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ENDOGENOUS RURAL DEVELOPMENT: THE ALBANIAN CASE

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It is particularly rewarding for us to write on a subject in which progress is a source of great gratification!

ABSTRACT:

The close dependency of endogenous development on local resources implies that this type of development can have a positive impact on local interests and perspectives.

In Europe, the degree to which agriculture is resource-dependent varies considerably and many variations can be found within the agricultural regions themselves. Within this framework, the country report presented here endeavours to demonstrate both the intra- and inter-level heterogeneity of some Albanian villages through the illustration of the farming styles and the different farming practices adopted by the farmers of the area.

Since endogenous development may be defined as having a preponderance of internal, or local, elements, consideration will be given to three spatial spheres - the farm, the local system and the market, and three temporal spheres - the past, the present and the future. The study will include a summary of the recent history of Albanian agriculture in the light of endogenous development potential, and some of the perspectives now emerging will be stressed.

KEYWORDS:

Rural Development, Rural Areas, Rural Population, Economic Development, Development Policies, State Intervention, Farm, Local System, Market, Time, Human Resources, Financial Resources, Information, Local Labour Force, Local Knowledge, Heterogeneity, Irrigation System, Endogenous, Exogenous, Agricultural Structure, Small Farms.

INTRODUCTION

The importance of the agricultural sector, especially during economic transition and for the future, derives both from the position it occupied in the Albanian economy up to the beginning of the period of reform and from the new dimension that it now occupies. Where agricultural reform is concerned, the greatest challenge at present

remains the creation of an environment which will certainly encourage young and new farmers to trade their products, and also to realise the qualifications afforded by the individual advantage they enjoy. Naturally this will require a radical restructurisation and rehabilitation of agricultural infrastructure, including irrigation and water-

table systems, the national and local networks of input distribution (i.e. of seeds, tractors and the appropriate agricultural aggregates for the maintenance of farms - chemical fertilisers, pesticides etc.), research centres, and agricultural extension services.

Several factors have to be considered in this research project, not just the specific geographical, cultural and historical conditions of the country. Moreover, it concerns the attitude of each farmer and the structure of every individual farm itself, in relation to the potential that exists.

1. GENERAL CHARACTERISTICS OF THE ALBANIAN ECONOMY

An attempt is made here to give a short historical retrospect and outline of the contribution of agricultural production to GNP in Albania. The failure of central planning to provide steady economic growth and prosperity was the main economic factor that caused the dramatic changes in the whole of Eastern Europe, the Soviet Union, and in Albania.

Albania covers a small area in the west of the Balkan peninsula, on the eastern borders of the Adriatic and Ionian Seas, but because of its geographical position, it is known as the "Gateway to the Adriatic" in the Balkans. The key elements of the program of economic transformation in Albanian have been:

1. Macro-economic stabilisation
2. Price and market reform
3. Privatisation
4. Institutional and legal reform

At the beginning of the present period of reforms the agricultural sector in Albania constituted an extreme example of the application of a controlled, centrally-planned

economy. All land belonged to the State or was concentrated in State-dominated agricultural co-operatives, and the marketing of outputs and energy was entirely controlled by the State. Emigration within rural or urban areas was totally prohibited, and prices etc. were fixed by the State.

At the end of 1980 the agricultural sector constituted 33% of NMP; State farms owned 22% of the land and contributed 28% of production. The corresponding figures for the co-operative sector were 75% and 61%. Moreover, agriculture constitutes the main sector of the Albanian economy; its contribution to GDP was 35% in 1980, and it has been about 50% in the years that have followed. This reflects the importance of the sector and the relatively rapid response of supply compared with that of other sectors.

Besides giving us great expectations, the total reform of the economy undertaken towards the establishment of a democratic society since 1990 poses us many questions where rural areas are concerned. The problems are not related to agricultural potential but to the manner in which Albanian agriculture is managed.

Since 1991 the maintenance of irrigation infrastructure and drainage systems has been considerably reduced, thus there is a need for:

1. The rehabilitation of existing equipment
2. The support of private farmers in order to improve the efficiency of water utilisation
3. The strengthening of water enterprises through technical assistance and the installation of equipment

a) The creation of associations to ensure the supply of water by means of

good maintenance of the channels at different depths.

Beginning with the new structure of land ownership and the emerging private farmers' associations, there must be an on-going reform to extension services in agriculture.

Essential for the development of agricultural production is the composition of correct and appropriate policies, which have to do with the usage of agricultural land through:

1. The improvement of the management or direction of private, family-type farms
2. Technological improvement through the ensured, effective usage of inputs (seeds, fertilisers, equipment)
3. Business development and cultural marketing.

In 1993, the population of Albania comprised 3,166,025 inhabitants spread over 36 districts, 67 cities and 2,900 villages. In the year 2000, Albania will have 3.4 million inhabitants. At the end of 1980 the agricultural sector employed about 50% of the total workforce, of which 80% were engaged in the co-operative sector. About 50% of the labour was employed in agriculture and forestry, and 2/3 of the population live in rural zones. The land/person ratio is consequently very low, at 1.5 Ha per worker.

At present, everybody is convinced that the traditional way of life in the countryside has finished and the way towards market economy has been opened. This forces the conclusion that the Albanian government must take serious measures to support farmers, as for example the granting of credit at a low rate of interest. In order for farmers to survive, the Government must

offer them income protection. One element of the farms program would be Government support for the prices the farmers achieve for the sale of a number of their products (wheat, cotton etc.).

Basic to this policy is the announcement of a support price. If the market price is reduced below this support level, the farmers may sell as often as is necessary. This does not permit the reduction of the prices below support level.

Relatively small variations in agricultural production result in great fluctuations in price; in some cases produce may rot or be damaged.

2. A REVIEW OF PAST AND ON-GOING RURAL DEVELOPMENT EXPERIENCES

The following information is concerned with economic developments and the importance of agriculture in the economy, the structure of Albanian agriculture, and the marketing of products and agricultural inputs.

Albania has a surface area of 28,748 sq kms; the mean altitude of the geographical environment above sea level is 700 metres. The important position of agriculture in the Albanian economy makes it appear as one of the powerful mainstays of that economy alongside the sectors of mining, water and tourism. It is thus important that an evaluation of endogenous rural development be made at different levels - those of the farm, the marketing network, the rural area and region.

According to estimates made by the Institute of Statistics, the population of Albania may reach 3.8 million inhabitants by 2010 and beyond. In 1992, the population distribution in urban and rural areas was 48.7% and 51.3% respectively. The annual

rate of increase was 2.0% , and in urban and rural areas was 2.0% and 1.9% respectively.

The Albanian population is literate, both in urban and rural areas. Under conditions of rapid urbanisation and an increasing flow of the population from rural to urban areas, this fact will have a positive impact in the search to find ways of increasing the level of employment.

One result of rapid urbanisation is an increase in the rhythm of growth of the population in the light of emigration from rural areas to urban ones. This focuses

attention on the employment problem; a glance at the figures for 1993, which indicate a population of 3,167,000 inhabitants, reveals that 43% were unemployed, while for the active workforce unemployment totalled 19.5%, with 27.9% assigned to the State sector, and 49.8% to the sector of agriculture.

The positive impact of the agricultural sector is clearly seen on GDP and NMP, estimated at constant prices. The importance of the role of the sector with its comparative advantages is clear.

Table 1.

Items	Years					
	1990	1991	1992	1993	1994	1995
<i>GDP growth with constant Prices in 1990 in %</i>	-10	-27.7	-9.7	11	7.4	13.4
<i>Industry</i>	-19.6	-36.9	-60	-10	-2	2
<i>Agriculture</i>	-4.4	-20.9	18.0	14.4	6.8	10

Source: Estimate by the Bank of Albania

The privatization of land in Albania brought the appearance of very small agricultural farms, whose first purpose is to ensure that families become self-supporting. Any surpluses may be sold at markets in the cities. This results in:

- More variety in the diet, due to the variety of agricultural products on offer
- Too great a volume of products on offer, accompanied by the great expense of gathering them
- Very wide heterogeneity of offer
- Inability to supply the small enterprises which appeared as a result of the breakup of the agro-nutritive mills.
- The unavoidable need for these enterprises to be supplied from abroad, i.e. from outside Albania

(Greece or Macedonia). Albania should favour these agro-nutritive enterprises; consideration is being given towards the modernization and transformation of the form of the processing workshops and the way in which preference is given to their creation, as well as to the organisation of sales by groups of four or five farmers (L. Lagrange May 1995).

In addition to the above essential factors, which are of such critical importance for the increase of agricultural production, and for the growth in the value of the agricultural market in Albania and its transformation into a competitive one, the following should be mentioned:

1. The agricultural support mechanism through the implementation of State strategy

2. Irrigation
3. The processing and marketing of animal and agricultural products
4. Seed production.

Albania is a mountainous country with 32% of the surface constituted by tilled land. In total about 60% is under irrigation and there are 430,000 Ha of pasture.

The cultivated-land is rich and fertile, with sufficient precipitation, and the possibilities for exploitation are evident from the strong response of supply under privatisation.

As a result, reforms need to encourage farmers to trade their products and specialise according to the comparative advantage each enjoys. For this reason they have been concerned with price policy, rehabilitation of the infrastructure, and the creation of a system of rural credit and land policy.

In order to support the agro-food industry and meet consumer requirements where fresh domestic produce is concerned (for example, less than half of the milk delivered is fresh) there is an evident need for improvement of the infrastructure. Inadequacies in the latter and in extension services hinder the marketing of farm products.

The aims of the PIP (Public Investment Project) of the Government and the Project for the Relief of Rural Poverty arise from a knowledge of the state of, and damage to, infrastructure in the years 1991-92, and the realisation of the need for irrigation and extension services.

Activity has developed at a fast rate in the private sector, in such spheres as marketing of output, improvement in food quality, renting out of tractor services, and

the supply of inputs. As elsewhere, if the marketing system is operated by private farmers, a State agency, co-operative associations or combinations of them, the Government should take great care over the implementation of such services as:

1. Banking
2. Inspection of weights and measures
3. Quality control
4. Trade information
5. Composition of the rates of quality and standards
6. Legal status of contractual obligations (tasks, duties)

With the exploitation of comparative advantages such as the skills, ability and good working potential of the people, the quality of the land at an altitude above sea level, the borders with Greece, Italy and the former Yugoslavia, agriculture will bring about continuous improvements in the economy and help towards the achievement of long-term stability.

3. IDENTIFICATION OF ENDOGENOUS DEVELOPMENT PRACTICES AND POTENTIAL

The following general information is concerned with the apparent existence of different levels of development and the heterogeneity of agricultural practices both between different countries and within the same country. There will also be a consideration of endogenous versus exogenous development, and the identification of endogenous development practices and some case studies. This includes a presentation of the statistical analysis from the surveys that were conducted in some villages in the district of Korca, and in the Korca Beer Factory.

Investigation of the projects of farm enterprises and families engaged in farming

should be the main goal of endogenous development studies. Examination of both past and current investigations into single enterprises or the structure of local-enterprise systems can allow us to identify future development projects, though the fact that agriculture varies from one country to another or even in areas a short distance apart, should always be taken into consideration. These differences necessitate the clear adaptation of plants and methods of cultivation according to the particular local conditions that prevail. It is only the individual farmer who possesses the appropriate, specialised knowledge to be able to take intelligent decisions about their implementation, hence the need to study various levels of development.

For this reason and bearing such diversity in mind, a solution seems to be the establishment of special programs for different regions which exhibit heterogeneity

in agricultural practices, both between different countries and within the same country.

A mainly peasant population, limited surface area of the land and the implementation of definitive legal criteria“ concerning land” are some of the main factors which have contributed to the smaller size of farms in Albania. Excessive fragmentation of the land does not permit the achievement of greater productivity, since full range farming methods concerned with specialisation, crop rotation, and the efficient use of water and fertilisers cannot be applied. Nevertheless, the creation of private farms is a reflection of the huge transformation which the whole Albanian economy has undergone. Land reform has been of a broad democratic nature, both in its concept and application. As a result, land privatisation has followed this dynamic pattern:

Table 2

Year	1991	1992	1993	1994	1995
Percentage (%) of privatised land	58	77	89	96	98

Source: Ministry of Agriculture and Food

However, the farmers continue to produce traditional products. This can be seen through a comparison of the planting structure prior to the reforms in agriculture and that observed today. Farmers could successfully combine old traditions of production with the most modern practices; the strong involvement of farming technology is indicated here.

The present structure of Albanian agriculture is a consequence of the following:

- The small size of the farms
- The attempt by the farmer to produce what is easiest for him because he is

at the same time a producer, a manager, a seller and an accountant (this is the case with most farmers)

- Most farmers aim to fulfil their domestic requirements and offer the surplus for sale on the market. This fact is apparent, given 1) and 2) above
- Farms are commonly “mosaic” in form
- The small size of farms does not favour the usage of mechanical equipment in order to carry out all the farm processes

- Many of the local needs of agricultural communities can be realised through common activity. This activity requires continual organisation, e.g. through co-operative associations.

However, in order to create a competitive and soundly-based economy, good results are impossible without a strategy for the modernisation of agricultural equipment and farm machinery. To achieve good results Albanian farmers must have access to contemporary information concerning the prices of such machinery; this can be realised through the organisation of agricultural fairs by different companies, chambers of commerce and other similar institutions.

Thus budget expenses for 1995 were orientated mainly towards veterinary services, irrigation, the support of administrative structures, and research by scientific institutes.

Institutional reform has had a very good impact on the acquisition of general up-to-date information in Albania.

As a consequence of the total privatisation of the activity of agro-food enterprises, there is a need from the very beginning for reconstruction through investment. With the latter, it will be possible to face competition in the market economy, and increase the producers' interest in the agro-food industry which is closely connected with the raw material or its sub-products. Thus other social problems such as the opening of new labour opportunities

and improvement of production, food items and the growth of the output, can be solved and the needs of the consumer fulfilled.

At the same time, an effective system of application of the scale of charges will aid competitive advantage. The reconstruction of the banking system, the reorientation of the priorities and the structures of the loans for products, and an industry well-orientated towards exports will also assist in the improvement of the market indexes for the agricultural sector. However the promotion of exports first involves the design of an export strategy.

Last but not least, in connection with the problems mentioned above, reference should be made to an important area of concern, that of consumer protection, which means strict controls to prevent both the appearance of various kinds of diseases and environmental pollution.

During the period 1988-90 Albania exported cattle, drinks and tobacco with an average value of \$24 million to non-socialist countries and about \$81 million to socialist countries, representing 37% of the whole value of exports.

White beans, olive oil and some sea products constitute the main body of exports.

While total imports have varied considerably in number, eggs, fruits, flour, beer, cigarettes and chickens have been among the most evident. Albanian imports and exports have chiefly been to OECD and EC countries.

Table 3. Year 1995

Countries	Export		Import	
	Value Million/leks	In % of the total	Value Million/leks	In % of the total
OECD Countries	16981.52	90/76	49577.46	82.20
EC Countries	14865.90	79.46	46363.92	76.87

Source of Data: INSTAT - 4.1995

In 1995 Albania sent exports of agricultural and livestock products to 26 countries and received imports from 60 countries.

Analysis of the trade relations between Albania and other countries in the groups reveals some serious problems which require review primarily in order to achieve a satisfactory harmonisation, through consideration of the comparative advantages, in the trade of goods to and from Albania:

- As yet, production is insufficient to meet domestic demand.
- Methods used for the production and processing of agro-food products are not qualitatively competitive where domestic production is concerned, because of the lack of new technology.
- The liberalization of imports, together with its positive result of the satisfaction of consumer demand for those goods which domestic trade cannot achieve, has a negative influence on domestically-produced goods. This illustrates the need for the establishment of regulations aimed at the support of domestic producers.
- There is a need for better management of land and livestock
- The increase of industrial exports and the reduction of food imports through an increase in agricultural production in the country is the key to a reduction of the trade deficit.

A special importance is to be assigned to the inspection of imported foodstuffs, the standardisation of the certification of imports and exports, and the laboratory analysis of food-products, etc.

Another factor to do with the problems which lead to the increase of development costs in the agricultural sector, but one that is necessary in order to oblige farmers to obey the rules of the new economy and its market, is that involving infrastructure and extension. Albanian agriculture has been assisted and supported over the last four years by 17 multilateral and bilateral projects, such as those of the FAO, Phare, and World Bank for the rehabilitation of water works in 7 districts of the country with funding to the tune of \$44.1 million; 21 irrigation schemes with 73,000 Ha irrigation capacity and 18 drainage schemes with 99,000 Ha drainage capacity. It is appropriate here to recapitulate on some obstacles to the success of Albanian farm exports, which have until now been the first priority:

There has been a fall in production while there is a high demand in the country for farm products.

There is a need to promote all pre-consumption industries and services with a view to boosting exports. Much has been done to date and indeed is still being done in this respect, and privatisation has played a significant role.

In view of the hard times which ensued after the political overturn, a policy of free imports was the only means by which to fill the empty market and meet the most basic food requirements of the population.

Efforts to export by firms and enterprises have been more or less individual and tentative, rather than the result of a well-shaped and supported policy.

Some of the problems mentioned above can be clearly seen from some case studies carried out in the Korca region. The city of Korca lies at a height of 869 metres

above sea level, which is the highest altitude of any city in the country. Korca is situated in the pre-mountain Mediterranean zone which has a climate of continental character, with cold winters and a marked increase in temperature throughout the summer. Generally, Korca enjoys dry weather with predominating south-west and north winds. The city has a long historical and cultural background.

There are 26,031 farming families distributed among 157 villages in the district of Korca. Due to the prevailing climatic conditions and features of the land the district fulfills the criteria necessary for the intensive development of agriculture and livestock. Almost all arable land in Korca has been privatised; the district has an area of 37,003 Ha, of which 32,182 Ha constitute tilled land, 3,858 Ha are covered by trees, and 963 Ha by vineyards. Of the total, 56% is under irrigation.

The potential and the freedom of labour are two of the factors which have attracted the interest of foreign investors to participate in around 31 joint venture firms in the district. At present, a growing percentage of the businesses registered are in the food processing industry.

The favourable ecological conditions in the district of Korca, and the wealth of experience and tradition among the Korca peasants where plant cultivation and animal-keeping are concerned, are important factors in the successful regional development in the agrarian industry and agro-nutritive network of the city. This network consists of three components:

1. The agro-nutritive activities of the peasant. At present the farmers are more or less satisfied with the increase in production which they have enjoyed.
2. Small and medium-sized enterprises and workshops which develop very strong commercial activity under conditions of full privatisation. However, where low production levels are concerned there are two primary obstacles:
 - a. Poor general business skills and, in particular, poor marketing skills have limited their ability to expand current markets and create new ones for their products.
 - b. The fracturing of production chains has also damaged and impeded the development of the agro-industry.
3. Industries, comprising sugar, beer, oil, milk and fish factories and gathering and processing enterprises etc. These are in need of restructuring because of their aged production lines. A beer factory provides a good example for my case study.

In view of the low production costs, excellent natural resources (fertility of the land, good climate, access to water, etc.) and growing domestic demand for products, the medium and long-term potential for the food processing and agro-industries are very good and they will play an important role in our economy. Korca is a potential region for agricultural production and agro-nutritive processing. Its traditional links with Greece and Macedonia will make it an important market region.

The climatic conditions and nature of the land in the region of Korca, especially in the areas where there are fields, favour the growing of fruit trees - apples, plums, cherries etc. These also constitute a very important input for the development of the drinks sector. The growth and improvement of livestock-rearing is another main feature

in this region, and this is a sector to which constant priority is given.

Although the advantages mentioned above have created a tendency towards expansion in this sector, the following still remain a priority:

- a. The achievement of an increase in the number of head of livestock
- b. Orientation towards the improvement of the bloodlines of cattle.
- c. The production of fodder, breeding of animals and the improvement of the pastures. (Agriculture and Food Directorate, Korca 1996)

The best possible management of animal husbandry and land would influence the rate of growth of exports from agricultural production. Last but not least, just as in the case of the whole reform process, restructuring of the banking system would encourage agricultural production.

The level of education of the people in the Korca region will allow them to activate and make use of:

1. The particular cultural practices of the region where the treatment of agricultural problems is concerned
2. The farming and livestock-rearing potential of the region
3. Farmers' optimism about the increase of production
4. An increase in the growth of the number of head of sheep
5. The application of up- to- date methodology to the traditional activities of Korca District
6. The sale of farmers' products on both the home and foreign markets
7. Advisory services for the improvement and use of inputs

8. The improvement of the irrigation network
9. Marketing of agricultural and livestock products
10. The development and modernization of the agro-food industry, leading to the reprocessing of products in the different markets.

Where the survey work was concerned, SPSS/PC (Statistical Package for Social Sciences) software was used for analysis of the questionnaire and the extraction of quantitative results. The main points may be illustrated by reference to the examples of the villages of Menkulas, Pojan, and Ciflig. The final example is that of a beer factory.

The first part of the questionnaire consisted of factual questions (age, marital status, education, composition of the family, profession etc.).The second part deals mainly with the structure of the farm (size, cultivation, etc.), and the incomes, which accrue, from farming and livestock-breeding. The third part of the questionnaire was concerned with supplementary data about farmers' children who either work on a regular or seasonal basis on the farm, or do not work in agriculture at all.

Where the problems mentioned above are concerned, a glance at the data reveals some interesting statistics. While in the villages of Menkulas and Pojan a larger part of the population has had secondary school education (70.6% and 40.0% respectively), in Ciflig the largest part has had primary (elementary) school education (88.9%). The graphs also indicate the medium and maximum levels of meat and milk production. Clearly these levels are higher in Ciflig (see Table).

The style of farming seems to be more influenced by the way in which the area has been endowed by local resources, and by local demand. Consumers in the region are increasingly stressing their requirements for product integrity and information about the origin of their food. Looking at the graphs yielded by the case study of the Beer Factory it is obvious that after restructuring, new production technology constitutes a strong advantage for the factory, and there is great potential in the production of refreshment beverages.

The village of Pojan in the Korca region comprises about 910 families and 4,073 inhabitants. In the village, we carried out 30 interviews in differing environments. Judging from the data provided by 30 respondents we can conclude there are no large families in the village, as there have been at times in the past, but mostly those with 2 or 3 children, i.e. with 4 or 5 people in one family. Most of the families had children ranging from 3 - 20 years of age. These families are permanently resident in the village, and are thus engaged in traditional production. The village has natural resources and there is local knowledge available for the development of agriculture and livestock; this is reflected in the level of milk and meat production.

Over 50 % of the respondents viewed the food industry as of primary importance.

About 60% of them are engaged in production in a primitive way. The small size of the farms is the main factor for the lack of use of mechanisation; the end-result is the high cost of production. The main products are milk and other dairy products as well as potatoes, vegetables, and white beans.

There are some essential factors for farmers which have an impact on the increase in production, such as the use of

fertilisers, pesticides, and seeds, the improvement of the irrigation system, tilling of the land, technological improvement, introduction of breeds of animal with a high fertility rate, and the possibility of long-term credit with low interest. The farmers' products are destined for the domestic market, and their main competition comes from imports and other producers.

All the respondents stated that they use organic fertiliser; as they keep domestic animals there is a ready supply. Organic fertiliser is cheaper and its efficacy outweighs that of pesticides, thus they try to reduce the use of the latter. About 20% of the respondents gave a positive answer when asked whether they thought they could extend their activities. The rest stressed that the small size of the farm constituted an obstacle to the extension of activities. About 90% of the respondents stated that they would like to become a member of an association if it could help them to solve such problems as those of marketing, training, and the development of an adequate supply of technology etc.

Menkulas is a village with about 1,165 inhabitants and 250 families. Its people are literate, as in the case of Pojan, with the largest part of the population educated at secondary school level (70.6%). During the last five years there has been an increase in the output of agricultural and livestock products from privately-owned farms. From 35 interviews in this village we learned that the local sources for its farming economy are agriculture, animal husbandry, forestry, and fishing.

Except for those engaged in agriculture and livestock-rearing, the people are involved with manufacturing, agrotourism, and the agro-food industry. 50% of respondents have given

consideration to other activities, and more believe that they can extend their activities if they are able to acquire information about the market, and make use of the available technology, other experience and the local media.

The main activity of farmers is founded on stability and suitability demonstrated over the course of time, and based mainly on natural resources and local knowledge. However, agricultural development necessitates the use of contemporary methods and technology, high quality seed, good interrelations between different sectors in rural areas and between them and those in urban areas.

The village of Ciflig is near to the city of Korca. It has 738 inhabitants and there are 163 families. Its position near to the urban area has resulted in the fact that the farmers there are peasants, and this is reflected in the level of education of the respondents, of whom the largest part (88.9 %) have had only primary education (i.e. have attended 5-8 classes).

Most of them do not see agricultural activity as a primary one. Proximity to the city of Korca has led to non-agricultural activities playing an important role in the maintenance of their standard of living. The main non-agricultural sources of income stem from emigration and employment in different private firms, the construction sector, etc.

It can be observed that most new businesses in rural areas are to be found in the service sector. At present in these areas, the peasants are in need of creative know-how. The latter is also required for another reason, which has to do with the fact that people by no means always live and work where they were born.

4. A BRIEF ANALYSIS OF THE STRENGTHENING ENDOGENOUS DEVELOPMENT PRACTICES

An important aspect is the search for appropriate ways to strengthen endogenous development potential. From this paper, and also from the case studies, the importance of farm production can be seen. In particular:

- a. It is based on the use of local natural resources and local knowledge
- b. It is characterised internally by stability and sustainability over time
- c. It contributes to the emancipation of the farming population.
- d. It stimulates the local economy

To be competitive, a product must be in absolutely perfect condition, have a good flavour and give satisfaction, and be neutral from an ecological point of view. Local demand will also have its own impact. The farmer must produce what is specific for the area, bearing in mind the local resources available.

With reference to the case study of the beer factory, it can be said that presentation relies on the product package. This has a rather negative influence on the image of our products, especially when compared with imported beer. A crucial factor for the future of endogenous development will be the value of the brand name of products versus costs and prices. A key role in this process will be played by the food industry and retail businesses.

We conclude from our short analyses that a typical farmer possesses 1.5 Ha and practices traditional methods of farming. Most of the farmers produce almost everything required for their daily diet but sell only a few products. Nevertheless the search for new ways of supporting the private sector predominates and it even

constitutes the objective of the Commercial Rural Bank. There is an actual need for:

- a. The rehabilitation of existing equipment
- b. Support for private farmers to enable more efficient use of water
- c. The strengthening of water enterprises through technical assistance and their supply with equipment.
- d. The creation of associations to ensure the supply of water through the good maintenance of channels at different depth.

The development of organic agriculture requires that people of a young age group go through a process of adaptation and change. Organic agriculture views agriculture as a whole organism, a living ecosystem, and derives the form of its development where intensification and specialisation are concerned from nature, without the employment of artificial chemical substances as inputs.

The tradition amongst Albanian farmers of the use of the resources from their own farm, the techniques of agricultural and livestock production without using chemicals such as fertilizers or pesticides, and the elaboration of products inside the farm are favourable factors for the spread of this system of agriculture. Our country has a favourable topography for the development of agro-tourism, especially in mountain areas, and the availability and offer of biologically pure products constitutes one of the more attractive factors for tourist agencies and tourists.

The protection and development of ecotypes of either plants or domestic animals in the country is another contributory component towards the

increase of farmers' incomes, especially in the remote mountain areas. Natural pastures offer another big potential for biologically pure livestock products. The need for protection of the land from erosion is another main problem for our country. For this reason, more advantage will accrue for the farmer and for the State through the presentation, to farmers, of natural ways of protection against erosion, and of land conservation.

The structure of land in Albania has given rise to the existence of four groups of farmers:

1. The group with the means to maintain a standard of living
2. The group with the means to maintain a half-existence
3. A relatively poor group
4. The private farmers' associations, (PFA). 89 associations own 0.75% of the land under the private ownership of farmers.

The employment of endogenous potential, and the knowledge that the agricultural sector consists of many farms and that most of these are too small, raise the following questions:

- ✓ How will the difficulties in the farming sector be overcome and what are the perspectives for its development?
- ✓ What is the role of the small and middle-sized enterprises in the food industry as market partners?
- ✓ How are farms in Albania to be engaged in production?
- ✓ How can the Albanian market become a competitive one abroad, and how much need is there for agro-mechanization?

- ✓ How should the Korca agro-industry and the agro-food networks accomplish successful development?
- ✓ How is it possible to overcome the problems of the development of agriculture, at a time when all these social and economic changes are taking place, as well as the problem of everything that has to do with farming and food?

The promotion of exports involves the analysis and definition of the comparative advantages of Albania where agricultural products are concerned. It is time to give strong support to the production of milk, meat, vegetables and eggs, as these appear to be the main Albanian farm products of the future.

When we stress the need for support of the new farmers we do not imply that the contribution of the banking system has been missing, but want to emphasise that an adequate service is required. We have to say that the restructuring of the banking system, the reorientation of the priorities and restructuring of loans for production, as well as an industry well-orientated towards exports, will also help towards the

improvement of the market indexes for the agricultural sector.

In conclusion, after the identification and evaluation of endogenous development practices, an attempt is made to identify some very important areas that require additional investigation, and some organisations which need development support, such as:

1. The encouragement of farmers to market their products and specialise according to their relative personal advantage
2. Pricing policy, the rehabilitation of infrastructure, the implementation of a system of rural credit, and land policy
3. The improvement of communication between the Government and farmers, and the need to develop institutions that can facilitate such communication. In this context the survey indicates a specific need to develop farmers' associations and other such institutions that can actively fill this communications gap, as well as provide other important services.