“Current challenges of Albanian extension services in the context of EU integration and global markets”

Davide Viaggi1, Drinimi Imami.2,3,4 Edvin Zhllima2,3 and Luciano Leonetti 5

1 University of Bologna, Department of Agricultural Economics and Engineering, Associate Professor, Bologna, Italy
2 University of Bologna, Department of Agricultural Economics and Engineering, PhD Candidate, Bologna, Italy.
3 Agriculture University of Tirana, Faculty of Economics and Agribusiness, Lecturer, Albania
4 University of Bologna, Institute of Advanced Studies, Fellow, Bologna, Italy.
5 Development Solution Associates (DSA), Senior Researcher, Tirana, Albania.

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“Current challenges of Albanian extension services in the context of EU integration and global markets”

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Abstract — Albania is a transition country aspiring to become a member of EU, while it is expected that it will become Candidate member within 2012, enabling access to IPARD funding. EU integration implies more opportunities, in form of subsidies for rural and agriculture development, but also imposes standards related to quality and safety on one hand, and enhancement of efficiency on the other hand. More specifically, in order to be eligible for the coming IPARD funding, Albanian agriculture holdings and agro-processors, need to meet national and EU safety standards (see [1], [2] and [3]).

In this upgrading process, the role that extension services can and should play is crucial. The Albanian agriculture extension services have undergone a drastic change from the time of the state-organized economy to the market economy, as also the private extension services have emerged. In this study, we look into current situation and future perspectives for extension agriculture services in fruits, vegetables and livestock subsectors, in order to identify: a) the present behaviour related to the use and provision of extension services; b) the (perceived) needs for technical assistance and Capacity Building (CB) from the perspective of service providers and clients (agriculture holdings and agro-processors) with regards to services related to quality and safety standards, certification etc.

Despite improvements in some private and public services, such as cattle insemination and vaccinations, other services are poorly served, such as services related to quality/safety standards certification [9]. Further research on extension services in Albania is needed as availability of quality extension services is a key factor to achieve agriculture competitiveness in Albania. This is particularly important in the context of EU integration and in the light of multiple relationships developing with the globalised economy in terms of: a) support to extension services through donor activities; b) chain interplay between local and foreign agriculture and agri-food industry; c) growing competition even in the domestic market.

Keywords — Extension service, Albania.

1. INTRODUCTION

Agricultural extension service is an important issue as it serves as a channel of knowledge transfer and feedback between the scientists and governmental bodies and agricultural practice or farming. It may be described as a system serving for an organized exchange of information and the purposive transfer of skills (see [4] and [5]).

The context of structural and institutional changes taking place in Albania, as in other Western Balkan Countries, and the trade liberalization as part of the EU integration, make the extension service an essential component of farming institutions. Actually such services call for answering problems regarding to economic, social, and cultural conditions in the villages. In an inner and external changing environment, Albanian public and private extension service should be evaluated based on performance indicators, terms of supply, potential demand, price, feasibility of payment and funding.

The aim of this paper is to define the current state of the supply and demand for semi-professional and professional services in the agriculture sector and related capacity development environment. In this paper, Capacity Building and Extension Services are
used interchangeably and in this context can be regarded as synonyms.

This is about to change, under the pressure of several factors, almost exclusively belonging to the demand side, such as: i) the growing size and complexity of private agri-business; ii) the deep changes in the pattern of public (national and international) incentives and support to agriculture and rural development, which is shifting from a project-oriented, institution-driven approach towards competitive support schemes to private initiatives; iii) the increasing efficiency of the domestic food distribution system, which is giving more opportunities to local producers, but also increasing competition.

An analysis made on Household Budget Survey data of 2007 shows that farms who have access on the extension service were 72 percent more efficient than the others farms [3]. Value chain operators are realizing that for surviving in a more competitive environment it is necessary to optimize cost/effectiveness of production, while so far a winning strategy consisted in focusing on minimizing costs and investments, while trying to pay off the investments as fast as possible. The approach to demand of services is therefore changing.

So far, the fragmentation of the agriculture sector represents a major factor of weakness of agri-food enterprises; too many small players at all levels of the chain are engaged in short-term temporary transactions [6], [7]. This background situation has resulted in a fractured and limited market for value added services, which developed very slowly.

A. Evolution of public extension services in Albania

Prior to 1990, agricultural extension did not exist as a separate organization, but was rather a link among research institutions and agricultural units of production (State Farms and Cooperatives) [8], [9]. The position of extension services in this framework was reasonable, given the low number of farms and their large sizes. With the land reform of 1991, another approach to extension services was implemented through Donor projects (EU-PHARE, Dutch Bilateral Aid, etc.) in 18 districts [3], [10].

At present, public extension services are extended throughout Albania and are part of the MAFCP. The total budget is limited to 3-5% of the total MAFCP spending. Currently, this division employs 245 agricultural specialists in 120 information centers [11], which covers the country's rural households (34% of rural households) [3]. The public extension structures, in addition to providing direct technical assistance related to production, also provide assistance to farmers willing to apply for subsidies offered by MAFCP, help organize events such as fairs, field demonstrations, and trainings, and facilitate relations between different stakeholders.

Despite the potentials and the role of the public extension services, the effectiveness of the public extension system is limited due to quantitative and qualitative limits of available human resources. Furthermore, based on anecdotal evidence and similar to other components of the public sector, a diffused practice of appointments linked to political affiliation appears in the extension service staff recruitment and promotion. As a result, the public extension services play a relatively small role in providing support and technical assistance to value chain operators (i.e. farmers and other agri-business operators). All sources (including the service providers themselves) confirm that the field activity of MAFCP extension specialists is quite limited and that other sources of technical assistance and information are more popular among farmers1. Similar to previous studies [12], the mission of state extension services is more focused on acting as a “tool” for the implementation of the national agricultural strategies (See Law No.03/L098)2.

In addition to MAFCP extension services, municipalities also employ agronomists and veterinarians. The municipal extension services, mostly deal

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1 An analysis of the impact of assistance provided by dealers of fertilizers and pesticides as compared with other sources of information and technical assistance was performed in 2002, and showed that the members of the Albanian Fertilizers and Agri-Business Dealers Association (AFADA) were considered as a source of information on different fields by the majority of interviewed farmers (with a range between 56% to 68% according to the topic), while public extension services were considered as a source of information by one-third of respondents [8].

with land use, production practices and tenure arrangements, while veterinarians mostly deal with food safety in urban areas, market surveillance and controls. Private operators and donor organizations have played a key role in filling that gap, and in some areas are considered as the main source of technical assistance. The main demand of qualified services comes from donor-funded development projects. The most qualified service suppliers agree that the demand coming from private enterprises is too small to justify a full-time engagement.

The state service places a priority on the most intensive agriculture areas, as well as those oriented to livestock. The Household Budget Survey of 2006 shows that the services are accessed much less by poor households (28% in Northern Mountainous Areas) than by the upper-income ones in the coastal area (41%) [3].

Therefore assessing availability of both state and private service suppliers in different regions of Albania is another important objective of this paper.

B. Methodology

The survey at the core of this paper has been carried out to analyze the state and dynamics of the local capacity development service in environment and agriculture value chains. Emphasis was placed on fruit and vegetables, medicinal and aromatic plants (MAPs) and livestock. The survey targeted users and capacity building service suppliers, and is designed to facilitate greater understanding of local markets for capacity services.

The method for this survey and analysis for a large part is based on the approach used by SNV in other regions of the world. The method is best described as a comprehensive market survey, analyzing both individual suppliers and demanders of services, gathering quantitative and qualitative data, using two different types of questionnaires. The surveys included 81 service providers including regional input suppliers and leading services providers (i.e. agronomist, veterinarians) as well as representatives of NGOs/associations, and 72 clients (fruits, vegetables, livestock farms and processors, wholesalers, etc.) in different regions of Albania (in the regions of Korea, Shkoder, Fier, Dibra, Kukes and in Tirana in the case of national service providers/institutions, since they are mostly based in Tirana). The survey was complemented by secondary data and the review of the limited existent relevant literature on the case of Albania, focusing on gathering additional data on market size, growth drivers and funding streams.

II. CATEGORIZATION AND REGIONAL DISTRIBUTION OF SERVICE PROVIDERS

A. Categorisation of service providers

Professional agronomists, veterinarians and input suppliers: Agronomists, veterinarians, zootechnicians and insemination technicians provide services privately to farmers, in an informal manner, without being subject to any legislation or mandatory requirements. They are not required to obtain operation licenses from the state and operate as unregistered individual consultants.

The market of veterinarian services and inputs is dominated by 2-3 big players, which have partnership with established international suppliers, and which operate through a relatively well organized network of local suppliers. The market of veterinarian services is consolidated, and it would be difficult for new major input suppliers to enter.

The market of agriculture (mainly fruits and vegetables) inputs is more fragmented and more chaotic compared to the veterinarian market of services; there are about 8-10 national suppliers who supply local input suppliers with pesticides, fertilizers, etc. The relations in this value chain are weaker and consist mainly of goods and financial exchange, and there is less limited commitment for CB. Given the relatively weak ties and high fragmentation, the barriers for new entries are lower – only this year the entrance of two new national players is recorded.

Local development agencies and national NGOs: Regional and Local development agencies, are typically registered as NGOs/NPOs, and are subject the Laws on NGOs. This category of service providers relies mostly on donor finance, and is dominated by experienced organizations, some of which have been
operating for more than 10 years. Several organizations are part of a wider network of organizations which have been founded with assistance of donor projects. Successful operation of existing operators or entrance of new ones is affected primarily by access to donor funding.

National specialists (Quality and safety standards, post-harvest, etc.): There is no relevant regulatory framework for experts of quality standards and it is not required any licenses by the government. They operate as individual unregistered consultants, or as registered sole proprietors, Limited Liability Company or NGO. Recently, there have been introduced a law on safety standards for agro-industry, which has strong implications for demand for services related to this safety standard scheme.

Some experts, or organizations, that provide services for ISO, HACCP and other quality standards schemes, are partners of international/foreign certification organizations. Successful performance and entrance of new players, depends on access and relations to clients, partnership to international service providers, and last, but not least, depends on access to donor funding, as some of quality standards implementation services are co-financed by donor organizations (classical example, EBRD’s Business Advisory Services in Albania).

In the case of post-harvest, there are few experienced service providers while the need for such services is growing fast, so there is space for entry of new specialists in the provision of this type of service.

Business development specialists: This category of service providers includes chartered accountants and fiscal advisors.

Among these service providers there is strong competition to find new clients and a commercial market for services has developed as a result of government demand for annual financial reports from private enterprises.

Marketing Specialists: Marketing specialists are not required by state law to obtain any licenses. Within this group, advertising agencies are registered as sole proprietors, or as limited liability companies. There is no association in this category of service providers to represent their interests. There are a few marketing specialists operating as free lance unregistered consultants providing services such as personal selling, coaching of sales personnel etc.

B. Regional Distribution of Service Providers

Based on interviews with representatives of extension service and service providers we collected data on the number of semi-professional specialists operating in the targeted regions. The estimate figures of service providers belonging to the other categories included in this survey are based on secondary data. Table 1 below shows regional distribution of service providers.

Regional distribution/concentration of service providers differ according to the type of expertise; national and more business-related service providers are located in Tirana (the capital city, where also research and public institutions are concentrated), while field experts are more present in the most developed agriculture areas, such as Fier (Table 1). The regional distribution of services is highly affected by the Donors interventions projects coverage. The projects they funded are implemented mostly in the regions of Shkodra, Diber, Kukes, Korea, and Fier/Lushnja. There was less donor support in agriculture in Kukes region.
Table 1: Regional presence of service providers in targeted regions

<table>
<thead>
<tr>
<th>Categories</th>
<th>Tiranë</th>
<th>Korca</th>
<th>Shkoder</th>
<th>Fier</th>
<th>Dibër</th>
<th>Kukes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agronomists</td>
<td>25</td>
<td>20</td>
<td>29</td>
<td>14</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Veterinarians</td>
<td>4</td>
<td>16</td>
<td>17</td>
<td>4</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Insemination Technicians</td>
<td>40</td>
<td>40</td>
<td>110</td>
<td>10</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Input &amp; Equipment Providers</td>
<td>33</td>
<td>26</td>
<td>115</td>
<td>15</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Local Development Agencies</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Specialists</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Agriculture</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Development Specialists</td>
<td>124</td>
<td>5</td>
<td>4</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Marketing Specialists</td>
<td>88</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey & Expert Assessment

III. CATEGORISATION AND REGIONAL DISTRIBUTION OF END-USERS

We define the end-user as the client who accesses and consumes professional or semi-professional services provided to her/him by an external service provider. End-users can be divided into categories related to the activity and the position that they have in the value chain.

A. Categorisation of end-users

In the clients group we identified these main categories of end-users: i) farmers, ii) producers’ groups/associations, iii) collectors, iv) processors and, v) wholesalers.

Farmers, breeders and MAPs (Medicinal and Aromatic Plants) collectors: Fruit and vegetables growers and livestock breeders are spread in all the five regions targeted. Harvesters of wild MAPs are located in the four out of five regions (not in Fier region), while cultivators of MAPs are found mainly in Shkodra region (especially in Malesia e Madhe) and a few in Dibër region.

Producer Groups/Associations: Producers’ groups and associations of farmers are active in each of the targeted regions. In many cases associations have been established with donor support with the purpose of facilitating the provision of technical assistance to increase productivity and to market collectively the produce. However, when donor support has been withdrawn, many of these organizations became not operational anymore.

Producer groups are typically groups of 2-3 producers related by kinship relations or neighbours. They perform some operations collectively such as purchase of inputs, production operations, etc.

Fruit and vegetables growers and livestock breeders are interested in services that increase productivity, and in marketing services that support the sale of their produce. Interviewed farmers said they need experts who live close to their villages, who can come and visit their farms at anytime, not just occasionally.

Collectors/Wholesalers: There are collectors of fruit and of MAPs in each of the targeted regions. In the last two years, collectors of fruits are investing in cold storage facilities, in order to extend the selling season. These investments have been mainly made by apples collectors located in Korca, but also in Diber. They have expressed the need for cold store management practices and post-harvest practices for their farmer suppliers.

Collectors of MAPs are found in all targeted regions except for Fier. They have warehouses where they store wild MAPs they purchase from harvesters. They have strong links with harvesters of wild MAPs, and with medium sized processors to whom they sell collected MAPs.

Processors: Processors identified in the targeted regions include dairy processors (Korca, Fier and Shkodra), fruit and vegetable canning factories (Shkodra, Korca), and MAPs processors (Shkodra). Processors of milk and of fruit and vegetables have expressed needs in marketing and sales, soft loans/grants and in improving the quality of their suppliers of raw materials. Processors of MAPs have strongly expressed a need for increasing the cultivation of MAPs.
B. Geographic and structure distribution of surveyed end users

The distribution of end users by category is different in the surveyed regions. There are few leading farmers in Kukes and Fier; associated farmers’ initiatives (farmers’ groups, associations and cooperatives) are not popular in Diber and scarcely diffused in Korçe and Shkoder.

The number of wholesalers is unusually high in Diber, reflecting a certain fragmentation of this category in the region.

Processing companies are more numerous in Fier and Korçe.

IV. STATE OF DEMAND AND SUPPLY

A. Demand versus supply for extension services

Within the two macro-segments, eight clusters of service providers were identified, namely: i) Professional or semi-professional providers of services at the local level, including public extensionist, ii) Input and farm machinery suppliers, iii) Regional and Local Development Agencies, iv) National highly qualified specialists, v) National Agricultural NGOs, vi) Donor-funded development projects, vii) Business Development Specialists and, viii) Marketing Specialists.

The first and second clusters of service providers are much more numerous and together make the first of the two above mentioned market macro-segments. A total of circa 155 public service semi-professional suppliers specialists are working in the surveyed regions, as detailed in table 2 below.

The other six clusters, each made by a relatively small number of subjects, compose the second macro-segment of the market.

Table 2: Estimated number of public semi-professional service providers in targeted regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Agronomists</th>
<th>Veterinarians</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shkoder</td>
<td>20</td>
<td>16</td>
<td>36</td>
</tr>
<tr>
<td>Kukes</td>
<td>13</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Fier</td>
<td>29</td>
<td>17</td>
<td>46</td>
</tr>
<tr>
<td>Diber</td>
<td>14</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>Korçe</td>
<td>25</td>
<td>4</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>54</td>
<td>155</td>
</tr>
</tbody>
</table>

Source: Expert assessment

The main difference between the services provided by the first and second cluster is in the way of payment of such services: semi professional service providers mostly work either on a pure service basis (i.e. provide a service against a fee) or are paid by the State (MAFCP extension service and municipal agronomists and veterinars), while input and farm machinery suppliers provide services whose value is embedded in the cost of supplies.

In the majority of cases there is coincidence between end users, clients and purchasers of services. The purchaser is usually different from the end users when public money is involved (from the State or from donors); public money is a more important driver for services to the fruits and vegetable value chain and has a larger influence on the supply side than on demand side. Agronomists, NGOs, Regional Development Agencies and National highly qualified specialists get more than 50% of their incomes from public money.

The recent development in the agriculture sector and the market for CB services has led to increased competition between suppliers of such services. Competition is higher for frequently demanded services.

Competition between input suppliers and suppliers of the veterinarian services and other agriculture services is typically developed at local level (commune/municipality level). Most service providers (93%) market their services through personal contacts and networks (47%) – typically for local agronomists or veterinarians who use community networking and personal contacts to promote their services (see Table
This goes in line with the finding that most clients (71%) access information for available service and service providers through personal contacts, as shown again in table 3 below.

Table 3: The main ways through which services are marketed  

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Contact</td>
<td>93%</td>
</tr>
<tr>
<td>Networks</td>
<td>47%</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>28%</td>
</tr>
<tr>
<td>Brochures</td>
<td>24%</td>
</tr>
<tr>
<td>Radio/TV</td>
<td>16%</td>
</tr>
<tr>
<td>Internet</td>
<td>10%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Field Survey

Professional associations, brochures, and other mass-media means (TV, radio, newspapers) are used from more organized service providers, and are almost never used by local individual experts, such as agronomists and veterinarians.

B. Estimates of market demand

The MAFCP estimates the market for animal feed is 60% of the 39 million Euro of the total market of supplies for livestock production. Animal feed is supplied through national importers and domestic producers who distribute it to local shops in the districts. Medicines and genetic material is supplied to breeders by the service providers (i.e. veterinars or zootechnicians); animal feed is directly purchased by breeders in the local shops.

In each district there are 3–5 farm machinery and equipment suppliers, serving both fruit and vegetable growers and livestock breeders. They also provide training on use, maintenance and repair of the machinery they sell. During the survey, 4 dealers were interviewed. Table 5 below provides data on farm equipment maintenance expenses, which can be considered as the estimated market size for agricultural machinery and equipment services.

Table 4: Expenditures for livestock farming inputs (000 all) by Region, in 2008

<table>
<thead>
<tr>
<th>No.</th>
<th>Region</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Berat</td>
<td>147,029</td>
</tr>
<tr>
<td>2</td>
<td>Diber</td>
<td>199,087</td>
</tr>
<tr>
<td>3</td>
<td>Durrës</td>
<td>135,260</td>
</tr>
<tr>
<td>4</td>
<td>Elbasan</td>
<td>153,770</td>
</tr>
<tr>
<td>5</td>
<td>Fier</td>
<td>800,676</td>
</tr>
<tr>
<td>6</td>
<td>Gjirokastër</td>
<td>176,507</td>
</tr>
<tr>
<td>7</td>
<td>Korce</td>
<td>191,915</td>
</tr>
<tr>
<td>8</td>
<td>Kukes</td>
<td>283,358</td>
</tr>
<tr>
<td>9</td>
<td>Lezhe</td>
<td>148,821</td>
</tr>
<tr>
<td>10</td>
<td>Shkodër</td>
<td>410,807</td>
</tr>
<tr>
<td>11</td>
<td>Tirane</td>
<td>1,597,912</td>
</tr>
<tr>
<td>12</td>
<td>Vlore</td>
<td>387,939</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4,633,081</td>
</tr>
</tbody>
</table>

Source: MAFCP 2008 Statistical Yearbook

Table 5: Farm equipment maintenance expenditures 2008

<table>
<thead>
<tr>
<th>Prefecture</th>
<th>Farm Equipment Expenditures in ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diber</td>
<td>644,000</td>
</tr>
<tr>
<td>Fier</td>
<td>5,362,000</td>
</tr>
<tr>
<td>Korce</td>
<td>3,044,000</td>
</tr>
<tr>
<td>Kukes</td>
<td>923,000</td>
</tr>
<tr>
<td>Shkodër</td>
<td>6,565,000</td>
</tr>
<tr>
<td>Total Country</td>
<td>45,939,000</td>
</tr>
</tbody>
</table>

Source: MAFCP 2008 Statistical Yearbook

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3 Each respondent had the possibility to indicate more than one factor. The total number of answers therefore exceeds 100% of interviewees.
The analysis of the evolution of the market of services to agriculture in the five surveyed regions shows a more dynamic situation in Kukes, Diber and Fier, even if the whole market is undergoing a very positive growth trend.

Circa 90% and 75% of interviewed service providers in Korce and Shkoder respectively state that the market for CB services in the agriculture sector is growing while the rest state that is constant. Situation and perspectives are better in Korce: 80% of service providers in Korce offer more services than before, while only 1/3 of service providers in Shkoder state that they provide more services. Shkoder is also the only region where some service providers – 5% of total - state they provide fewer services than before.

All interviewed service providers in the regions of Kukes, Diber and Fier state that the market for CB is growing and all respondents in Kukes and Diber state that they provide more services than before. This situation can be explained considering that in these two northern regions intensive agriculture is emerged only in the very last years (mostly consisting in more intensive fruit growing), generating a fast rise for technical services, whereas in Korce, Fier, and partly Shkoder, intensification has started more than 10 years ago, and now signs of maturing and stabilization are observed, while the competition between suppliers is more consolidated.

From the demand side, recommendation from trusted partners or personal knowledge with preferred suppliers of services is by far the most used way to select a service provider. The role of international organizations (donors, trade boards, chamber of commerce etc.) in facilitating contacts between demand and supply of service is also quite important.

C. Relations between input suppliers and farmers

Farmers are often concerned that the advice received by input suppliers can be biased, leading supplier to suggest products where their margins are higher or to recommend quantities that are higher than needed.

On the other side, agronomists complain that very few farmers are ready to pay for their work and many of them are not reliable in paying after receiving the services; as a consequence, some agronomists do not like to work for farmers as consultants, preferring to sell or work for institutions or firms.

Larger farmers receive more attention and technical assistance from input suppliers. So usually, input

<table>
<thead>
<tr>
<th>Sources</th>
<th>Percent age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other personal or professional contacts recommended</td>
<td>71%</td>
</tr>
<tr>
<td>International Donors/Partners recommended/arranged</td>
<td>29%</td>
</tr>
<tr>
<td>Local colleagues from outside my organization recommended</td>
<td>25%</td>
</tr>
<tr>
<td>Conversation with providers</td>
<td>22%</td>
</tr>
<tr>
<td>Government recommended/arranged</td>
<td>11%</td>
</tr>
<tr>
<td>Other local agriculture actors recommended</td>
<td>10%</td>
</tr>
<tr>
<td>Members of my own organization recommended</td>
<td>4%</td>
</tr>
<tr>
<td>Brochures</td>
<td>4%</td>
</tr>
<tr>
<td>Internet</td>
<td>1%</td>
</tr>
<tr>
<td>Media</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Field Survey

4 Each respondent had the possibility to indicate more than one factor. The total number of answers therefore exceeds 100% of interviewees.
suppliers just spend time in their office to explain the small farmers how to proceed, whereas in the case of larger farmers (who also buy larger quantities) they visit them on site. A service provider may spend 5-6 days of work (consulting/assistance) for a big farmer, during the year.

Most farmers confirm they are facing problems with the quality of inputs – both pesticides and seedlings. State certification and more frequent inspections would be necessary.

Input suppliers also confirm that sometimes inputs, especially pesticides, coming to Albania are not of good quality or are close to the expiry date (or already expired).

Frauds are frequently reported, such as re-packaging of expired pesticides, production of fake pesticides, and fake packages of fertilizers with a net weight lower than indicated. This is a result of weak public institution regulatory and control services, with heavy consequences.

A problem for services providers is the “list of late payments”. It is common in Albania, in the retail units of inputs, but also other products, that clients, for lack of cash, pay later for the products they receive. But some of them never pay. One input supplier in Fier had lost about 4 million ALL (almost 30,000 Eur) as result of not receiving such payments. Some input suppliers, as a result, now provide their inputs only upon direct cash payment.

V. SERVICE PROVIDERS BUSINESS MODELS

A. Fruit and Vegetable growing

At this level of the chain we have identified three business models of service delivery, ranked in order of importance:
1. the embedded model;
2. the public extension model and;
3. the pure service model.

Embedded service model: In fruits and vegetable growing, this is the prevalent business model. In this model, the service is formally given for free as it is part of the sale price of an input (fertilizers, pesticides, seeds, and seedlings). The service provided is about the use of the inputs purchased and it takes place at the shop of the input supplier. Farmers pay in cash only for the price of inputs purchased. When farmers have problems after using the inputs, the suppliers go to the field and check. There is no wide access to independent laboratory institutions, where samples could be analyzed to determine the real cause of the damage. In any case, input suppliers do not pay back the farmers if the inputs were not effective. As a result of competition, input suppliers are spending more time visiting and counselling the main clients.

Public extension model: The second model implemented is the MAFCP funded public extension service model, which employs full time agronomists in each district to provide agronomic services to farmers and to collect information about development in agriculture. Agronomists spend an average of 2 days per week visiting farmers in the field. Each regional public extension service supports a range of 100-200 farmers, which are called ‘contact’ farmers. Each month it is organized a demonstration event with ‘contact farmers’ to introduce new technologies. All these services are free of charge. Services provided by local agronomists are limited in outreach and technical quality and do not meet the demand for agronomic service at farm level.

Pure service model: The pure service model is a new trend that has emerged recently. There are a number of services that are provided by non-professional suppliers, but for which standard fees are applied. The main service provided on a commercial basis is pruning of fruit trees. In each of the targeted regions there are pruning technicians who besides pruning their own trees, work in the plantations of farmers in their communes to carry out pruning services. This is an applied service, pruning technicians work in their clients’ plantations until they have pruned the whole plantation of fruit trees. Payment is made at the completion of the service.

B. Livestock breeding

In livestock breeding (i.e. livestock value chain at production level) we identify three main business models, ranked in order of importance:
1. the pure service model;
2. the public extension model and;
3. the long-term contract model.

**Pure service model:** In this chain the pure service model is consolidated and is prevalent in the market. It is used by veterinarians and insemination technicians to deliver their services to livestock farmers. Veterinarians deliver medication, curing and surgery services for livestock, which in most cases includes the cost of medicine. The cost of medicine amounts up to 50% of the total cost of medication and animal health services, while in surgeries it is much less. Farmers pay in cash after the delivery of the service if it was successful.

Insemination technicians provide artificial insemination services with a fee that includes the cost of semen (around 30% of total cost). Payment is made in cash after insemination has proved successful.

**Public extension model**

The public extension model includes the provision of matriculation and vaccination services to livestock farmers. These services are delivered by local veterinarians sub-contracted by the MAFCP regional extension services on a short-term basis. They are delivered for free to livestock farmers.

**Long-term contract model:** We identified a recent trend that big cattle farms (i.e. with 100 cows) sub-contract on a long-term basis a veterinarian who works for a few hours every day at the farm to provide all veterinarian services. The farmer pays the veterinarian a monthly salary (i.e. 50,000 ALL a month), while the veterinarian is free to provide services to other farmers.

VI. COMPARABLE TRENDS IN EU AND MEDITERRANEAN COUNTRIES

This section is intended to provide a picture of the evolution of extension services in EU and Mediterranean countries in order to provide a better context for concluding remarks concerning the present status of extension services in Albania.

Knowledge is recognized to be a central issue in the present EU policy (see e.g. the EU 2020 strategy). Knowledge is also central to the agriculture and, more widely, bioeconomy strategy, as pointed out in the Knowledge Based Bio-Economy promoted through the EU research programs. In addition, knowledge and technical transfer seems to be still a bottleneck for economic development, even compared to knowledge production [13].

In spite of this general attention, incorporation of knowledge strategies in EU extension policies is generally facing difficulties and somehow unclear strategies.

An overview of the situation and open questions related to extension services is provided in [14], [15] and [16].

In the past, EU agriculture has been characterized by country level extension services, in many cases and for some periods based on a strong public support. This was partly needed to accompany modernization starting at the end of the XIX century and going on through the post-WWII period.

Following this period a process of withdrawal of the public sector to directly support extension has been witnessed, though with different strategies by different countries, also depending on specific national institutional framework. A description of such processes in selected countries is provided in [14].

Recent drivers of agricultural extension services are to be found in the dramatic structural change of agriculture, in the need to reduce public expenditure, in the ongoing liberalization process, in the reduction of policy support to production (decoupling) and market protection, the maintenance and strengthening of second pillar specific support to innovation and sustainable techniques. Environmental, quality and social concerns have driven since the ‘80s attention out of increasing production and towards more sustainable farming. While this remains the main focus today, recent food crises and growing world population needs are drawing attention again on productivity. However, at the same time, energy crises have pointed attention to needs that go beyond food issues.

Five major issues shaping the discussion around extension today and in the future are given by: a) the role of input providers; b) the progress towards chain connections (vertical integration); c) public policies
including technological drivers; d) increase sustainability and quality requirements, and; e) the changed expertise by farmers.

Input providers have been for a long time providers of technical advice. Though expected to be biased by their interest in selling products. Presently the relevance of input sellers remains particularly strong. It is estimated that extension delivered by input providers may be as large as three times the public and free lance advisors, though statistics about this are not actually available [3]. The role of input providers seems particularly relevant when new technologies are proposed, e.g. biomass energy production has seen a very active private sector. The role is less and less marketing-style, but is rather characterized by full design and project implementation (or at least implementation support), based on a strong technical expertise.

Vertical integration is now (and since a long time) being perceived as a major need of EU farming sector. This also implies provision of extension services, as it happens for cooperative fruit commercialization in Italy. The process of proper vertical integration is still progressing. In addition, contractual connections are more and more used. Contracts, particularly those based on input provision by the processing industry can include strong requirements in terms of input use and technology [17].

Public policies have driven the attention to extension services particularly due to the “recent” introduction of measures promoting technological adaptation towards environmental requirements (cross compliance and agri-environmental schemes) or technological innovation (axis 1 of pillar II). The most recent experience has been in the Farm advisory system. This system, strongly oriented to support policy implementation, in particular cross compliance, has reached 5-20% of the beneficiaries of payments, usually among the largest farms, already familiar with the use of advisory systems. An analysis of the implementation of such system is provided in [18]. Quality requirements, certification etc. have driven a lot of attention in recent years. New specialized services are now diffused and a specific field of consultancy has developed to respond to such needs.

A major issue is that, during the century elapsed since the first extension experiences, farmers have increased their technical and general knowledge enormous. At business-oriented farmers are becoming younger and the number of farmers with a specialized degree has increased. This means that they have a more active role in knowledge acquisition and filtering and also that they require more advanced services by advisors. The ability to valorize local, decentralised knowledge has also been object of attention as an alternative to mainstream technological regimes.

In most cases, extension services remain very biased towards some types of farm. The specific issue of the different attitudes of small scales farms is addressed in [14]. The author emphasizes the difficulties of small farms to access extension services and to affect back-office activities.

The localization dimension plays a major role on this issue. First, on the macro level, all extension services maintain a national/regional feature in spite of increasingly globalised production process and EU actions in these directions. Secondly, direct contact is still a relevant feature of extension and hence specific farm location may be more or less helpful in this respect.

However, modern technologies enable going beyond the traditional spatial limitation and usual information channels. For example internet is increasingly used to buy inputs by farmers and to deliver advice, amplifying the range of spatial acquisition of inputs. Internet forums are used to share knowledge about specific input/production means, somehow going beyond the “formal” information channel and official version.

The increased heterogeneity of farms and the fact that each farm is becoming more and more a unique kind of organization requires a higher attention to specificities. A recent study [19], shows that tailored extension services are more appreciated by farmers, and this also supports a higher attention to the means of delivery of advice and their adaptation and personalization towards the needs of each target farmer/group.
VII. CONCLUSIONS

Extension represents a key component of past agricultural systems functioning and reflected to large extent a specific public concern for agricultural modernization. While recent policy strategy, largely based on knowledge production and transfer, and recent policy initiative, such as the farm advisory system bring into attention the transfer of knowledge and technology, and hence the extension issue, it also appears that the traditional view of extension cannot be sustainable for the future. The present context however shows the complexity and also the difficulties in addressing such issue.

Though local specificities tend to remain important, particularly for countries like Albania, the present trends support rather the idea of a tendency towards a “tripolar” situation, based on very heterogeneous farms acting as unique business actors, strong private initiatives going through input producers, processors or free-lance advisors, and a light role of the public sector to guarantee that the process is compatible with the public objectives of each area. Around this trends, the knowledge system of which extension is just the interface with farmers seems to be expanding towards a worldwide net, in which locality remain as a value, but less and less as a space defined by knowledge and market barriers.

In the light of the above discussion, shows some feature common to many cases of modern extension services, where large farmers tend to become the most direct focus on extension and in which publicly provided extension tend to struggle to find a role among private and input driven extension. It seems very likely, however, that, given the actual technological status of Albanian agriculture, public extension will remain very relevant. Its direction for the future will be be strongly affected by the opportunity to enter the pre-accession process of the EU, as the experience seems to show that policy-driven adaptations can be strongly affected by policy requirements. At the same time, attention should be kept to overall trends, particularly about opportunities given by information technologies to overcame local difficulties and to connect with the worldwide knowledge system building around agriculture.

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**Author’s e-mail reference:***

Davide Viaggi, davide.viaggi@unibo.it;
Drini Imami, dimami@ubt.edu.al;
Edvin Zhllima, ezhllima@ubt.edu.al;
Luciano Leonetti, lkns@hotmail.com