Support to Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas (SARED)

Preparing the mountainous rural economy for the European market

Unemployment and low income to actual poverty is a problem persisting in the rural mountainous areas of Albania. Farmers are struggling with accessing markets, fierce competition and fulfilling the increasing demands for quality. In response to this challenge, the Ministry of Agriculture, Rural Development and Water Administration (MARDWA) has prepared an Inter-sectorial Strategy for Agriculture and Rural Development (ISARD) with the objective of supporting sustainable and inclusive growth. The German and Danish governments are supporting the Albanian government in its implementation.

What is the Project all about?

“From the field to the table” is the overarching approach of the SARED programme, jointly implemented by MARDWA and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German government, and co-funded by the Danish government. After being granted the EU candidate country status in June 2014, Albania is moving towards membership. However, the country needs extensive reforms in the public and private sector. Substantial changes are required particularly in the agricultural sector. The Inter-sectorial Strategy for Agricultural and Rural Development (ISARD), which is an integral part of the National Strategy for Development and Integration, has been prepared with this perspective.

Numerous studies describe the underutilised agricultural resources in the mountainous areas of Albania. At present farmers’ production is to a large extent subsistence-oriented, because well-structured value chains that would enable their access to markets are missing. With the ability of farmers to embrace a value chain oriented production, it is possible to significantly increase the sector’s contribution to the national economy and farmers’ livelihood.

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<th>Support to Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas (SARED)</th>
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SARED supports the development of four of the most important value chains in the rural mountainous areas:

- small livestock
- fruit trees and nuts
- medicinal and aromatic plants
- rural tourism

The value chain approach is being combined with the territorial approach of local and regional economic development.

The benefits

The overall objective of SARED is to increase the income of the value chain actors by at least 20%, and to reduce unemployment in the programme regions. In Albania, as in other countries, the agricultural sector is dominated by men – even though women’s contribution is equivalent to that of men’s. SARED pays special attention to providing opportunities for...
women. In line with the ISARD strategy, it is the objective that at least 15% of the direct beneficiaries are women. These ambitious targets are being achieved through four inter-related pillars of support and interventions:

I) An investment grant facility of € 6.5 million for upgrading the actors of the four supported value chains. The investment grants are matched by contributions from the beneficiaries. Beneficiaries are farmers, micro-, small- and medium enterprises engaged in the value chains. Special grant-arrangements are in place to favour the participation of female and young farmers and entrepreneurs. The investments enable the value chain actors to increase the efficiency and quality of their production and services. And as a minimum, fulfilling national environmental and quality standards. SARED also facilitate linkages to the financial sector and improve the beneficiaries capacity to access finance for their own contributions to the investments as well as for the future.

II) Support to on-farm and off-farm diversification of economic activities responding to market requirements and demand. This includes fostering the development of the competitiveness and sustainability of the value chains by integrating primary producers into the food chain through quality schemes. It enhances the perception of product quality in all links of the value chains from farmer, via processor to consumer. This is being done by introducing improved and innovative technologies in production and processing leading to new and improved products. The potential for organic production is being developed. Introduction of food safety standards and certification is promoted, and the relevant value chain links are assisted in developing and implementing marketing strategies. In this way more and more producers are meeting EU standards including branding, transparency and traceability of their products.

III) Facilitating closer linkages between the different value chain actors and empowering small-scale farmers and en-trepreneurs in their market and negotiation power vis-à-vis larger value chain actors. Relationships along the value chain via business-networks up to formalised associations are being supported. Development of specific mountainous rural women associations is also supported.

IV) Facilitating public-private partnerships in order to improve the business climate for enterprises engaged in the value chains. Emphasis is on creating export opportunities.

Facts and Figures

SARED has facilitated the establishment of 55 value chain action groups (including more than 1,000 farms and enterprises), of which 22 are in small luminants, 22 in fruits & nuts, and 22 in medicinal and aromatic plants. Some of the groups are exclusively run by women. The groups include producers, collectors and/or processors, with specific objectives and activity plans for improving production efficiency, product quality and access to markets. This includes agreeing on common production and quality standards for better prices and better access to markets including export.

- 30 enterprises have been supported in establishing international trade relations.
- Three calls for investment grant applications have been launched and public information events with participation of more than 2,800 farmers and entrepreneurs (of which 840 were women).
- 330 applications have been submitted for a total investment amount of EUR 8 million.
- So far 209 beneficiaries have been contracted with a total grant amount of EUR 2.8 million.
- 13% of the beneficiaries are women and 30% are young farmers and entrepreneurs.
- 70% of the completed investments were pre-financed through access to loans. The preliminary impact has been 23% increase in income and employment opportunities for 80 persons.

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