using actually more extension services, some from free lens professionals, some included in their activity/company, to support farmers during the process with monitoring and control, in supplying a qualitative product.

**Trainings supplied by CNVP, have helped in an analytical analysis of the products, which has been very helpful in the process of supplying extension services. It has also influenced the good organization of information through daily records of what is done with cultivated plants as well as the knowledge created by the extension.**

The notes have been periodic and have been kept regular. The extension services have been more required because of their positive effect, The agronomist is more heard precisely because of the positive economic effects that cultivation and all MPA activity is bringing. 90% of the farmers have listened to the advice of the agronomist.

## **3.2. Producers strengthened through MSD approach.**

In relation to production and strengthening producers through MSD approach the discussion is focused in some very important points such as:

### **3.2.1 Intervention: Testing and introduction of new drying and storage technologies through partnership with local suppliers (local manufacturers & importers)**

One of the difficulties during the process that may be improved through introduction of new technologies is the collection and drying (eg lavender in Gramsh), where due to improper implementation of processes it can not preserve the color dropping the quality of production. Therefore not only harvesting production, but especially drying and storage processes requires use of technologies. The support of CNVP with plastic for drying has had a positive impact, but even more intervention is required in this direction. The support with dryers is considered important by the company because of the better quality of the product in the end of the process. Drying

processes are more improved through private investment in a Greenhouse in Korca region, where CNVP have supported the consolidator/trade company with a small part of the investment. This is considered an important investment that helps also the employment in the region, in addition to the raised quality of the final product to be traded.

**\*\*Economic impact of drying technology**

The impact of new drying and storage technologies can be measured in both household and company levels, in case of aromatic plants (cyan flowers and other). In household level there are 4 households supported with the new drying technology. In company level, one company in Korca, was supported with the investment in the greenhouse for about \_\_\_\_\_ ALL (how much was invested). A number of 20 households are actually It is stated to improve the quality of the final product reducing the drying time. The quality of the product is improved by making available for sale a greater part of the product, thus reducing the amount damaged from the process. A quantity of 2 ton (for e.g. cyan in the data in table 1) ton with traditional drying methods would be reduced in 1 available ton. Drying technologies can raise the quality of at least 25% of the quantity of production, making available for sale in this case 1.5 ton. The figure 3 shows the data according flowers and available amount of production for sales according drying technologies use.

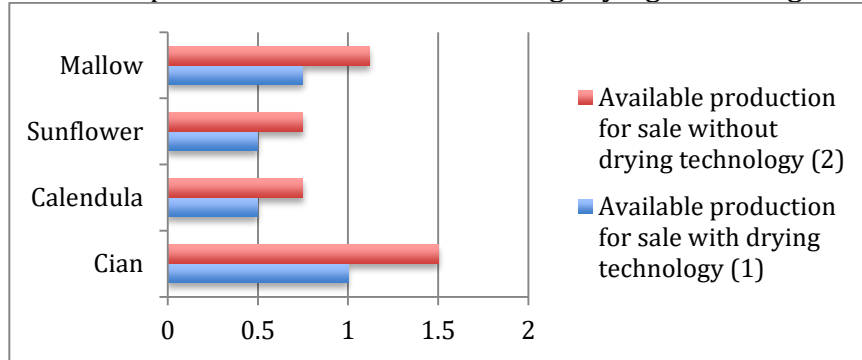


Figure 3 Available amount of production for sales according drying technologies use for Flowers/ Aromatic plants

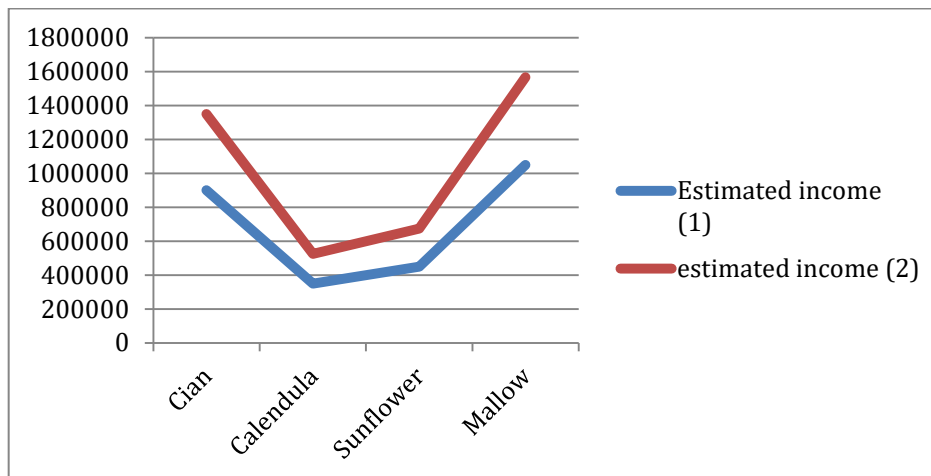


Figure 4 Estimated income without and with drying tevhnologies respectively line 1 and line 2 in the figure

Yield of investment may be considered through the ratio:

Average Change in Revenues/Average Investment.

**It can be seen that drying technology can raise the sales productivity with at least 25% through better quality product, while some other effects can also be in offering better prices if more qualitative product is offered.**

### 3.2.2 Intervention: Testing and introduction of new plant varieties and other inputs, particularly organic plant nutrition and protection products

In almost all areas one of the most important types of MAP is lavender. But of course there are other **plants and different varieties** that are *in high demand by the market*, depending on the information that consolidation / trading / collection companies have and disseminate today. Thus, depending on the areas, there is production of sage, cyan flower, helychrisium, laurel, etc.

Due to problems in the recent past with product pricing and market price gaming, both by various consolidator/trade companies due to competition, but also by international market conditions, small farmers are always in search of MAPs to cultivate, which will give them more benefits and provide more guarantees for sustainable sales in the future. At first they acted spontaneously and even endangered the extinction of the cultivation of some medicinal plants, such as lavender in Gramsh. CNVP intervention is considered here at the right time, since it has increased market information and has led to an opportunity for a different approach to the market, by introducing the collaboration with consolidator companies.

Sage is planted in some areas, also followed by helicrisium (Shkodra region). Consolidator companies say that the international market interest and demand is for a 100% Albanian product. Its great demand in the market is due to its organic characteristics. Currently, according to the companies, most of the areas/surfaces

are planted with only some types of MAP (sage / lavender / thyme, for example in the area of Shkodra / Malsisw sw Madhe, or lavender in the area of Gramsh, lavender and laurel in Tirana), because despite the market demand for other medicinal plants there is not a suitable soil type.

CNVP intervention in this regard was during workshops organized with stakeholders of 4 Targeted Regions with the aim of informing on importance and **benefits of organic versus conventional farming**. The selection and trainings of LCBs on organic cultivation has contributed in a **better-stated environment for quality control and monitoring** and of course **more information base regarding international standards**. The questions on organic farming and their perception on use of pesticide were directed to farmers as well as company representatives. Actually companies are focusing their activity in organic farming, so do farmers, who understand more the importance of organic MAPs because of market demand. Farmers state in general that trainings and workshops have contributed in information and knowledge especially about types of plants, importance of organic farming in quality of the product and the difference of the qualitative product in market prices or costs.

Companies selected and interviewed in Gramsh and Korca are totally organic.

#### *Quantities of production and areas of production*

The production of MAPs are considered in all areas as very important for supporting economically the families not only from the region, but also from other neighboring regions, because of demand for labor. Levels of production and prices are very important in this regard. The project last year started operating in a situation when the amount planted according to market demand had increased, (e.g. Cyan flowers, lavender) and meanwhile the price from 600-700 lek/kg had dropped to 150-200 lek/kg for lavender, as stated by the farmers. The companies say the price has dropped more for farmers without a contract. The farmers say that the prices have dropped drastically because of the companies pressure and the raise in supply. Anyway, in areas of Shkodra, it is stated that farmers that have been part of the project **have almost doubled their areas of production**. In other areas, there are farmers in some villages that are aiming to plant, but they have little knowledge and training as well as little awareness about processes and market problems.

Consolidation companies and experts / agronomists who have information on foreign market are stating that there is a stable growing demand in the market (except for the COVID 19 situation, where conditions of the market deteriorated for other reasons than demand and supply, such as transport, closed confines etc). There is also a growing number of farmers that are dedicating their efforts to MAPs.

MAP export is also another positive indicator that is impacting the growth in the market. So, *quantities of production are going to raise, but not in the same level in*

*different areas.* A common greatest problem impacting the areas of planting and production is the availability of areas for planting, especially in Tirana, Gramsh and Korce. But actually sales have dropped (according to companies) because of the COVID 19 situation. They are in the process of seeking new agreements with companies with more access to nearest markets (such as in Shkodra LNL in Germany) or with more access in general in international markets (Bio Holta Company in Gramsh with national company).

**\*\*Economic effect of organic versus conventional MAPS**

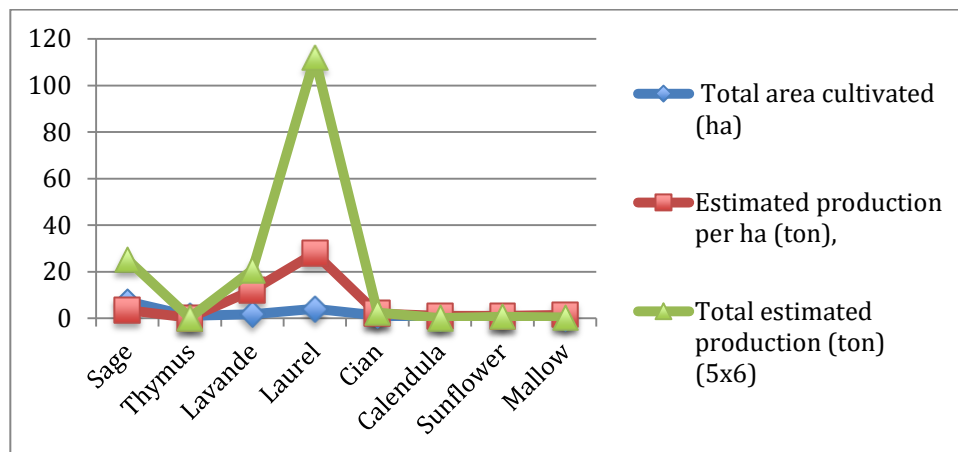


Figure 5 Raises in area cultivated and total productions according organic MAP varieties in area of intervention.

**There is almost same raise in MAP production through CNVP support in aromatic plants such as flowers, while there is a much more raise in estimated production of Laurel which is the most impacted MAP variety. Sage and Lavender have almost the same impact in quantity of production.**

Total estimated income is also more than others for Laurel as shown in figure 6 while cyan and lavender have almost the same estimation of incomes. In difference with area cultivated, there is also the same or bigger estimation in income of sage with laurel, even more than lavender and cyan.



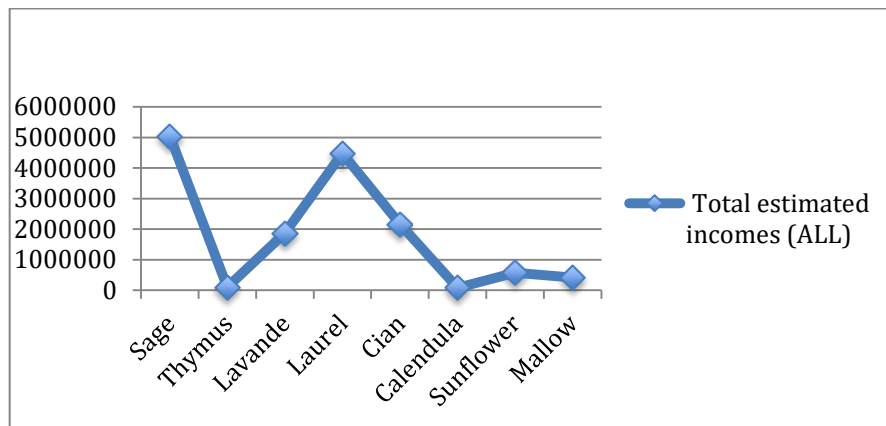


Figure 6 Total estimated incomes according organic MAP varieties

### 3.2.3 Intervention: Introduction of mechanization service delivery models targeting MAPs cultivators

Regarding other processes such as land improvement (in cases when the land is unsuitable and composed of 80% only of stone, such as the case of Shkodra), MEIA Company has realized through mechanization a process of land improvement, for which there has been a lot of skepticism. After the release of high quality soil analysis, this type of process is seen as positive and gained support because the multiple processes and innovation with quality of soil improvement.

**Mechanization can contribute according MEIA in the raise of quantity of production with 25%, and as a consequence in the estimated income by 25%. Costs should be distributed as total fixed costs by depreciation each year. Evaluation of costs will show the impact in profits.**

Although hand collection is in some cases considered the best way to preserve the naturalness of the product, or is accepted as the best way to create employment, mainly by harvest workers (Shkodra, Tirana), there are cases when in fact it is required to invest in harvest-related mechanization (Gramsh), where the harvest is considered very primitive and generates only income for survival. Farmers have found information that a threshing machine can carry out the process by mechanization. They say that all farmers can use it through appropriate planning. In this case the proper market mechanisms for intervention driven by the MSD approach must be found.

#### *Impact on productivity and employment*

One important indicator of the interventions' socio-economic impact is employment. Questions were directed to companies as well as to farmers about employment opportunities identified during inception phase and in general for MAP sector. As a result companies have responded that there are difficulties in some areas to find

valuable field workers and workers come also from remote areas, especially this in Shkodra region. Cases where entire families with 2-3 members are employed in the activity of MAP are identified by the farmers.

Formalizing of the sector is required in some cases from the companies and in others from workers. Harvesters need to be formalized, this will improve the situation of employment in the areas, where poverty reduction may be impacted.

### **3.3. Improved enabling environment for the marketing and management / production of MAPs,**

#### **3.3.1 Intervention: Improve local municipality capacity to manage and allocate land for MAPs cultivation**

The interventions of CNVP in the areas have involved also stakeholders, including local authorities and public extension services, associations etc. While especially farmers are requiring more support from the local authorities, as an intervention for price regulation (prices are what worries them the most) , consolidator/trader companies are identifying what is really a problem from regulatory and legislative framework: **the problem with land fragmentation and lack of land ownership, for farmers that use the land through law 7501.**

### **3.4. Other crosscutting issues related to outcomes and interventions**

#### **3.4.1 Market access**

Companies and farmers also state that CNVP interventions have raised the opportunities for better market access for farmers and companies. More motivation of companies to collaborate with farmers can come from the market access of these companies.

**The positive effects of the actual collaboration with CNVP are seen in the creation of contacts among cultivators/farmers and companies, as well as the promotion of the companies to farmers, while promoting the importance of product and production processes.**

**The main result is claimed to be better access in the national and international market, enabling collaboration and creating better ways to find market information and market opportunities.**

**The costs especially of certification and quality standards of different production lots should be the focus for enabling better market access according companies.**

### 3.4.2 Prices and costs

All the actors contacted, primarily farmers, but also companies claim the problem of prices and their signals in the market. A perception of farmers from their point of view on the drastic fall in prices over a period of 2-3 years is related to the increase of planted areas. They also present information that there is a decline in international market demand, which is not cross-referenced in the same way as information coming from consolidation / trading companies. On the other hand these companies are always in trouble due to uncertainty of supply from the price game of competitors. They are setting momentary (small) price increase to collect all the output. Even during this time, farmers say this trend has continued, except in cases where some farmers have had the option of a significantly higher price due to prior agreements with companies (Korca and Gramsh). CNVP has implemented some interventions here, through agreements but there is still work to be done in this direction.

It is also identified that in the collector market, there are cases when due to falling prices, the product is not sold and kept in stock (eg sage, or other products that can be stored and packaged), in dry form, which enable consolidators with sufficient capacity to play in the market with the stored product. This creates damage to the farmer. **Other future interventions may be suggested here based on further studies of market behavior with prices and costs as a result of important market factors such as supply and demand information and stock opportunities.**

In terms of costs, farmers asked about their capacity to produce and sell, indicate that operating costs are high, as shown in some cases by the baseline study, despite the fact that the components of operating costs are not clear. Asked about the motivation to get involved in production as a farmer, regarding the expected positive economic effects, employees who may have land, present the cost factor as a hindering factor.

**An immediate need is to increase information on supply and demand forecasting to plan future plantings so that there is no price fluctuation. A presented solution is the planting of different crops, diversification, which can anticipate problems with unsold stock due to prices and price fluctuations in such a way that costs are not covered.**

## IV. CONCLUSIONS AND RECOMMENDATIONS

- Importance of organic products, quality and monitoring

At the end of the analysis it can be said that there is an increase in the awareness of actors in the areas of intervention for the importance of organic products. Companies

are focusing on organic products, as are farmers. Despite the general concept that the production is not of high quality related to pollution, in fact the production of MPA in Albania, in general, but especially in the project areas is an unpolluted product with chemicals and pesticides. During the interventions, extension services were trained as well as supported by farmers with knowledge and information, creating opportunities to increase the use of their services. It still has to do with involving more farmers in agronomist services as well as increasing the uniformity of production in terms of quality, through interventions or mechanization where needed on the basis of culture, or the implementation of agreements where take on the quality of the product based on the proper implementation of processes.

Collaboration of Companies with quality control services was enhanced in some cases, while deteriorated in others.

- Producers empowerment and strengthening

Economic impact of the intervention can not be fully identified, through quantitative indicators, because of problems with cost identification at farm level as well as unexpected changes of prices and uncertain data about production. Identification of revenues at farm/household level bring more insight about the economic impact of the families and what is the impact of support with organic MAPs and better technologies in regard of quality. More data are needed to identify where the revenues of this sector are distributed among companies and households, as well as to identify costs and profits.

CNVP interventions have contributed in empowering and strengthening producers through offering knowledge, better relationship with actors in the market, as well as ensuring contract farming with better prices. The information and knowledge distributed have also contributed in the spread of the activity in more farm families and companies in the market.

- Improved enabling environment for the marketing and management / production of MAPs

Contract farming is one of the interventions of CNVP with the mostly efforts to be implemented. In some cases the companies are acting on the bases of these agreements, while in others some difficulties raised especially in the aspect of understanding specific elements of the contracts. This has been a test year since both parties had to be convinced, the trader/consolidator to be convinced that the contract will be implemented, but also the farmer to be convinced that the market will function better through contracts. The difficulty is that even farmers in general

are not ready to switch to legal contracts. The work started should continue as the mediation of the CNVP is still seen as necessary, by the farmers' community. Access to market and market information is improved during the inception phase. More farmers are eager to collaborate and there are also identified cases when families have been involved in employment and activities in MAP raising economic opportunities. In this regard recommendation is to continue with the identification of households that will be impacted in production raise and areas, income and profits and data about economic impact in poverty reduction in the area.



### **Building a Greener Economic Environment**

CNVP operates in the Balkan region. It focuses on natural resource management, forestry, agri-rural development, renewable energy and industrial/household waste management, as well as the impact of climate change on the environment.

CNVP acts as a facilitator to:

- strengthen community capacity to achieve local development goals;
- maximise the production and service potential of rural areas through sustainable and locally controlled natural resource management;
- promote the use of natural resources to improve socio-economic development and rural livelihoods; and
- conserve the bio-diversity of natural resources at a time of serious environmental and climate change.

#### **CNVP's core values**

- **Green** - intervening to build a greener socio-economic environment
- **Clean** - promoting the use of renewable energy and household/industrial waste management
- **Seen** - operating in the Balkans, Turkey, the Caucasus and the European