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FARM to FORK
ACADEMY

PARTICIPATORY CONSULTATION AND DIALOGUE

to Strengthen the Farmers' Position in Value Chain

THE CASE OF THE DAIRY AND MEDICINAL & AROMATIC PLANT SECTORS

NATIONAL REPORT
ALBANIA

PARTICIPATORY CONSULTATION AND DIALOGUE TO STRENGTHEN FARMERS` POSITION IN VALUE CHAIN

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ABBREVIATIONS AND ACRONYMS

ALL	Albanian Lek
ANRD	Albanian Network for Rural Development
ARDA	Agricultural and Rural Development Agency
ATTC	Agricultural Technology Transfer Center
BRDN	Balkan Rural Development Network
CAARs	Centres for Agricultural and Rural Assistance
CAP	Common Agricultural Policy
CSO	Civil society organizations
EU	European Union
F2F	Farm to Fork
F2S	Farm to school
GDP	Gross Domestic Product
INSTAT	Institute of Statistics of Albania
MAP	Medicinal and aromatic plants
MARD	Ministry of Agriculture and Rural Development

EXECUTIVE SUMMARY

The National Report, "Participatory Consultation and Dialogue to Strengthen Farmers' Position in the Value Chain," examines the challenges and opportunities faced by Albanian farmers in two key agricultural sectors: dairy and medicinal and aromatic plants (MAP). These sectors are vital to the rural economy and agriculture as a whole, significantly contributing to rural incomes and agricultural exports. Currently, both sectors face structural and operational challenges that hinder their growth and competitiveness in national and international markets. The dairy sector, a cornerstone of livestock farming, plays a crucial role in sustaining rural livelihoods and ensuring a stable domestic food supply. Meanwhile, the MAP sector is a remarkable success story with strong growth potential. It contributes significantly to Albania's total exports and provides employment for many rural families. The sector is primarily export-oriented, benefiting from the increasing global demand for certified organic and high-quality products.

Albanian farmers in both sectors under study often face disadvantages within the value chain. In the dairy sector, most farms are small and fragmented, lacking modern technologies and adequate infrastructure for milk storage and processing. Farmers struggle to secure fair prices for their products due to informal and unstable relationships with processors, while farmers' associations remain underdeveloped and ineffective in advocating for their interests. Similarly, despite its significance for Albanian exports, the MAP sector faces comparable challenges, including farm fragmentation, insufficient drying and storage infrastructure, limited farmer cooperation, and dependence on a few dominant buyers who control the market. These challenges restrict farmers' ability to maximize profits and enhance their bargaining power, ultimately weakening their position in the value chain.

In light of this analysis, the aim of this report is to identify strategies to strengthen farmers' position in the value chain, drawing on the European legal and strategic framework, including the Farm to Fork Strategy. The report presents a comprehensive overview of the current situation, based on an extensive consultation process that included focus group discussions, interviews with value chain stakeholders, and analysis of secondary data. Furthermore, it offers concrete recommendations for measures that enhance farmer cooperation, improve quality standards, and promote fair market mechanisms. These recommendations aim to address existing challenges and support the development of a sustainable and competitive agricultural sector, particularly in the context of Albania's EU integration process.

In the dairy sector, the report recommends that the government and international partners support investments in infrastructure and technology, including the construction of milk collection centers and the provision of modern equipment for livestock farms. Additionally, establishing farmer associations is essential to enhance bargaining power, improve access to financing and markets, and foster collaboration among producers. Likewise, in the aromatic and medicinal plants sector, the focus should be on supporting organic certification, developing processing and storage infrastructure, and establishing mechanisms that facilitate access to international markets.

The report concludes that the development of the dairy and MAP sectors is crucial for the sustainable future of Albanian agriculture. With the implementation of the right policies and strong support from national and EU stakeholders, these sectors have the potential to increase rural household incomes, enhance the quality of life in rural areas, and contribute to the country's overall economic growth.

1. INTRODUCTION

Agriculture remains one of the key pillars of the Albanian economy, contributing approximately 18.3% to the Gross Domestic Product (GDP) and employing about 32% of the active population.[1] Albania has around 350,000 farms, with an average farm size of 1.2 hectares[2], reflecting a high degree of land fragmentation. Additionally, these areas are often divided into three to five scattered plots, making mechanization and production efficiency challenging.

However, thanks to domestic investments and international support, including European Union programs such as IPARD, the sector has experienced improvements in infrastructure, technology, and market access. This progress is paving the way for a gradual transition from traditional to more sustainable production, aligned with modern standards. In this context, the aromatic and medicinal plants (MAP) sector and the dairy sector hold a particularly important role, as they not only enhance rural incomes but also have significant potential for economic growth and exports.

The dairy sector is a key contributor to the Albanian agriculture, directly impacting household incomes in rural areas and supplying the domestic market with dairy products. Despite positive production performance in certain areas, the sector faces several challenges, including high costs of livestock feed, low average yield levels, insufficient cooling infrastructure, lack of contracts, and the weak organization of farmers into cooperatives or other forms of cooperation.[3]

The MAP sector holds a significant position in Albanian agriculture, contributing notably to exports and employment. Despite its strong potential, the sector faces several challenges, including farm fragmentation, high costs and variable quality of seeds and seedlings, insufficient drying and storage infrastructure, inadequate quality control and laboratory analysis, lack of contracts, and dependence on a few large buyers, all of which hinder its growth and limit potential benefits. [4]

Strengthening the farmers' position in the value chain

The Common Agricultural Policy (CAP) of the European Union (EU) for 2023-2027 outlines several key objectives, including Objective 3: "Improving farmers' position in the value chain" [5]. This objective focuses on creating conditions that enable farmers to enhance their bargaining power, increase competitiveness, and improve organization in their interactions with processors, traders, and exporters. The intervention measures under this objective are linked with: a) strengthening cooperation among farmers, b) enhancing synergies within value chains, c) supporting the development of market driven production models, d) fostering research and innovation, e) increasing market transparency, and, f) ensuring effective mechanisms against unfair trading practices.

In the Albanian context, this objective is directly linked to the need to increase yield and quality in the dairy sector and to formalize marketing and processing in the MAP sector, where farmers often represent the weakest link in the value chain. The overall aim of the study is to identify the challenges

1 World Bank (2024). World Development Indicators. Accessed from: https://databank.worldbank.org/reports.aspx?source=2&country=ARE

2 INSTAT (2012). Agriculture Census. Accessed from https://www.instat.gov.al/al/temat/censet/censusi-i-bujq%C3%ABsis%C3%AB/

3 AGT and DSA (2021). Milk Sector Study Report. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/06-Milk-Sector-Study-Final.pdf

4 AGT and DSA (2021). Medicinal and Aromatic Plants Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf

5 European Commission (2022). Common Agricultural Policy. Specific objectives of the CAP. Accessed from https://agriculture.ec.europa.eu/sustainability/economic-sustainability/cap-measures_en#

that hinder farmers from achieving a stronger position in the value chain, assess the opportunities provided by European policies and funds, and propose targeted interventions with measures designed to enhance farmers' bargaining power and technological capacities in both sectors under study.

Specific objectives of the study and the link to CAP Objective 3

Objective 1: Assess the current situation of farmers in the dairy and aromatic and medicinal plants (MAP) sectors by analyzing production capacity, organizational structures, and key challenges.

Objective 2: Examine the factors influencing farmers' bargaining power, with a particular focus on pricing, quality standards, and group organization.

Objective 3: Explore how Objective 3 of the CAP – "Improving farmers' position in the value chain" – can be effectively applied, particularly in the context of high farm fragmentation in Albania.

Objective 4: Establish a foundation for strategic recommendations, grounded in a comprehensive consultative process and an in-depth analysis of the current reality.

Report structure

The report begins with a general introduction to the agriculture and rural development sector, followed by an overview of the dairy and MAP sectors. The methodology section outlines the sector selection process, as well as the methods of data collection and analysis. The main findings and discussions are then presented, followed by a SWOT analysis for each sector under study. The report concludes with key conclusions and recommendations for each value chain analyzed.

2. METHODOLOGY

The report examines the link between the dairy and MAP sectors and Objective 3 of the EU CAP, which focuses on strengthening farmers position in value chain. The methodology applied throughout the report's development is based on the *participatory consultation and dialogue methodology for strengthening the farmers' position in value chain*."[6]

The study is qualitative in nature, utilizing data from both primary and secondary sources. Primary data was collected through focus group discussions and semi-structured interviews, while secondary data was gathered through a review of existing literature. A SWOT analysis and a value chain diagram for each sector were used to enhance the analytical framework.

2.1 SELECTION OF VALUE CHAINS

The selection of sectors for analyzing farmers' position in value chain was based on the criteria outlined in the participatory consultation and dialogue methodology for strengthening the farmers' position in value chain. The main selection criteria included the economic importance of the sector, its production capacity and level of modernization, as well as the availability of financial support. Based on these criteria, seven sectors were analyzed, including: MAP, dairy, meat, vineyard and wine, olive, cereals, and fruits and vegetables (Table 1).

Table 1. Description of sectors analyzed for the selection of value chains

SECTOR	CONTRIBUTION TO ECONOMY	CAPACITY AND MODERNIZATION	FINANCIAL SUPPORT
MAP	Contribution to exports and employment, enhancing the well-being of rural families.	Production and processing, essential oils, priority sector for investment. Modern processing systems.	Supported in technology and infrastructure.
Dairy	Ensures a stable source of income for farmers.	Potential for development through investment. Has an impact on food security and potential for optimizing the milk supply chain.	Projects for milk production and processing have been financed through IPARD programs.
Meat	Limited contribution to the economy, especially at farm level.	Domestic meat is not used for processing. At the farm level, beef and veal is a joint activity with milk production.	Priority when integrated with dairy-meat production; not a priority in processing.

6 The Participatory Consultation and Dialogue Methodology for Strengthening the Position of Farmers in the Value Chain was developed by Prof. Dr. Sc. Bojan Stipešević from the Faculty of Agrobiotechnical Sciences in Osijek. This methodology served as the primary tool for conducting the consultation process and drafting the national report for Albania.

SECTOR	CONTRIBUTION TO ECONOMY	CAPACITY AND MODERNIZATION	FINANCIAL SUPPORT
Vineyards and wine	Limited contribution to farmers. Very difficult connection of farmers with wineries.	Wineries that produce quality wine have their own vineyards. Small farmers process their own grapes into brandy and wine, mainly for self-consumption.	Projects in wineries and vineyards have been supported.
Olive	Limited contribution of the sector to the value chain. Weak linkage of farmers with processors.	Farmers utilize the olive oil industry as a service, delivering olives to the factory and receiving olive oil in return.	Historically a priority. New plantings and processing have been supported. Support has declined in recent years.
Cereals	Declining sector. Limited contribution to the economy and considered a dual sector – very small farmers producing for their own needs and a few very large farmers.	Flour mills do not prefer local wheat due to its poor quality for processing.	Not a priority in terms of subsidies.
Fruits and vegetables	Sector with a high contribution to the economy, especially in the export of vegetables.	A highly studied sector.	Enjoys great support from the government.

Source: Author's analysis

The analysis determined that the most suitable sectors for inclusion were milk and MAP. Table 2 presents detailed information on the criteria used for selecting these two sectors.

Table 2. A detailed analysis of selected sectors

CRITERIA	MAP VALUE CHAIN	DAIRY VALUE CHAIN
Contribution to the economy	MAPs contribute to 20% of agricultural exports, with 95% of production directed toward international markets. The sector engages approximately 80,000 rural households, significantly impacting income levels and well-being in rural and mountainous communities.	The sector provides a reliable source of income for farmers, with potential for development through investments in improving standards and technology.

CRITERIA	MAP VALUE CHAIN	DAIRY VALUE CHAIN
Capacity and modernization	Production and processing, including essential oils, have been supported by programs such as IPARD, with investments amounting to 10 million euros during 2019-2020.	Milk has an impact on food security and potential for optimizing the milk supply chain.
Government support	The sector has been recognized as important for national support schemes, which have contributed to improving technology and infrastructure.	IPARD programs have funded 43 projects for milk processing and 28 for milk production.

Source: Author's analysis

2.2 PRIMARY DATA COLLECTION PROCESS

Selection of areas

Primary data collection was conducted through consultation meetings with farmers (focus group discussions) and semi-structured interviews with representatives from the processing industry, associations, and other stakeholders involved in both value chains.

To ensure a comprehensive national perspective, the consultation process was designed to include a well-distributed geographical representation of participants. It involved five focus group discussions—three for the dairy sector and two for the MAP sector. The dairy sector discussions were conducted with farmers from rural communities in the municipalities of Tirana, Lushnje, and Berat, while the MAP sector discussions included farmers from rural communities in the municipalities of Malësia e Madhe and Belsh. The selection of these areas was based on the significance of each sector in the respective regions:

- *Malësia e Madhe* – An area with the highest MAP production at the national level.
- *Belsh* – An area with significant oregano cultivation.
- *Lushnje and Berat* – An area with developed milk processing industry.
- *Tirana* – Including farmers from villages such as Zall Herr, where milk production and direct sales are the primary activities.

Focus group discussions were developed during October-November 2024.

Participants

Around 80 farmers, primarily small-scale farmers, participated in the consultation meetings. Some participants were medium and large-scale farmers, particularly in the dairy sector. Approximately 20% of the participants were women farmers, while 19.2% were young farmers, ensuring the inclusion of vulnerable groups within the sectors. The table below provides detailed information on the consultation meetings and participant demographics.

Table 3. Consultation meetings by areas and participants

DATE	VALUE CHAIN	AREA	PARTICIPANTS	FEMALES	AGE GROUP (18-40 VJEÇ)
21.10.2024	MAP	Reç, Malësi e Madhe	20	2	5
23.10.2024	MAP	Belsh	20	1	4
29.10.2024	Dairy	Berat	10	3	1
30.10.2024	Dairy	Lushnje	15	10	2
20.11.2024	Dairy	Zall Herr, Tirana	13	0	3
Total			**78**	**16**	**15**

Source: Consultation meeting attendance list obtained by the author

Key issues of consultation meetings

For the value chain analysis of the two selected sectors, a list of semi-structured questions[7] was developed to identify the key challenges and opportunities influencing the performance of farmers and other stakeholders, with a particular focus on their position in the value chain. These questions were based on the *participatory consultation and dialogue methodology for strengthening the farmers' position in value chain*.

Key questions that guided this process include the following:

1. What are the main challenges confronting farmers in the value chain?
2. How can farmers strengthen their position in the value chain to add value to their products? Is it feasible for farmers to negotiate better conditions with other value chain actors, particularly regarding pricing and production?
3. Is it realistic for farmers to influence decision-making within the value chain regarding the value of the product?
4. What are the main factors that determine a farmer's income in the value chain?

Additionally, sector-specific supporting questions were considered to address key issues, as outlined below:

- *Ensuring inputs and technology*. Provision of seedlings, fertilizers and pesticides (MAP), animal feed (milk), their costs and quality; use of modern technologies such as drip irrigation and biological control (MAP), cooling tanks and milking mechanics (milk), extension services and free oil program.
- *Labor power and infrastructure*. Availability of labor, storage, processing, transportation capacities, and support for infrastructure improvements through grants and support programs.

7 Refer to Annex 1 for detailed questions.

- *Access to market and bargaining power*. Price setting, formal contracts with buyers, negotiation with processors (milk) and other actors in the value chain. For both sectors, the potential of uniting farmers and creating cooperatives was assessed as a way to increase bargaining power.
- *Addition of value and certification*. Opportunities for organic production (MAP), product certification, in-house processing (milk) and the impact of these practices on value addition and access to higher paying markets. Also, the short value chain was addressed as an opportunity to maximize farmers' profits.
- *Financial support*. Financial support policies to increase production capacities were addressed in the case of both value chains.

Interviews with other actors involved in value chains

To gain a clearer understanding of farmers' positioning within the selected value chains, the consultation process also included six semi-structured interviews with other sector stakeholders. For the dairy sector, interviews were conducted with representatives from processing companies such as Erzeni, ASG, and Çibuku. In the MAP sector, interviews were held with companies such as Gjoka and Çibuku, as well as the Association of Medicinal and Aromatic Plants. These interviews were essential in understanding the processing industry's approach to standards, quality, and contractual relationships with farmers. Interviewees were asked about the main challenges in ensuring high-quality raw materials for processing, their experiences in collaborating with farmer groups, negotiation practices, ways to prevent unfair trading practices, and efforts to help farmers improve quality standards while adapting to consumer trends and preferences. Additionally, a meeting was held with representatives from the RISI Albania project, which has focused on the medicinal and aromatic plants sector.

2.3 SECONDARY DATA

Secondary data includes a review of existing literature along with the collection and analysis of statistical data. Several previous sectoral studies on MAP and milk form the foundation of the literature used in this report. Additionally, official documents related to agriculture and rural development, such as National Strategies, Decisions of the Council of Ministers, and Ministerial Instructions, were reviewed.

More specifically, secondary data for this study were obtained through the review of the following sources:

- National-level strategic, policy, and research documents, including reports from the Ministry of Agriculture, Rural Development and Rural Development, Institute of Statistics of Albania (INSTAT), and the General Directorate of Customs, with a focus on production, trade, and subsidy statistics for the sectors studied. Additionally, Decisions of the Council of Ministers and ministerial instructions were reviewed.
- Regional and European policy and strategic documents, aimed at understanding the political framework and strategic priorities, such as the "Farm to Fork" Strategy, the Common Agricultural Policy (CAP) for 2023-2027, with a particular focus on Objective 3, and the rules of the IPARD program.
- Previous studies, including research conducted within the framework of donor-supported projects (USAID, GIZ, Risi Albania, etc.), as well as scientific analyses by researchers and experts in the relevant fields. These studies provide detailed insights into selected value chains and the challenges farmers face in improving their position within these chains.

2.4 DATA ANALYSIS

The data were analyzed using qualitative and statistical methods.

Qualitative analysis facilitated the processing of data from interviews and focus groups through text summarization techniques, including coding and thematic categorization. This approach highlighted key themes such as high input costs, lack of collaboration, and conservation practices.

Descriptive statistical analysis of secondary data was used to examine the performance of key indicators such as milk production, cultivated area of MAP, exports, and average prices. Additionally, to understand farmers' position in the value chains, a value chain diagram was developed, illustrating the main actors (farmers, collectors, processors, traders, exporters) and the connections between them.

Limitations of study

Despite incorporating both primary and secondary data, the study has several limitations. The main challenges include the lack of available statistics for some indicators and the absence of recent data for others. Additionally, the interviews and focus group discussions were based on an indicative sample, which introduces a margin of error in the collected data. Furthermore, some stakeholders were unavailable for direct interviews, affecting the depth of information gathered. To mitigate these limitations, a complementary analysis of primary and secondary data was conducted.

3. GENERAL CONTEXT FOR THE DAIRY AND MAP SECTORS

3.1 CONTEXT OF DAIRY SECTOR

3.1.1 BASIC DATA AND MAIN TRENDS

Livestock, particularly dairy production, is one of the key subsectors of agriculture in Albania, playing a crucial role in both farmers' incomes and domestic market supply, contributing approximately 40% to the total value of agricultural products. Moreover, livestock products, such as milk, are essential not only for domestic consumption but also for expanding agricultural exports.

Over the years, the dairy sector has undergone significant changes in terms of livestock numbers, production volume, and yield per head. Statistics indicate substantial declines in the number of livestock bred. From 2000 to 2023, the cumulative decrease for each category was 48% for cows, 31% for sheep, and 36% for goats. This downward trend has continued in recent years, with the period 2019-2023 showing a 27% decline in the number of cows, 20% in sheep, and 24% in goats.[8]

Table 4. Main trends of heads (000) during 1990-20239

CATEGORY	2000	2002	2005	2010	2015	2017	2019	2021	2022	2023
Cows	448	435	430	355	357	349	316	278	261	232
Sheep	1,448	1,414	1,312	1,337	1,417	1,407	1,257	1,116	1,085	1,006
Goats	800	698	701	576	700	717	671	599	563	512

Source: INSTAT (2024)

These data highlight the challenging situation facing the sector and underscore the urgent need for intervention to address the factors contributing to the decline in livestock numbers and to ensure the long-term sustainability of the livestock sector.

Significant fluctuations in milk production have been observed over different periods, with both increases and declines. Between 1990 and 1996, total milk production rose by 50%, reflecting favorable conditions and improvements in agricultural practices. This growth was accompanied by yield improvements, as higher production levels were achieved despite the relative stability in livestock numbers. However, after peaking in 2017, total milk production began to decline, reaching a 22% reduction by 2023. Cow milk, the largest contributor to total production, decreased by 22%, while sheep and goat milk production declined by 26% and 20%, respectively. Despite these reductions, the increase in yield per animal indicates that productivity improvements have helped mitigate the impact of declining livestock numbers, reflecting advancements in farm techniques and herd management.

8 INSTAT (2024). Statistical Database. Livestock. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BU__AFC/ BU04/

9 INSTAT (2024). Statistical Database. Livestock. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BU__AFC/BU04/

Table 5. Milk production by category during 1990-2023

CATEGORY	1990	1996	2017	2022	2023	NDRYSHIMI NË %
Cows	421,000	895,000	983,000	825,000	765,000	-22.15%
Sheep	44,000	70,000	87,000	69,000	64,400	-25.98%
Goats	52,000	79,000	87,000	76,000	70,000	-19.54%
Total	517,000	1,044,000	1,156,000	970,000	901,000	-22.08%

Source: INSTAT (2024)

Studies indicate that livestock farms in Albania are generally classified into three categories: small farms (fewer than 10 heads), medium farms (20-50 heads), and large farms (over 100 heads), with the latter employing more advanced technology and achieving higher productivity. However, small farms dominate milk production, with approximately 96% of farms having fewer than five cows in 2018. In mountainous and hilly areas, farming is primarily focused on sheep and goats, with small farms often relying on public pastures. In contrast, in plain areas, cattle are mainly raised for both milk and meat production.

As mentioned earlier, one of the most positive developments in the sector is the increase in milk yield per head, which has risen by over 125% from 1990 to 2023.[10] This growth reflects significant improvements in production technologies and animal nutrition. These advancements are most evident in large farms, which have benefited from government programs and international support to modernize equipment and implement more efficient practices. Meanwhile, smallholder farmers continue to face challenges in improving yields, primarily due to limited access to funding and technology.

Regarding the geographical distribution of farmers in the dairy sector, Fier and Tirana emerge as the leading regions for milk production. However, in regions such as Berat and Tirana, there has been a decline in livestock numbers between 2021 and 2023. This trend underscores the need for policies aimed at preserving existing farms and encouraging younger generations to invest in agriculture.

Table 6. Number of cows bred by regions where consultative meetings were held

REGION	2021	2022	2023
Fier	58,100	38,100	38,900
Tirana	36,300	26,500	22,400
Berat	15,500	15,400	13,200

Source: INSTAT (2025).

10 INSTAT (2023). Statistical database. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BL/YIELD_02/

Support for the dairy sector in Albania (2019-2024)

The dairy sector, as a key pillar of the Albanian economy, has been a focus of government budgetary support measures. Over the years, the government has allocated funds through the national support scheme, primarily by subsidizing the registered basic herd. For cow breeding, the average support has been 10,000 ALL per head for farmers with a minimum of 10 cows. However, since 2020, the support measure for milk delivered to processing points has been discontinued.

Table 7. Budgetary support provided over the years to the livestock sector[11]

	NATIONAL SCHEME		INVESTMENT SCHEME	
YEAR	SUPPORT FOR THE REGISTERED BASIC HERD.	SUPPORT FOR MILK DELIVERED TO PROCESSING POINTS	CONSTRUCTION OF ANIMAL BREEDING FACILITIES	EQUIPMENT AND MECHANIZATION FOR LIVESTOCK FARMS
2019	**Minimum**: 100 sheep and/or goats **Value**: 1,000 ALL/head	For farms raising cows and/or small livestock, support is provided based on a sales tax invoice, but not exceeding 700,000 lek per entity.	N/A	N/A
2020	**Minimum**: 70 sheep and/or goats **Value**: 1,200 ALL/head, but not more than 360,000 ALL per entity **Minimum**: 5 cows **Value**: 10,000 ALL/head, but not more than 500,000 ALL per entity.	N/A	N/A	N/A
2021	**Minimum**: 100 sheep and/or goats. **Value**: 1,200 ALL/head, maximum 360,000 ALL per entity **Minimum**: 10 cows **Value**: 10,000 ALL/head, maximum 500,000 ALL per entity.	N/A	N/A	N/A

11 Agricultural and Rural Development Agency (ARDA, 2025). National Schemes. Accessed from https://azhbr.gov.al/skema-kombetare/

	NATIONAL SCHEME		INVESTMENT SCHEME	
YEAR	SUPPORT FOR THE REGISTERED BASIC HERD.	SUPPORT FOR MILK DELIVERED TO PROCESSING POINTS	CONSTRUCTION OF ANIMAL BREEDING FACILITIES	EQUIPMENT AND MECHANIZATION FOR LIVESTOCK FARMS
2022	**Minimum**: 100 sheep and/or goats. **Value**: 1,200 ALL/head, maximum 360,000 ALL per entity. **Minimum**: 10 cows. **Value**:10,000 ALL/head, maximum 500,000 ALL per entity.	N/A	N/A	N/A
2023	**Minimum**: 100 sheep and/or goats. **Value**: 1,200 ALL/head, maximum 360,000 ALL per entity. **Minimum**: 10 cows. **Value**: 10,000 ALL/head, maximum 500,000 ALL per entity.	N/A	N/A	N/A
2024	**Minimum**: 100 sheep or goats. **Value**: 1,200 ALL/head. For herds exceeding 300 heads, the benefit amount is reduced by 50%, excluding applicants with "farmer group" or "agricultural cooperation association" status. **Minimum**: 10 cows. **Value**: 10,000 ALL/head per farmer/applicant For herds exceeding 50 heads, the benefit amount is reduced by 50%, excluding applicants with "farmer group" or "agricultural cooperation association" status.	N/A	Financing covers **50% of the total value of tax invoices** for the construction of facilities for raising cows, sheep, and goats. The facilities must meet the minimum capacity requirements of **10 cows or 100 small livestock.** The maximum benefit amount is up to **15,000,000 ALL per entity.**	Financing of **50% of the total value of tax invoices** for the purchase of equipment and machinery that help modernize livestock farms. Maximum **5,000,000 ALL per entity**.

Source: ARDA (2025).

In 2024, the Ministry of Agriculture and Rural Development (MARD) introduced an investment scheme aimed at increasing productivity and promoting sustainable rural development. This scheme includes two measures that directly impact the dairy sector: the construction of facilities for raising cows, sheep, and goats, and the purchase of equipment and machinery to modernize livestock farms. Each measure provides for 50% coverage of the tax invoice for the respective investments.

These support schemes are designed to equip farmers with financial resources and modern technology, enhancing both the quality and quantity of production while simultaneously contributing to improved rural livelihoods and sustainable economic growth.

3.2.1 ORGANIZATION OF VALUE CHAIN

The dairy value chain in Albania consists of a diverse range of actors, including farms of various sizes, private collectors, milk processing plants, cooperatives, and exporters. Each link in the chain plays a distinct role, directly influencing milk quality, food safety, and the final price for consumers. The following section provides a detailed description of each key actor, their organizational structure, and the challenges related to coordinating contractual relationships throughout the value chain.[12]

Small ruminant farms and cow farms (primary source of milk)

Farmers are essential links in the milk supply chain for the processing sector. Their profiles vary widely, from very small farmers with 1-2 cows or 10-20 small livestock to medium and large farms with hundreds of heads. This diversity influences production capacity, milk quality, hygiene standards, and the nature of their relationships with processors.

Small-scale farmers

This category typically includes farms with fewer than 10 cows, often lacking adequate infrastructure, such as hygienic milking areas, storage facilities, and cooling equipment. Many of these farmers have limited knowledge of quality standards and veterinary practices, making it difficult for their milk to meet the required hygiene parameters. Additionally, small farmers often receive lower purchase prices from collection companies or processors, generally ranging from 55 to 64 ALL per liter. Some farmers, however, sell milk directly to consumers or distribute it in neighborhoods and local markets at higher prices (60-80 ALL per liter). While this approach can be more profitable, it presents challenges related to food safety and quality maintenance.

Medium-scale farmers

These farms typically have 20-50 cows and higher production capacities. They often use milking equipment and cooling tanks, ensuring better hygienic conditions and, consequently, higher milk quality. Nearly all the milk produced by medium-sized farmers is delivered to processing plants, where it is sold at a slightly higher price than that of small farmers.

Large-scale farmers

These farms typically have 100 or more cows, with annual milk production per cow often exceeding 7,000 liters. They use modern technologies such as automated milking systems and high-quality storage facilities, ensuring a high hygienic standard. Their production meets milk quality standards, with low levels of microbial load and somatic cells. As a result, their milk is sold at higher prices.

12 The classifications in categories are based on the AGT and DSA sectoral study. (2021). Milk Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/06-Milk-Sector-Study-Final.pdf

Small ruminant farms

Sheep and goat milk production plays a significant role in several mountainous and hilly regions of Albania. Farmers in this sector are also categorized based on farm size:

Small-scale farms

In most cases, small farms maintain a mix of 2-3 cows and 10-20 small ruminants. Farmers typically sell their milk to local collectors or small processors, with minimal hygiene practices in place. These farms often rely on public pastures for grazing.

Large-scale farms (small ruminants)

These farms are typically located in remote mountainous areas, such as the north and south of the country, where pastures are abundant. Many farmers add value to their milk by processing it into cheese in small on-farm factories. However, the lack of hygienic conditions during milking often results in a high microbial load in the milk.

Specialized farms

Some small and medium-sized farms focus on high-yielding breeds, such as Alpine and Saanen for goats or Lacaune and Awassi for sheep. Operating under a semi-intensive system, they can produce up to 600-800 liters of milk per head per year. These farms maintain higher hygiene standards and often adopt integrated business models, either supplying directly to large processors or operating their own processing plants and branded stores.

Despite the diversity of farmer groups, this analysis considers only farms that breed cows.

Milk processing plants (middle chain actors)

Albania has hundreds of processing units, ranging from small to medium and large-scale operations, each with its own advantages and challenges. Some of these units are described below.

Small processing units

These processing units are primarily located in rural and mountainous areas and rely on traditional technology. They typically process milk from small livestock, particularly sheep, and often operate seasonally. Hygiene conditions generally do not meet quality standards. The main products produced in these units include traditional cheeses such as kaçkavall, white cheese, butter, and cottage cheese. These products are often sold unpackaged, primarily in small shops, local markets, or directly to consumers.

Medium processing units

These processing units are typically located near areas with high milk production and process cow's and goat's milk into products such as cheese, butter, yogurt, and cottage cheese. Some operate their own specialty shops, promoting their product range to local customers. Their investments in equipment are generally more moderate compared to large factories.

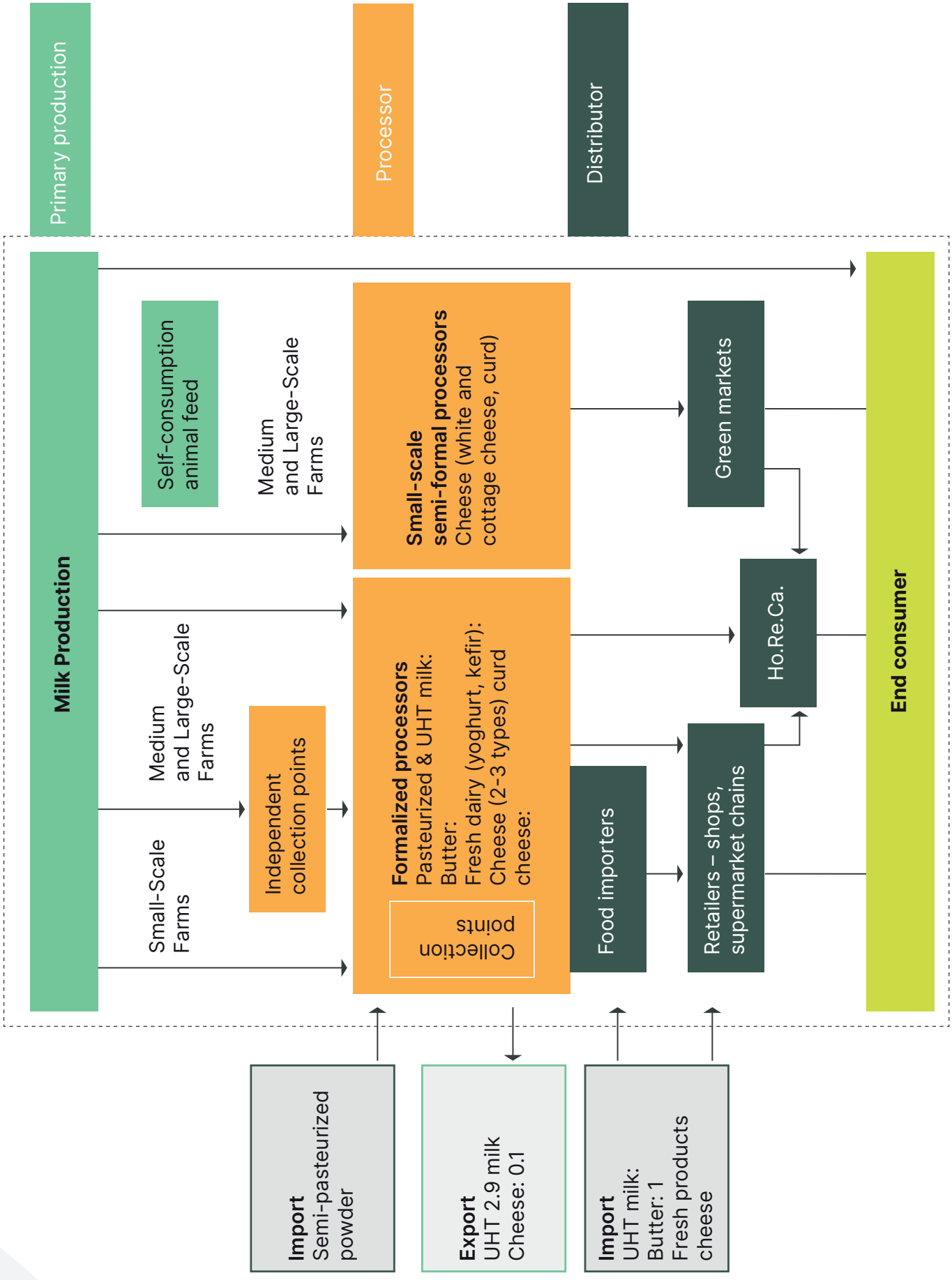


Figure 1. Dairy value chain

Large processing factories

These companies have made significant investments in modern technology, distribution networks, and refrigerated storage. They often operate complete processing lines, producing a wide range of dairy products, including pasteurized milk, fruit yogurt, butter, various cheeses, and UHT milk. Through contractual agreements, they source milk from farms of different sizes. In the case of large farmers, they establish formal contracts that specify quality standards (such as microbial load, antibiotic presence, and somatic cell count), as well as payment terms and deadlines. Large factories also have transport and distribution logistics, including refrigerated vans, ensuring supply to both supermarket chains and traditional markets. A common practice among these units is providing technical and veterinary support to farmers to help improve milk quality.

Trading channels and dealers' role

In the domestic market, dairy products are distributed through various channels, including:

Supermarket chains

In recent years, the number of supermarkets and mini-supermarkets in urban areas has increased. These outlets are primarily supplied by large and some medium-sized processors, offering packaged or open cheeses, UHT milk, and other standardized dairy products.

Specialized dairy stores

These are small and medium-sized units specializing in the sale of cheese and other dairy by-products. They primarily source their products from small or medium-sized factories, often without packaging or standardization indicators. Customer trust is typically built through personal acquaintance or the store's reputation.

Neighborhood stores and bakeries

Neighborhood stores and bakeries are present in every urban area, offering a wide range of dairy by-products, including cheese, yogurt, and milk. Neighborhood stores are often supplied through informal networks of intermediaries, while bakeries primarily source their dairy products from large processors with whom they have long-term agreements.

In addition to these channels, short value chains exist where farmers sell processed milk or cheese directly to consumers without intermediaries. These practices are common in rural and peripheral areas but present challenges related to food quality and safety.

3.1.3 GOVERNANCE OF VALUE CHAIN AND RELATIONSHIPS BETWEEN FARMERS AND PROCESSORS

Value chain coordination and contractual issues

Coordination among the various links in the dairy value chain is essential for improving both the quality of the final product and food safety. One of the most critical relationships is between small farmers and large dairy processing plants, as the latter possess the financial resources, expertise, technology, and capacity to enforce quality standards on farmers while also providing essential support. This support includes the supply of milking equipment, veterinary advice, and standardized milk collection centers, helping farmers improve production efficiency and meet market requirements.

Research on small farms indicates that most prefer short-term relationships or "spot" transactions, selling milk to processors offering the highest price at the time of delivery. Only about 44% of farmers

report having long-term relationships with the same buyer.[13] This lack of stability negatively impacts joint investments, as neither farmers nor processors feel secure enough about the continuity of their cooperation to commit to long-term improvements.

However, there are positive examples that highlight the mutual benefits of cooperation between farmers and other links in the value chain. Previous studies have shown that large processing companies, such as Erzeni, recognize the importance of formal contracts in improving milk quality and supply reliability. These contracts establish payment rates, hygiene standards, milk testing for microbial and antibiotic residues, and delivery deadlines, ensuring a more structured and predictable collaboration between farmers and processors.

On the other hand, large dairy farms are more likely to have consolidated relationships with processors. Since they produce larger quantities of milk, they have greater bargaining power, allowing them to secure higher profit margins and establish stable agreements with large processors, particularly for UHT or premium products. However, even in cases where relationships appear stable, small farmers often remain "price takers," meaning they must accept the prices offered due to the lack of strong bargaining processes.

Key factors in contracting farmers

Interviews with milk processors reveal that, beyond the trust between farmers and buyers, additional investments - such as cooling tanks, milking equipment, and other infrastructure - play a crucial role in formalizing their relationships. Other key factors include the processor's willingness to provide guidance on animal health, the farmer's awareness of production risks, and efforts toward innovation. Farmers who are more innovative or seek financial security are generally more inclined to accept long-term contracts, fostering greater stability in the value chain.

Role of cooperatives

Cooperatives and farmer groups serve as a model for enhancing the bargaining power of small farmers and improving milk quality. A positive example is the Myzeqeja Farm Cooperative, which collaborates with the Erzeni Company. By operating as a single entity, the cooperative is able to:

- reduce the cost of milk collection (transportation),
- standardize milking and product storage practices,
- perform laboratory analyses of milk to meet the requirements of the processing company.

In return, the processing company faces less risk in ensuring the quality and quantity of milk, reduces transaction costs, and guarantees a stable income for farmers. Through such collaborations, farms often gain access to training and technology, leading to increased milk yield and improved quality.

13 AGT and DSA (2021). Milk Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/06-Milk-Sector-Study-Final.pdf

Box 1. Examples of positive chain governance practices

The Erzeni Company is one of the largest and oldest dairy processors in Albania, based in Berat. Since its establishment, it has invested approximately 10 million euros in modern technology, leading to a continuous increase in production capacity. Erzeni's strategy for signing contracts with farmers includes:

- Clear agreements on hygiene standards, including microorganism levels, antibiotic presence, and somatic cell count.
- Support with veterinary advice, provided by the company's employed veterinarians.
- Installation of modern laboratories and collection centers to assess milk quality upon receipt.

These practices are a model of success for other processors seeking to increase the quality of supply and expand into the domestic and foreign markets. The main challenge remains raising farmers' awareness of hygiene standards and ensuring compliance with withdrawal periods after antibiotic treatment.

Based in Sukth of Durres, the AGS Company employs a staff of 65 people. All farmers working with the company operate under bilateral contracts that clearly define the terms of cooperation, including the minimum required quantity, milk quality parameters, pricing, contract duration, and other essential details to ensure a productive partnership. According to AGS, "*group agreements have both advantages and challenges. While they help stabilize milk prices, they can also lead to collective instability in cases of dissatisfaction. If one farmer decides to leave, others may follow due to their close relationships with one another*."

The company collaborates with farmers through its veterinarian, who reviews the results of daily analyses and maintains regular communication with them. The veterinarian provides guidance on achieving optimal milk parameters, offers assistance in improving hygienic conditions, and advises on enhancing milk quality. Additionally, support is given on animal nutrition formulas and overall health care. AGS has maintained a five-year collaboration with a group of farmers in the Baldushk area, where it established a milk collection center. This facility allows all contracted farmers to deposit their daily milk production, ensuring a more structured and efficient supply chain.

Source: Author's interviews with processing companies

3.2 CONTEXT FOR MAP SECTOR

3.2.1 BASIC DATA AND MAIN TRENDS

The MAP sector is a key sector for Albania's agriculture, accounting for approximately 20% of agricultural exports and providing income for around 80,000 farming families. With about 95% of its production exported, Albania ranks among the world's leading exporters of medicinal and aromatic plants. This sector is also a significant source of employment, particularly for residents of rural and mountainous areas. However, the sector remains fragmented, and in recent years, a contraction and decline in its overall contribution to the economy have been observed.[14]

Cultivated area and produced quantity

Statistical data for the period 2019-2023 highlight changes in the cultivated area and production of MAP, including both field-grown and wild plants. These figures reveal a varied dynamic, reflecting the sector's evolving trends and challenges.

14 AGT and DSA (2021). Medicinal and Aromatic Plants Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

The production of field-grown medicinal plants has shown a continuous increase over the analyzed period. From 2019 to 2023, the cultivated area expanded by 22%, while production grew by 38%. This trend reflects efforts to intensify production by increasing both the cultivated area and yield.[15]

Table 8. Production and area surface of field-grown MAPs

MAP OF FIELDS /YEAR	2019	2020	2021	2022	2023
Production (MT tons)	12,922	14,412	15,969	16,430	17,824
Area size (hectare)	5,597	6,297	7,040	7,098	7,192

Source: INSTAT (2024)

Unlike field-grown MAPs, wild MAP production has experienced significant fluctuations. In 2019, production peaked at 633,466 tons but then saw a steady decline, dropping by nearly 30% by 2022. Although there was a slight recovery in 2023, it was not substantial. The cultivated area for wild MAPs has also been volatile. In 2022, it saw a rapid increase of about 145% compared to 2019, followed by a sharp decline of approximately 44% in 2023.

Table 9. Production and area of wild MAPs[16]

WILD MAPS	2019	2020	2021	2022	2023
Production (MT tons)	633,466	662,790	539,948	446,363	467,973
Area size (hectare)	4,615	3,781	10,113	11,326	6,295

Source: INSTAT (2024)

Cultivation is expanding rapidly, driven by increasing demand for organic products and the need to conserve natural resources. Sage remains the most widely cultivated plant, covering approximately 1,300 hectares of farmland. Lavender and oregano are also experiencing significant growth in cultivated areas, contributing to the diversification of the sector's production.

Geographically, MAP cultivation is primarily concentrated in northern Albania, particularly in the Shkodra region, which accounts for around 75% of the country's total MAP production and cultivation. Another key region is Elbasan, representing 12% of total production, followed by Berat, Gjirokastra, Kukës, and Dibra.[17]

Exports of MAPs

According to data, approximately 95% of Albania's MAP production is exported, primarily to the EU

15 INSTAT (2024). Statistical Database. Agriculture. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BU__AFC/BU04/

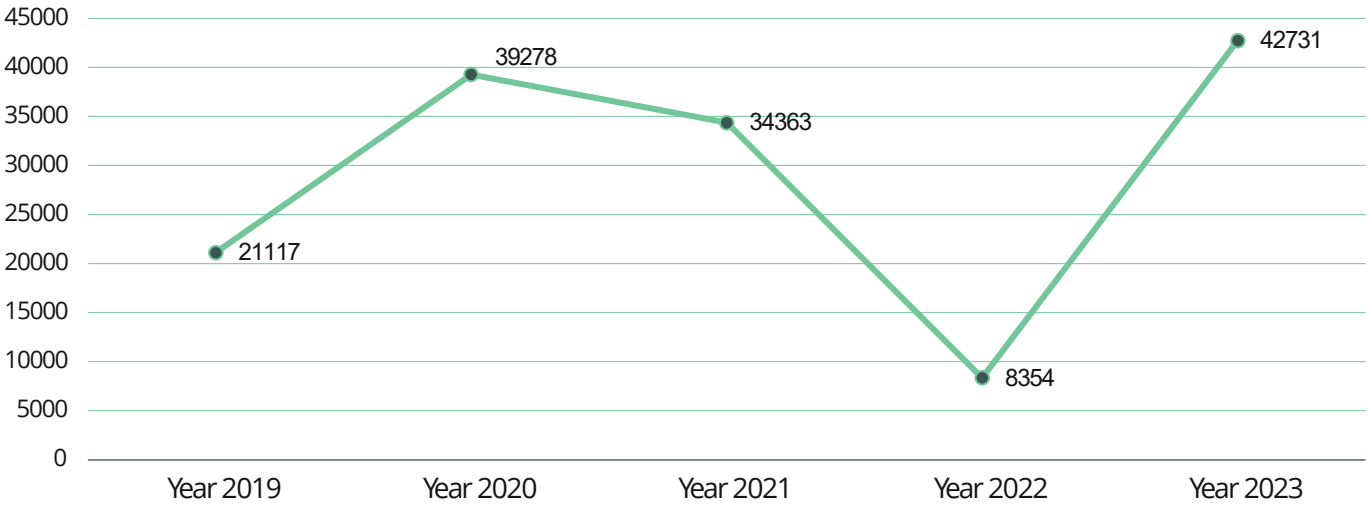
16 INSTAT (2024). Statistical Database. Agriculture. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BU__AFC/BU04/

17 INSTAT (2024). Statistical Database. Agriculture. Accessed from https://databaza.instat.gov.al:8083/pxweb/sq/DST/START__BU__AFC/BU04/

and US markets. France, Germany, and Italy are among the main European destinations, while the US is the largest market for Albanian sage exports, supplying about 50% of US demand for this product. Additionally, China and India have shown increasing interest in lavender and essential oils, further expanding Albania's export opportunities in the MAP sector.

Exports in monetary value have experienced significant fluctuations. In 2020, exports nearly doubled, reflecting a strong market demand. However, in the following years, the trend turned downward. A critical low point was reached in 2022, when exports dropped by almost 76% compared to the previous year. In 2023, there was a partial recovery in the value of MAP exports, indicating a potential rebound in the sector. [18]

Figure 2. Export of MAPs in 2019-2023



Source: General Directorate of Customs (2025)

Farm price performance

MAP prices have been influenced by both international market fluctuations and domestic factors. The price of sage, for instance, has varied significantly in recent years. Currently, farm-level prices for sage range from 120 to 140 ALL per kilogram. Other MAP products, such as helichrysum and lavender, have also experienced price fluctuations due to increased production and shifting international demand. In some cases, overproduction has led to lower prices in the local market, creating financial challenges for farmers.

Production and processing characteristics

MAP production combines both traditional and modern methods. In areas such as Malësia e Madhe, farmers have benefited from investments in modern drying and storage equipment, which help maintain quality and reduce losses. Leading companies, such as MEIA Ltd and Alb-Kalystyan Ltd, have invested in advanced cleaning and processing lines to meet international standards.

The MAP processing industry consists of several large companies and many smaller ones, mainly located in Malësia e Madhe, Elbasan, Korça, and the Tirana-Durres region. Processing capacities have expanded, with increased investments in modern cleaning and storage technology. However, only 30% of MAP

18 General Directorate of Customs, 2025. Statistics. Accessed from https://dogana.gov.al/c/171/225/291/statistika

products are exported as properly processed goods, leaving significant potential for the development of value-added products.[19]

Access to markets and infrastructure

In regions with well-developed export networks, such as Malësia e Madhe and Elbasan, farmers benefit from better access to markets and information. However, in remote areas like Gramshi and Erseka, the lack of transport infrastructure and buyer networks results in lower product prices. Investments in cooperatives and collection centers are essential to enhance the competitiveness of these regions. Market accessibility is significantly easier in areas with a dense network of exporters and collectors, whereas farmers in remote locations face lower prices and high negotiation costs. Improving market access remains a major challenge for the sector.[20]

3.2.2 FINANCIAL SUPPORT FROM GOVERNMENT AND IPARD PROGRAM

The MAP sector has benefited from support programs such as IPARD and the national grant scheme. Between 2019 and 2020, over 2 million euros were allocated for investments in processing infrastructure, storage, and cleaning technologies. These funds have also aimed at promoting sustainable practices and developing organic products. Over the years, national support measures have shifted focus from direct support for MAP cultivation to improving quality through Global GAP and organic certification. In 2021, support for MAP cultivation was 200,000 ALL, but by 2024, it had decreased to 30,000 ALL per hectare. Meanwhile, in 2022, support for Global GAP certification was introduced, covering 50% of the certification tax bill. The same level of support was extended to organic certification starting in 2023.

Table 10. Support scheme for the MAP sector during 2021-2024 [21]

YEAR/ SUPPORT MEASURES	SUPPORT FOR THE CULTIVATION OF MEDICINAL AND AROMATIC PLANTS	ORGANIC AND GLOBAL GAP CERTIFICATION	INVESTMENT SCHEME
2021	Value: 200,000 ALL/ha, up to: - 1,000,000 ALL for individual farmers and farmer groups -4,000,000 ALL for agricultural cooperative associations Minimum: -0.2 hectare per individual -1 hectare in a single block for farmer groups, -5 hectares for agricultural cooperative associations	NA	NA

19 Skreli., E. and Imami., D (2019). Medicinal and Aromatic Plants Sector Study. Albanian Agribusiness Support Program. Accessed from https://www.researchgate.net/publication/336106997_MEDICINAL_AND_AROMATIC_PLANTS_SECTOR_STUDY

20 AGT and DSA (2021). Medicinal and Aromatic Plants Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

21 AZHBR (2025). National schemes. Accessed in https://azhbr.gov.al/skema-kombetare/

YEAR/ SUPPORT MEASURES	SUPPORT FOR THE CULTIVATION OF MEDICINAL AND AROMATIC PLANTS	ORGANIC AND GLOBAL GAP CERTIFICATION	INVESTMENT SCHEME
2022	Value: 60,000 ALL per hectare, for individual farmers or groups of farmers, up to 1,000,000 ALL per applicant Minimum: 1 hectare per farmer or group of farmers	Financing around 50% of the tax invoice for Global GAP certification for crops, including medicinal and aromatic plants.	NA
2023	NA	Financing around 50% of the tax invoice for Global GAP and organic certification, but not more than 500,000 ALL for a given area.	
2024	Value: 30,000 ALL per hectare Minimum: 1 hectare per farmer or group of farms. For areas over 10 hectares, the benefit is reduced by 50%, excluding farmers organized as a "farmer group" or agricultural cooperative associations.	Support for organic farms in transition, where farmers can benefit from structured support by year: 100,000 ALL in the first year, 150,000 ALL in the second year and 200,000 ALL in the third year for a certified farm.	Financing for the purchase of agricultural equipment and machinery, covering 50% of the total value of tax invoices

Source: ARDA (2025)

The 2024 support scheme, in addition to the national scheme, introduced an investment scheme aimed at increasing production and quality. This scheme supports farmers in improving technology and infrastructure, facilitating the mechanization of cultivation and harvesting processes. Additionally, support for the construction of essential infrastructure, such as greenhouses and other facilities for growing and processing plants, helps farmers enhance production conditions and improve product quality for both domestic and foreign markets.

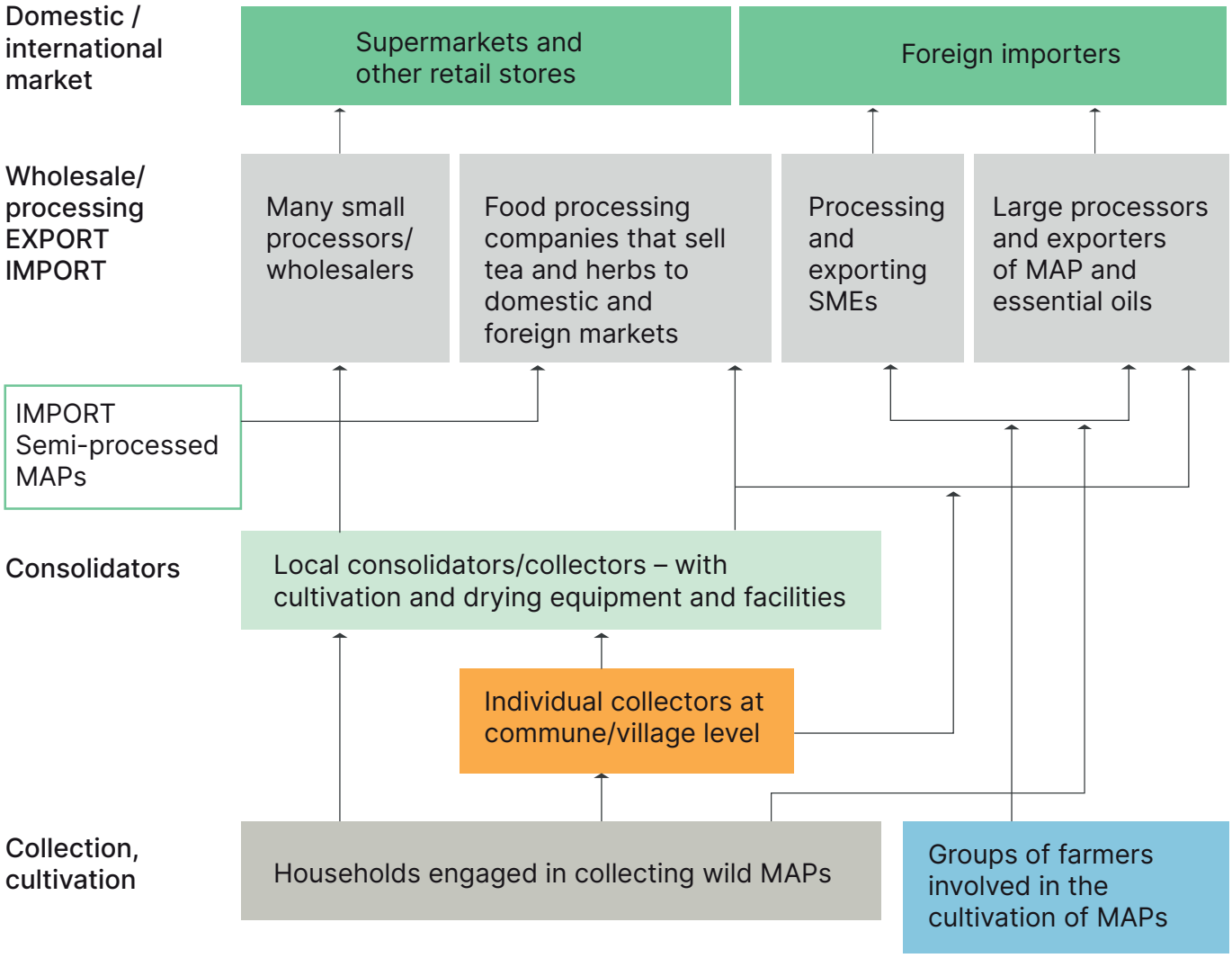
However, government support has been considered insufficient in addressing the challenges faced by the sector. The MAP sector faces several key issues, with land fragmentation being one of the most significant, limiting economies of scale and reducing the capacity for large investments. Additionally, lack of coordination leads to mismanagement of production, lower selling prices, and improper pesticide use, which poses risks to exports in European markets. Furthermore, support policies and financing are not always tailored to the specific needs of the sector, further exacerbating the difficulties for farmers. Enhancing market access and developing new products will be crucial for Albania to strengthen its position as a global leader in MAP exports.

3.2.3 ORGANIZATION OF MAP VALUE CHAIN

The MAP sector in Albania has undergone significant transformations from the communist period to the present day. Before the 1990s, the MAP value chain was highly centralized and state-controlled. Local farmers, organized in agricultural cooperatives, served as the primary suppliers to regional collection centers and warehouses. These centralized structures, managed by entities such as Herba Fructus Ltd., Gjedra Ltd., and Albducros, were responsible for selection, cleaning, and, in some cases, further processing of MAP in factories like the tobacco factory in Shkoder. The processed products were exported to Western Europe under a monopolistic system, ensuring uniformity and quality control but limiting farmers' autonomy and flexibility.

After the fall of the communist regime, the MAP value chain in Albania became more fragmented. The privatization of collection centers led to the emergence of a diverse market, with a growing number of consolidators and small collectors. Today, Albania has over 30 exporting companies involved in the processing and export of MAP, creating a more decentralized and competitive market structure. The current value chain is characterized by a simplified flow, where most collectors and some farmers sell their products to larger collectors, who then distribute them to processors or exporters. Many exporters also process MAP into essential oils, adding value before the products reach international markets

Figure 3: MAP value chain



Source: Adapted from Skreli, E. and Imami, D (2019); AGT and DSA (2021)

Key actors in the MAP value chain[22]

Input suppliers

MAP production in Albania relies primarily on imported seeds from countries such as the Netherlands, Germany, and Bulgaria. Some processors provide farmers with low-cost or free seeds to encourage the

22 The analysis of the value chain links is based on the sectoral study. AGT and DSA (2021). Medicinal and aromatic plants sector study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

cultivation of specific MAP varieties. There is also a growing focus on the production of indigenous seeds certified by local authorities. This effort is supported by entities such as Salvia Nord in Upper Koplik and the Agricultural Technology Transfer Center (ATTC) in Shkodra, which conduct experiments on indigenous seed production and introduce new MAP varieties to enhance local cultivation.

Harvesters and cultivators

Around 20,000 families are involved in collecting wild MAP, while approximately 4,000 farmers are engaged in cultivating it. These growers typically sell their products to local collectors or directly to exporters in regions with well-developed processing networks, such as Malësia e Madhe.

Individual collectors

At the Administrative Unit or village level, around 150-200 individual collectors are active. They gather products from harvesters and supply them to regional collectors or processing companies. The continuous involvement of new individuals in this segment of the value chain reflects its dynamism.

Regional collectors

Around 30 collectors operate at the regional or district level, serving as intermediaries between individual farmers, harvesters, and processing or exporting companies. These collectors typically handle activities such as drying, cleaning, and sorting MAP, often using old warehouses that do not meet quality standards. While most collectors process between 20-150 tons of MAP per year, some in mountainous regions such as Dibra, Kukes, Skrapar, Erseka, and Gjirokastra manage over 250 tons annually. In certain municipalities, such as Malësia e Madhe, investments in drying and storage infrastructure have improved the operational efficiency of farmers.

Processors and exporters

This segment represents the final link in the value chain. There are approximately 21-23 small processors/exporters, with annual capacities ranging from 150 to 500 tons and financial turnovers below 1 million euros. These entities often face limitations in processing technology, storage capacity, and human resources, which forces most of them to sell all or most of their production to larger exporters. Medium-sized processors, such as ATC Ltd., have diversified their activities by producing final products like teas, spices, and juices. Similarly, companies like Kraco Ltd. have strengthened their position in both local and international markets, offering a wide range of MAP-based products. Distribution channels for these processors include grocery stores, supermarkets, pharmacies, specialty stores, and bars or restaurants.

On the other hand, a group of 12 large companies—including Gjedra Ltd., Filipi Ltd., Xherdo Ltd., Mucaj Ltd., and others—process between 500 and over 2,000 tons of MAP per year, with a financial turnover ranging from 3 to 6 million euros. These companies maintain strong commercial ties with international buyers and often support local farmers by providing cultivation inputs or investing in capacity-building initiatives to promote good agricultural practices.

Dealers

Processed or fresh MAPs are sold through various retail outlets, with supermarket chains playing an increasingly important role. Large supermarkets, such as Big Market and Eco Market, source spices and herbs from local processors. Traditional traders, including grocery stores, pharmacies, restaurants, and specialty stores, remain key distribution channels for MAP products. Additionally, some types of MAPs are available in fresh fruit and vegetable markets, primarily as medicinal products.

4. FINDINGS AND DISCUSSIONS

The findings in this section are based on an analysis of the positioning of farmers in the dairy and MAP value chains. The discussion offers a detailed overview of the challenges and opportunities in each value chain, drawing from the perceptions of key stakeholders and an assessment of current policies. This section also includes a SWOT analysis for both sectors, identifying strengths, weaknesses, opportunities, and threats, providing a solid foundation for strategic recommendations.

4.1 FINDINGS OF THE CONSULTATION ON THE DAIRY VALUE CHAIN

Farmers in Albania's dairy sector face multiple challenges, primarily due to highly fragmented farm structures, a shortage of labor and necessary infrastructure, high input costs, and a market lacking contractual regulation, where processors hold dominant control over milk pricing. Additionally, limited livestock yields, the absence of extension (advisory) services, and ineffective financial support from existing schemes further weaken farmers' position in the value chain. Despite these challenges, there is potential to increase product value through investments in technology, on-farm processing, and direct sales. A detailed analysis of the key factors influencing farmers' position in the dairy value chain is outlined below.

The main challenges confronting farmers in the dairy value chain

Access to inputs

Farmers struggle to access essential inputs like livestock feed due to high production costs and limited financial support from subsidy schemes: "*Considering the cost of land rent, fertilizer, seeds, machinery, and everything else, it is more affordable for me to buy it rather than produce it myself*." (Focus group discussion, male farmer, Berat, October 2024). During consultation meetings, farmers stated that they produce about 80% of their livestock feed themselves: "*We produce most of the feed ourselves... we only buy soy and some protein supplements*." (Focus group discussion, male farmer, Lushnje, October 2024). Financial constraints prevent them from purchasing in bulk or storing livestock feed. One farmer emphasized: "*We do not have the savings to buy feed directly from the producer, so we are forced to purchase it through intermediaries at a higher price*." (Focus group discussion, male farmer, Berat, October 2024), highlighting their inability to buy in bulk.

Dependence on imported inputs increases costs and limits access to quality supplies. Small farms often lack the financial capacity to purchase concentrates and other livestock feed, negatively affecting milk yields and quality. Farmers also note that certain products, such as soybeans, must be purchased: "*We cannot grow soybeans. It is not profitable because it requires many work processes and takes too much time*." (Focus group discussion, male farmer, Lushnje, October 2024).

The lack of financial resources and the high costs of inputs such as concentrates, soybeans, chemical fertilizers, and fuel put farmers at a disadvantage in the value chain. As a result, they often reduce the quantity or quality of inputs, leading to low milk yields. Additionally, the lack of storage capacity for concentrated feed worsens the situation: "*We have no storage capacity*." (Focus group discussion, male farmer, Zall Herr, November 2024). Another issue raised by farmers concerns government subsidies, which they say are often delayed, particularly fuel subsidies: "*Oil is reimbursed... late, it is no longer worth it*." (Focus group discussion, male farmer, Zall Herr, November 2024). They also consider the amount of fuel provided insufficient. A Tirana farmer says "*I got some fuel for free. Yet, it doesn't cover the costs*." (Focus group discussion, male farmer, Zall Herr, November 2024).

Workforce

The shortage of labor is a major challenge for the dairy sector. The emigration of young people remains

one of the main factors behind this shortage and, in many cases, the abandonment of livestock farming: "*The new generation is leaving, there is no one to continue the activity, that is why I am selling my cows*" (Focus group discussion, male farmer, Lushnje, October 2024). Moreover, discussions with farmers reveal that even young people who remain in rural areas are reluctant to engage in livestock farming: "*My wife and I do all the work on the farm. My wife only milks the cows, I do all the other work, while my children are here, but they do not want to work in livestock farming*." (Focus group discussion, male farmer, Zall Herr, November 2024). Another farmer highlights the reluctance of young people to engage in demanding tasks, such as stable cleaning or manure handling, stating, "*No one wants to work with cow manure*." (Focus group discussion, male farmer, Zall Herr, November 2024).

These factors, combined with high labor costs, force farmers to rely on family labor and use traditional methods, limiting efficiency and often hindering production growth or value-added processing. During consultation meetings, farmers emphasized that they handle a significant portion of the work themselves using traditional methods: "*We do many processes as a family, there are no workers from outside*." (Focus group discussion, female farmer, Lushnje, October 2024). Another farmer added, "*We do the work ourselves... in case of power outage, we milk the cows by hand*." (Focus group discussion, male farmer, Berat, October 2024).

The reality shows that emigration, urbanization, and the lack of interest among young people have significantly reduced the rural workforce. Even when farmers manage to find workers, they demand high daily wages of up to 3,000 ALL, which farmers cannot afford. In most cases, farms operate without external workers, relying entirely on family members, often the oldest. This situation limits their ability to increase livestock numbers, expand, and, in some cases, even continue their activity.

Milk storage

The lack of proper cooling and storage infrastructure remains one of the most critical issues affecting milk quality. Focus group discussions revealed that most farmers, especially small-scale ones, do not have cooling tanks and often use basic tools, such as plastic cans, for milk storage, which compromises its microbiological quality. The representative of the Myzeqeja Farm Association emphasized: "*Many farmers do not have cooling containers, and we take the product directly to the collection points... we do not have cooling tanks*." On the other hand, farmers who have managed to acquire cooling equipment report that these tools do not fully meet their needs: "*That cooling tank is no more than 3 quintals. It is enough for 3 cows, or 6 to 9, but not more*." (Focus group discussion, male farmer, Berat, October 2024).

The lack of individual or central cooling tanks leads to milk spoilage or loss of value and reduces its quality for processing: "*I don't have a cooling tank, and the milk spoils.*" (Focus group discussion, male farmer, Berat, October 2024). This puts farmers at a disadvantage, as they are forced to sell their milk quickly, often at lower prices: "*I take it to the dairy at a low price because I can't store it*." (Focus group discussion, male farmer, Zall Herr, November 2024). These shortcomings result in additional costs due to product spoilage, especially during warmer months. During discussions, many farmers noted that when processors have cooling infrastructure, they benefit by purchasing milk at a lower price.

Other issues stem from the fact that milking is often done by hand, and milk is stored in plastic cans or barrels, often without temperature control: "*We milk it, put it in a can with cold water, and sell it... in plastic bottles. I take the full bottles to families, and they give me empty ones in return.... to distinguish them, if they want, they tie a scarf on them...*" This practice increases bacterial contamination and reduces milk quality. Due to high costs, investments in milking parlors or cooling tanks are rare among small farmers, posing a major obstacle to improving product quality and, consequently, increasing the selling price of milk.

Training and education

Access to training and education is a crucial factor in improving milk quality and increasing yields. Unfortunately, consultation meetings with farmers revealed that most face difficulties in accessing technical training or zootechnical extension service, leading them to continue relying on traditional practices.

Farmers express concern over the lack of structured training or advisory support from public institutions. According to them, "*The training has been provided by Italian, Austrian projects... not by the state*." (Focus group discussion, male farmer, Lushnje, October 2024). Another farmer highlights the absence of opportunities to build the capacities of young people in agriculture: "*There is no training for young people. We are all unmotivated.*" The only service they have benefited from is veterinary care when livestock fall ill, but they do not receive regular advisory support to improve yields or manage milk quality. The role of associations in this regard also appears weak. Discussions with farmers reveal skepticism about associations as actors that could help increase their knowledge: "*The association has held a meeting, but we don't trust it*." (Focus group discussion, male farmer, Zall Herr, November 2024). Many farmers emphasize the need for training and advice on feed rations and livestock maintenance.

Some initiatives supported by foreign donors have provided seminars, particularly on artificial insemination and milking hygiene, but most farms have not been able to benefit. Additionally, processors such as Erzeni and AGS, in interviews conducted, stated that they offer advice to the farmers they work with on quality and hygienic-sanitary conditions. However, these training opportunities are limited and do not reach all farmers, partly due to the limited capacity of extension services in terms of the number of specialists.

These challenges are further exacerbated by the small size of farms, which results in low yields. Studies show that production mainly comes from very small farms, with average yields of around 3,000 liters per year, compared to the EU average of over 7,000 liters per year. This fragmentation leads to minimal investment in technology, infrastructure, and capacity-building opportunities for good animal husbandry practices. The lack of proper knowledge further limits productivity, as few farmers purchase balanced feed or invest in genetically advanced breeds.[23]

Farmers' position in the value chain to add value

Strengthening farmers' position in the value chain requires a detailed analysis of their current role within the chain and the identification of factors that can drive this process forward. Key aspects identified during consultation meetings include the use of technology (mechanical milking, cooling systems, high-yield breeds), on-farm processing, and direct sales, which offer opportunities to increase the value of milk and reduce farmers' dependence on trader prices. However, high costs, limited access to financing, legal and regulatory barriers related to food safety standards, and labor shortages present significant challenges. A detailed analysis of each of these factors is provided below.

Technology and innovation

The use of modern technology by farmers remains limited due to high costs and a lack of sufficient financial resources. During meetings, farmers reported sporadic instances of acquiring advanced equipment, mostly through donor-funded projects: "*The project brought it to us. The Italians offered us seminars, brought us milking machines for 600 euros and helped us; otherwise, it would have cost 1.9 million ALL*." (Focus group discussion, male farmer, Lushnje, October 2024). However, many farmers have not benefited from such projects or significant subsidies. They express dissatisfaction with government support, citing complicated and bureaucratic processes to access subsidies: "*They brought me a pilot project, but that project was for bosses, not for me. I built a hangar with 15 million ALL, built a roof, spent all that money on the stable, and got into debt. Then they bring me a pilot project where the state reimburses 50%, and I can buy whatever I want. I need aggregates, a small tractor, or a hay harvester—why doesn't the state provide it for free, or allow me to mortgage the farm and pay it off gradually? Instead, they offer 50/50, which only benefits those with sufficient income.*" (Focus group discussion, male farmer, Berat, October 2024).

23 AGT and DSA (2021). Milk Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/06-Milk-Sector-Study-Final.pdf

The complex procedures for obtaining subsidies often discourage farmers, particularly young people, from engaging in the sector: "*I saw my father doing this work and decided to help him. Now I have 25 heads. I have been receiving these grants for four years—10,000 ALL per cow—but I have not received any other assistance. I wanted to apply for a stable, but the procedures were too many, a project was required, and I decided to give up. I got a house building permit, expanded the stable with my own money, and the state only helped with the permit. I have received no other benefits. I just want something to clean the stable, to make it easier to remove manure—some mechanical equipment…*" (Focus group discussion, young farmer, Lushnje, October 2024).

While foreign donors have contributed to improving some technological aspects, domestic investment remains low. Many farms still rely on traditional technology, limiting productivity and quality improvements. Enhancing yields through better breeds, modern milking equipment, and cooling systems improves milk quality and saves time, but most farmers lack the financial means for such investments. Regarding more advanced technologies, such as solar panels, farmers see these investments as unattainable without government subsidies: "*We have not seen a solar panel… one should be an MP!*" (Focus group discussion, male farmer, Berat, October 2024).

Previous studies indicate that efforts have been made to introduce artificial insemination and improved breeds, particularly in the regions of Fier, Elbasan, and Korça, leading to an average yield increase of about 10% in recent years.[24] However, for very small farms, such investments are not justified by their production volume, making support from public programs essential.

Processing and direct sales

Direct sales from farmers to consumers remain limited, with most farmers selling milk to collection points or dairies at low prices. Processors often delay payments and impose unfavorable conditions. Additionally, many small farmers sell limited quantities of milk through informal channels, while poor infrastructure hampers the development of collective cooperation within the value chain. However, during the consultation process, some limited practices of direct milk sales—also known as the short value chain—were observed. These practices are more noticeable in the Zall Herr area, where farmers have better access to markets and urban areas: "*Today I sold 30 bottles, both to households and in markets. The markets are no longer taking our milk, because the product is not up to standards…*" (Focus group discussion, male farmer, Zall Herr, November 2024). Another farmer described informal direct sales to household consumers: "*I sell milk to households in plastic bottles*." (Focus group discussion, male farmer, Zall Herr, November 2024).

Direct on-farm sales or milk processing (e.g., mini-dairies, fresh cheese) can significantly increase profit margins. However, most farmers struggle to meet safety standards, navigate legal procedures, and afford the investment costs for processing systems. When asked whether they process milk for cheese or butter production, they responded: "*We only produce for home or for some 'forlorn people.' We do not make cheese for the market*." (Focus group discussion, female farmer, Lushnje, October 2024). A large proportion of farmers are reluctant to engage in milk processing due to concerns about meeting hygiene requirements or a lack of human resources: "*If we processed the cheese ourselves, we would earn more… but there is no time, we do not have workers*." (Focus group discussion, male farmer, Berat, October 2024).)

Interviews with other actors in the value chain, such as the Erzeni company, indicate that most farms continue to sell fresh milk, as investing in processing lines requires licensing, refrigeration facilities, and additional costs. Only the largest farms (20–50 cows) have attempted to produce cheese, cottage cheese, or yogurt, generating higher profits compared to selling raw milk. The lack of quality standards and the small production volumes of smaller farms have led processors to source milk primarily from larger farms.

24 Biçoku., Y (2023). Milk Sector Trends: The Case of Albania. International Journal of Agriculture and Environmental Research. DOI: https://doi.org/10.51193/IJAER.2023.9514

Financial support

Results from the consultation meetings indicate that government support for farmers in the dairy sector is insufficient to meet the sector's needs and promote its development. Regarding livestock support, farmers consider it inadequate and difficult to access: "*The state helps us with these allowances per head, but it's not like they make a big difference for us…*" (Focus group discussion, male farmer, Berat, October 2024). Farmers state that, under these conditions, they are not motivated to increase their livestock numbers and require greater support: "*We need support to encourage us to increase the number of livestock.*" (Focus group discussion, male farmer, Zall Herr, November 2024). Additionally, some farmers expressed frustration with the investment scheme, particularly regarding difficulties in obtaining construction permits for stables: "*The government told us it would build stables, and then it doesn't give you permission to build them, it doesn't let you do so…*" (Focus group discussion, male farmer, Lushnje, October 2024). Many subsidy schemes also require formal documentation that small farms often lack (e.g., licenses, active taxpayer status, proof of ownership). Without these documents, farmers are unable to access support schemes.

In the absence of sufficient government support, donor projects have served as a lifeline for a limited number of farmers: "*We have been supported by Italian projects… but we have no support from the state.*" (Focus group discussion, male farmer, Lushnje, October 2024). However, this support has not been enough to drive a large-scale transformation of the dairy sector. While the role of donors is significant, their activities remain largely concentrated in a few pilot areas.

Impact on decision-making and sales prices

Collective organization and bargaining power

The lack of cooperatives and farmer associations weakens farmers' bargaining power. During consultation meetings, a lack of cooperation and trust among farmers was evident: "*We have no unions and nothing else to protect us*." (Focus group discussion, male farmer, Lushnje, October 2024). Even where they exist, farmers' unions and associations are often inactive or ineffective: "*Associations do not convey farmers' concerns*." (Focus group discussion, male farmer, Zall Herr, November 2024). Limited cooperation prevents farmers from influencing decision-making and price setting. They are almost always subject to the prices set by processors, with little control over the final value of milk. This is due to the dominance of a few large processors, the absence of long-term contracts, and the lack of horizontal cooperation among farmers. As emphasized in focus groups in Lushnje: "*The two factories have the power to set the price*." (Focus group discussion, male farmer, Lushnje, October 2024). Only large farms have relatively stronger negotiating power, as they supply high-quality products that meet standards and provide milk in larger quantities.

On the other hand, the absence of formal contracts and transparency leaves farmers with little or no influence over the terms of sale. Regarding their formal relationships with dairies, farmers report that contracts with collectors are rare: "*I don't have a contract with the dairy… no one has one. Only trust*." (Focus group discussion, male farmer, Zall Herr, November 2024). Additionally, weak collective organization prevents the standardization of practices and the establishment of fair mechanisms for value sharing, further disadvantaging farmers in the supply chain.

Most farmers with 1–2 cows sell their milk to traders or small processors, who dictate all the terms. Farmers have no control over setting either the price or the quantity. This also applies to those with over 20 cows, who may receive a slightly higher price of 58–62 ALL per liter, yet still lack any decision-making power over the final price.

Key factors determining farmers' income in the value chain

High input costs, low milk prices, low production volumes, poor milk quality, and insufficient financial support are the main factors affecting farmers' incomes. Many farmers struggle to cover basic production costs, and small farmers often rely on milk for self-consumption or informal sales. Farmers' incomes are also influenced by yield per animal and genetic quality, competition from imported

products, and the level of organization among farmers. The fragmented structure of farms exacerbates these challenges, as small farmers face the highest production costs per liter while achieving the lowest yields.

Market structure, farmers' unions and lack of collective organization

The dairy sector is made up of a large number of farms, but the absence of functional cooperatives prevents them from standardizing their products or negotiating better prices. The lack of trust among farmers further exacerbates this issue. As analyzed earlier, farmers are generally not optimistic about joining groups, cooperatives, or associations. In some cases, farmers openly acknowledge this challenge: "*Cooperation is lacking, and there is no trust among farmers*." (Focus group discussion, male farmer, Berat, October 2024). Even where such structures exist, skepticism remains about their effectiveness: "*Alb-Agro has 50 members, but it is not a true cooperative*." (Focus group discussion, male farmer, Zall Herr, November 2024).

Generally, small farmers (1–2 cows) do not see the benefit of joining collective structures. While a union could help increase the quantity of milk and provide some influence on pricing, this rarely happens in practice. Another significant barrier is the informal economy, where many farms lack proper documentation, making contractual agreements with other farmers or actors in the value chain more difficult.

The case of "Myzeqeja Farm" is considered a good practice that has provided significant benefits to farmers. In addition to reducing production costs and securing formal contracts with processors, farmers within this structure have gained some leverage in negotiating sales prices. As one farmer explained: "*If the contract is terminated, it is not a problem for us because we have demand for the product and can sell elsewhere. I have already explored several options for selling milk, and if I find a buyer offering a higher price, I will switch. I will inform the company and, if they match our desired price based on product quality, I will stay. Otherwise, I will terminate the contract and sign with someone else.*" This example highlights the potential benefits of collective action, allowing farmers to diversify their sales channels and strengthen their position in price negotiations.

Price and transparency

The price of milk offered to farmers often does not reflect their actual costs, and transparency regarding pricing is frequently lacking. This situation arises because farmers do not have access to information on import prices or processors' costs. Even when formal contracts exist, the terms often fail to establish clear conditions, leaving farmers with little control over pricing and financial stability.

During consultation meetings, farmers identified what they perceive as "discrimination" in milk pricing, driven by the dominance of a small number of processing and trading entities. One farmer highlighted the disparity: "*We sell milk for 55 ALL, while supermarkets sell our milk for 200 ALL per liter*." (Focus group discussion, male farmer, Lushnje, October 2024). Another farmer pointed out the lack of a structured pricing mechanism: "*We do not have a mechanism for setting prices. I, who have higher production costs, sell it at a higher price, while someone else sells it cheaper... but the price itself is adjusted. That's why I believe that if there were an association, the price would be unified every two or three months, and it would be higher...*" (Focus group discussion, male farmer, Berat, October 2024). These perspectives reflect the need for collective bargaining structures to help farmers achieve more stable and fair pricing for their products.

In addition to their limited ability to influence prices, farmers feel threatened by competition from imported dairy products. When companies import milk and dairy products from neighboring countries at lower prices, local farmers are forced to reduce their prices even further to remain competitive. On the other hand, interviews with processors indicate that the price at which local farmers sell milk is already higher than the price of imported milk. As an industry representative from Erzeni stated: "*The farmers' selling price of milk is higher than that of imports,*" while also pointing to additional costs such as high VAT and land fragmentation. Previous studies have reached similar conclusions, emphasizing that although Albanian farmers sell milk at an average price higher than in neighboring countries, their

profits remain lower due to the significantly higher production costs they face.[25]

Another important factor in determining the price of milk is its quality. Many farms lack the means to conduct laboratory analyses to assess key indicators such as dry matter content and hygiene. Without these analyses, farmers struggle to prove the quality of their milk, limiting their ability to negotiate better prices. Access to laboratory testing would enhance farmers' credibility and allow them to secure higher selling prices based on objective quality standards.

Yield per animal

Milk yield remains a major concern for farmers, limiting their ability to strengthen their position in the value chain. Consultation meetings highlighted that the average yield for smallholder farmers remains low, at around 3,000 liters per cow per year. One farmer expressed the challenge: "*If a cow produced 5,000 liters per year, I would make some profit. But with 2,000–3,000 liters, it is not even worth milking*." (Focus group discussion, male farmer, Lushnje, October 2024). This clearly illustrates why farmers raising low-yielding local breeds struggle with low incomes. In contrast, those operating in regions with fertile soils and well-managed pastures achieve higher yields and are able to sell their milk to larger processors, improving their financial stability.

Cost of animal feed and veterinary expenses

Feed costs and veterinary services are key factors influencing farmers' incomes. Results from consultation meetings indicate that feed expenses account for 50–70% of total costs. For small farmers who cannot buy in bulk or produce high-quality feed, these costs are even higher, reducing their profit margins to a minimum. Many farmers purchase seeds, chemical fertilizers, and veterinary drugs at high prices due to the small quantities they require. Often, they borrow feed from local vendors, making late payments after selling milk. In cases where their cattle fall ill, some are unable to repay their debts, further increasing financial insecurity. This situation also negatively impacts milk yield, as one farmer explained: "*We cannot buy good quality concentrates, so the yield remains low*." (Focus group discussion, male farmer, Zall Herr, November 2024).

It is encouraging that some farms with 20–50 cows or over 200 sheep/goats have begun diversifying their activities by producing cheese, cottage cheese, and other dairy products. As one farmer explained: "*The large processors dictate everything, so we have to maintain the entire chain ourselves...*" (Focus group discussion, male farmer, Lushnje, October 2024). This approach allows farmers to capture a larger share of the added value, increasing their profitability. However, it also requires significant investments, compliance with hygiene standards, and an adequate labor force, which remain major challenges for many farmers.

SWOT analysis for the dairy sector

Findings from the consultation meetings and a review of previous analyses highlight several strengths in the dairy sector, including favorable climatic and natural conditions, a long tradition in milk production, and increasing consumer demand for local products. However, farmers continue to face significant challenges, such as high feed costs, limited cooling and storage capacities, a shortage of labor, and insufficient financial and advisory support. Addressing these issues is crucial for improving productivity, enhancing milk quality, and ensuring the sector's long-term sustainability.

25 Biçoku., Y (2023). Milk Sector Trends: The Case of Albania. International Journal of Agriculture and Environmental Research. DOI: https://doi.org/10.51193/IJAER.2023.9514

Table 11. SWOT analysis for the dairy sector

Strengths (S)	Weaknesses (W)
➔ Suitable natural and climatic conditions create an ideal environment for producing high-quality milk. ➔ A strong tradition in milk production and traditional dairy products, such as white cheese and cottage cheese, which have a stable market and a good reputation. ➔ Consumer trust and preference for local, fresh, and natural products, especially milk.	➔ High costs for livestock feed and veterinary services negatively impact farmers' incomes. ➔ Labor shortages due to migration, declining interest among young people, and high labor costs threaten the sustainability of livestock farming. ➔ Low production levels, reliance on traditional methods, and limited use of modern technologies reduce competitiveness with imports. ➔ The lack of standards and certifications for food safety requirements restricts access to international markets. ➔ Difficulties in financing and investment prevent local farmers from keeping up with larger competitors. ➔ Limited knowledge of food safety, standards, market demand, pricing, and distribution channels weakens farmers' market positioning. ➔ Lack of cooperation and weak negotiation skills prevent farmers from benefiting from economies of scale and achieving unified market access.
Opportunities (O)	**Risks (T)**
➔ Growing demand for local and organic products in both domestic and international markets presents export opportunities for farmers. ➔ Support from EU programs and rural development funds offers financing opportunities for modernizing equipment, improving standards, and expanding into EU markets. ➔ Investments in technology, such as new processing lines, hygiene equipment, and modern management systems, can enhance productivity and improve product quality.	➔ Competition from imported products, often offered at lower prices and with established standards, challenges the competitiveness of domestic products. ➔ Climate change and environmental factors can negatively impact production, increasing uncertainty for farmers. ➔ Food safety concerns may lead consumers to prefer products with international certifications, disadvantaging domestic products that lack quality certification. ➔ Bureaucratic procedures and high certification costs create barriers to accessing EU markets. ➔ Operating in an oligopolistic market increases the risk of discriminatory pricing for farmers, limiting their bargaining power.

Source: Author's analysis.

4.2 FINDINGS OF THE CONSULTATION ON THE MAP VALUE CHAIN

The main challenges confronting farmers in the MAP value chain

Farmers in the MAP value chain face multiple interconnected challenges that limit the sector's potential for rural economic development. Limited access to quality inputs, labor shortages, inadequate storage and drying infrastructure, and a lack of training and education hinder productivity and quality improvement. Additionally, high farm fragmentation and low levels of trust among farmers reduce cooperation, increasing their dependence on collectors.

Input Access and Costs

Farmers face significant challenges in securing essential inputs such as fertilizers and seedlings due to high costs and uncertain quality. Discussions with farmers highlighted that heavy reliance on imported inputs negatively impacts production yields: "*It would be good if seedlings were produced by state entities to ensure higher quality; otherwise, these products are rejected by traders. Due to the high price of seedlings, we cannot afford to buy them.*" (Focus group discussion, male farmer, Reç, October 2024). Bulk purchasing options remain limited due to farmers' lack of financial capacity. The high cost of chemical fertilizers is also a major concern: "*A bag of chemical fertilizers is expensive… we do not have the capacity to buy it in bulk*." (Focus group discussion, male farmer, Reç, October 2024). As a result, many farmers use fewer intensive methods or avoid chemicals altogether: "*We produce our plants without chemicals.*" (Focus group discussion, female farmer, Reç, October 2024). The difficulty in obtaining quality fertilizers and seedlings increases production costs while reducing yields. Some areas rely on self-produced seedlings, but quality and quantity remain inconsistent: "*We produce our own oregano seedlings… we take the seeds and plant them*." (Focus group discussion, male farmer, Belsh, October 2024). Additionally, farm fragmentation and small-scale cultivation further exacerbate the issue, as farmers with limited land are less willing to invest in quality equipment and inputs.

Workforce

Farmers rely primarily on family labor due to a shortage of available workers, which limits farm expansion and productivity. This labor shortage threatens the sustainability of production and reduces market competitiveness. One of the main factors behind this issue is the emigration of young people, as farmers collectively acknowledge: "*Young people go abroad… we have nowhere to find workers*." The depopulation of rural areas has significantly reduced the labor force, making it increasingly difficult to find seasonal workers for labor-intensive activities. Low interest in farm work and the rising cost of labor further exacerbate the problem. Farmers note that wages have increased, while young people continue to leave rural areas: "*A worker will earn 3,000 ALL per day… we work mainly as a family*." (Focus group discussion, male farmer, Belsh, October 2024). In some cases, the lack of available labor has even led farmers to abandon their activities. "*I failed due to lack of labor*," stated one farmer (Focus group discussion, male farmer, Reç, October 2024). Another added: "*There are no more workers… we are ready to abandon production*." (Focus group discussion, male farmer, Reç, October 2024).

Drying and storage capacities

The lack of proper storage and drying facilities leads to significant product losses, particularly in areas where farmers rely on natural drying methods. "*About 20% of the product is lost due to the lack of storage conditions because farmers have nowhere to dry and store it*," noted one farmer (Focus group discussion, male farmer, Reç, October 2024). Many farmers report that they lack suitable conditions for drying or storing their plants. "*I dry the oregano in the sun… I keep it at home, I do not have the conditions*," explained a farmer (Focus group discussion, female farmer, Belsh, October 2024). To address this issue, some large processing companies have invested in storage infrastructure, including silos and drying ovens near farming areas. However, small farmers struggle to access funds or obtain construction permits for storage facilities. "*The investments in warehouses have been taken by large companies… we got nothing*," stated a farmer (Focus group discussion, male farmer, Belsh, October 2024). During meetings, farmers emphasized that building silos or warehouses is further complicated by bureaucratic hurdles in obtaining permits and applying for funding.

The lack of storage and drying infrastructure results not only in product losses but also in reduced quality of MAP, directly impacting farmers' incomes. This issue has further widened the gap between small farms and larger firms, as larger companies are often able to secure investments for silos and drying ovens, while small farmers struggle with limited resources. Many farmers are forced to dry MAP in the field or in open spaces without proper ventilation, which affects product quality and marketability. A positive example of addressing this challenge is BIOBES's investment in drying ovens in Hormova, Tepelena, located near farmers. Through this initiative, farmers sell their fresh products to BIOBES and benefit from higher prices, improving both their income and product quality.[26]

Training and education

The lack of extension services remains a major challenge for farmers in the MAP sector, limiting efforts to improve product quality and farm efficiency. Discussions revealed that extension services primarily assist farmers with applications for support schemes rather than providing technological or agronomic advice. "*The extensionist only calls us regarding fuel schemes ...we receive no technological advice*," noted one farmer (Focus group discussion, male farmer, Reç, October 2024). Another emphasized the absence of specialized training: "*There is no proper training structure for medicinal plants.*" (Focus group discussion, male farmer, Reç, October 2024). A particularly concerning issue is the lack of soil analyses, which are essential for optimizing production and ensuring sustainable farming practices. As one farmer stated: "*No proper soil analyses have been carried out since 1982*." (Focus group discussion, male farmer, Reç, October 2024).

It is important to note that quality declines due to the lack of proper post-harvest treatments and standardization. Drying under non-standard conditions leads to changes in color and loss of essential oil content.[27]

The absence of a proper training system that includes quality standards and modern techniques, combined with the lack of soil analysis, leaves farmers struggling to adopt modern practices.

Farmers' position in the value chain to create added value

Farmers can increase the value of their products through investment in technology and innovation, advanced post-harvest methods (drying, distillation, packaging), organic certification with proper marketing and controls, diversification of varieties, and organization into cooperatives or farmer groups for better access to financing and markets.

Technology and innovation

The implementation of modern technologies and innovative techniques is essential for increasing yields and quality. However, the lack of financing slows this transition, especially for small farmers. Farmers report that they cannot access modern technologies: "*We are working with traditional methods. We lack drip irrigation systems.*" (Focus group discussion, male farmer, Belsh, October 2024). Another farmer adds: "*We do not use modern technologies... the plants are resistant*." (Focus group discussion, male farmer, Reç, October 2024). Yield improvement depends on seed quality and irrigation technology. Farmers who use quality seeds, modern irrigation methods, and consider soil conditions achieve better results. However, climatic conditions and diseases pose significant risks. Climate change increases the likelihood of plant diseases and can cause losses when proper protective measures are not applied.

26 Risi Albania (2024). Medicinal and Aromatic Plants in Albania: A Safe Investment Opportunity. Accessed from https://risialbania.al/media/668e60cd792da.pdf

27 AGT and DSA (2021). MAP Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

Processing and direct sales

Most farmers sell their raw products at low prices due to the lack of processing infrastructure and limited access to direct markets. Farmers highlight significant challenges in processing MAP, including difficulties in finding buyers: "*I have ground the oregano, but I have nowhere to sell it*." (Focus group discussion, female farmer, Belsh, October 2024). Additionally, oil production requires laboratory conditions, which increase processing costs: "*If we were to make oregano oil, laboratory conditions are needed*." (Focus group discussion, male farmer, Belsh, October 2024).

Minimal processing of MAPs (grinding, packaging, essential oil production) adds value only when farmers have access to equipment, specialized markets, and meet required standards. Organic certification can be beneficial, but only if the market and pricing reflect this quality. While demand for organic products is growing in international markets, some farmers report that certification has not always led to higher prices: "*I have organic certification, but it does not affect the price*." (Focus group discussion, male farmer, Reç, October 2024).

The EU, the US, and other markets prefer products with organic certification, offering a price premium of 10–30%, provided the product is well-controlled and marketed. Companies such as Erba M.M. and Sonnentor contract farmers to ensure organic production by supplying quality seeds, providing cultivation advice, and conducting regular inspections. These practices help farmers better understand international market demands and increase the value of their production. Relying on a single plant, such as sage, exposes farmers to drastic price fluctuations. In some areas, farmers are diversifying by cultivating multiple plants simultaneously, including oregano, lavender, thyme, and rosemary. Farmers in Erseka and Dibra have started growing primrose (Primula), lavender, and other flowers, while in Kukes, more farmers are cultivating sage and oregano alongside wild plant collection.[28]

Financial support

Programs such as IPARD and national support schemes provide opportunities for purchasing agricultural equipment and obtaining organic certifications. These measures can enhance technology and strengthen farmers' bargaining positions. However, discussions during consultation meetings highlighted that budgetary support is insufficient given the significant needs of the MAPs sector. The lack of adequate and transparent financial support from state institutions makes long-term investments difficult for farmers. Beyond dissatisfaction with the amount of support and application procedures, there is a noticeable loss of trust in public institutions. As one farmer stated: "*We do not expect anything from the government. The state has completely forgotten us... One needs to have political connections to benefit from subsidies*." (Focus group discussion, male farmer, Reç, October 2024). Farmers are also critical of the centralized structure for fund allocation in support schemes: "*It is handled by a single agency, which speaks for itself. In all countries in the region, subsidies are managed by local government units, while here, everything is controlled from a single central authority*." (Focus group discussion, male farmer, Reç, October 2024).

Donors have introduced several support schemes, but these are often insufficient or complex. "*In Reç, CNVP provided support for planting 200 hectares, but this was not enough to solve the market and price problems*." (Focus group discussion, male farmer, Reç, October 2024). Organizations such as SNV, GIZ, and USAID have provided funding and training to help farmers form groups or develop shared infrastructure. SARED, a project funded by Germany and Denmark, has supported several initiatives in Malesia e Madhe, significantly improving product quality and strengthening farmers' market position. RISI Albania has taken a systemic approach rather than supporting specific individuals. The intervention focused on improving infrastructure and enhancing MAP quality, recognizing that low quality weakens farmers' bargaining power in the value chain and reduces cost-effectiveness in production and

28 AGT dhe DSA (2021). Studimi i sektorit të bimëve mjekësore dhe aromatike. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

marketing. Investments have been directed toward joint projects with exporters, particularly in drying and storage equipment.

Farmers' influence on decision-making and product value

Farmers are the weakest link in the MAP value chain, with little ability to influence decision-making or selling prices. "*The brokers set the price... we have no collection points*." (Focus group discussion, male farmer, Reç, October 2024). One of the main reasons for this is the dominance of a few large collecting and exporting firms that sell the product at significantly higher prices than what they pay farmers. "*The collectors hold the power, while the farmers, are in a much weaker position.*." (Focus group discussion, male farmer, Reç, October 2024). The lack of formal organization further limits farmers' ability to influence decision-making. However, most farmers remain hesitant to join such structures: "*We cannot get together; there is no functional association*." Irrespective of this, examples of cooperation and contractual agreements show that bargaining power increases when functional cooperatives are established. One successful case is the cooperative in Reç, Malesia e Madhe, which has set collective criteria for drying and purity standards for sage, raising the requirements for purchasing companies and improving farmers' position in the market.

Small farmers rarely have the power to negotiate directly with foreign markets due to the dominance of large processors and exporters. The lack of information about price developments in international markets is a key concern raised by farmers during consultation meetings. "*A few years ago, at a fair in Berlin, one of the Albanian traders and a German came to my table... the German told me that there had been no change in the market price for five years. We were looking at each other, asking the trader why he was telling us that the price had fallen?!*" (Focus group discussion, male farmer, Reç, October 2024).

The import of MAP from countries like Turkey and Egypt at lower prices and quality, combined with their mixing with high-quality local products, increases pressure on farmers. At the same time, the absence of contracting models prevents farmers from securing a guaranteed minimum price, leaving them vulnerable to market fluctuations.

Market structure and cooperation

The lack of organization in cooperatives or farmer groups, driven by low trust among farmers, weakens their bargaining power for better prices, institutional support, and reduced production costs. In most cases, large exporters dictate trading conditions, while farmers are forced to accept imposed prices: "*There are six large firms dictating the market; they mix imports from Turkey with ours*." (Focus group discussion, male farmer, Reç, October 2024). The absence of contracts and market information further reduces farmers' negotiating power: "*We have no documents; there is no contract with the broker. To improve the situation in the value chain, contracts must be established*." (Focus group discussion, male farmer, Reç, October 2024).

The oligopolistic market structure, dominated by a few large firms and a lack of trust among farmers, weakens their negotiating power. However, collective initiatives have shown that farmers can gain greater influence over prices, quality, and trading conditions. Successful models, such as the Lujz cooperative, demonstrate that collective cooperation helps reduce costs and increase product value. The Association of Medicinal and Aromatic Plants highlights the importance of collaboration: "*... we see with great interest the cooperation among farmers... every grouping is of interest...*" On the other hand, processors tend to be skeptical about working directly with farmers and signing contracts. As one processor noted: "*I cannot establish a relationship of trust with farmers, as they break agreements.*" (Interview with Çibuku SH.P.K). Despite these challenges, organizations like Bio-Holta and the Lujz Group have strengthened their bargaining power by sharing post-harvest facilities, market information, and standardizing quality.[29] Additionally, donors such as GIZ, USAID, and similar projects tend to

29 26. AGT and DSA (2021). MAP Sector Study. Accessed from https://bujqesia.gov.al/wp-content/uploads/2021/12/04-MAP-Sector-Study_FINAL.pdf.

support collective initiatives, subsidizing equipment purchases, training programs, and infrastructure investments.

Key factors determining farmers' income in the value chain

Farmers' incomes are influenced by a combination of factors, including domestic and international market prices, input and labor costs, product yield and quality, and the level of organization for better price negotiation. High production costs, particularly for labor and inputs, combined with low selling prices, significantly reduce profitability. Additionally, low product quality, resulting from inadequate infrastructure and lack of standardization, further limits farmers' ability to secure higher prices in both national and international markets.

The lack of formal contracts and transparency leaves farmers vulnerable to unpredictable market fluctuations. Focus groups indicate a significant decline in MAP prices: "*The price has fallen from 360 ALL to 220–230 ALL/kg... plus labor costs. From 2600 ALL/kg, the price of sage has now fallen to 70–100 ALL/kg." High input costs further strain farmers: "Renting land costs us a lot*." Meanwhile, a sharp decline in exports has worsened the situation: "*Years 2021 and 2022 have been a disaster*." Additionally, the absence of contracts leaves many farmers with unsold stock: "*A large part of farmers do not have contracts; they are left with stock*." (Focus group discussion, male farmers, Reç, October 2024).

Price and transparency

The price is determined by buyers with little transparency, making farmers' incomes unstable and often insufficient for a sustainable livelihood in rural areas. The absence of formal contracts and up-to-date market price information further weakens farmers' bargaining power.

As analyzed above, farmers consistently highlight the lack of contractual agreements with collectors. In both consultation meetings, this issue was evident: "*We have no documents; there is no contract with the broker*." (Focus group discussion, male farmer, Belsh, October 2024). In most cases, farmers have no information on the final price of their product at later stages of processing or export: "*We do not know how much he sells it for later...*" (Focus group discussion, male farmer, Reç, October 2024). The drastic drop in sage prices is a clear example of farmers' weak position as price-takers: "*The price fell from 2,600 to 70 ALL within a few years, no one considers our opinion*." (Focus group discussion, male farmer, Reç, October 2024). Additionally, competition from imported MAPs from Turkey and Egypt further devalues local products, while farmers remain uninformed about international market trends. On the other hand, processors express concerns about contract enforcement: "*Farmers do not ask about contracts and can easily switch to another broker for a price difference of just 5 ALL.*" (Interview with Çibuku SH.P.K).

SWOT analysis on the MAP sector

The analysis of findings from the consultation process indicates that MAP cultivation benefits from ideal natural and climatic conditions, farmers' long-standing experience in the sector, and Albania's position as a major supplier in international markets. However, several key weaknesses hinder sector development. Farmers face high costs for agricultural inputs and labor, insufficient drying and storage facilities, lack of cooperation among farmers, and limited support from budgetary schemes. These challenges reduce competitiveness and limit the sector's potential for growth.

Table 12. SWOT analysis for MAP sector

Strengths (S)	Weaknesses (W)
➔ Favorable natural and climatic conditions support MAP cultivation, reducing the need for chemicals and facilitating organic certification. ➔ Extensive experience in wild plant collection (sage, thyme) and MAP cultivation, along with adaptability in planting methods, seed selection, and minimal input use. ➔ A priority sector for exporters to EU and US markets, as well as emerging international markets.	➔ Small farm sizes below 0.5 hectares and fragmentation limit economies of scale, increase unit costs, and reduce sustainability. ➔ Insufficient post-harvest management, with uncontrolled sun drying leading to hygiene issues, humidity problems, and losses exceeding 15%. ➔ Limited access to technical advice and training on good agricultural practices, quality standards, and market requirements. ➔ Lack of cooperation and weak negotiation skills prevent cost reduction and reduce farmers' influence in decision-making. ➔ The absence of formal contracts and market information puts farmers at a disadvantage, forcing them to accept unfair prices. ➔ High labor costs, driven by rural depopulation and youth migration, threaten the sustainability of the MAP sector.
Opportunities (O)	**Risks (T)**
➔ Significant potential for expanding MAP cultivation by utilizing land in depopulated areas. ➔ Growing domestic and international demand for MAP. ➔ Support from national schemes, donors, and IPARD for small investments in drying units, minimal processing, input supply, and organic certification.	➔ Rural migration, population aging, and labor shortages threaten the sustainability of the MAP sector. ➔ Climate change may negatively impact MAP production, increasing uncertainty for farmers. ➔ Ecological pressures, such as uncontrolled wild MAP collection in some communities, reduce future production potential. ➔ Bureaucracy and high certification costs create barriers to meeting EU market standards.

Source: Author's analysis.

4.3 ALBANIAN REALITY UNDER EU'S CAP

Strengthening cooperation among farmers

Although cooperation is minimal in Albania, farmers' local expertise and resources can serve as the foundation for contracting models or small producer groups. EU policy encourages the formation of producer groups to enhance bargaining power. By joining forces, farmers can negotiate better prices, access training, and co-invest in infrastructure, which helps reduce production costs.

Improving synergies in the value chain

The highly fragmented farm structure leads to instability and low farm gate prices. EU measures against Unfair Trading Practices (UTPs) are crucial, as farmers often lack formal contracts. Transparent data portals (market monitors) can assist farmers in tracking market prices, reducing their reliance on aggregators, and fostering collaboration among producers.

Support for market-oriented production models

Farmers can capitalize on the growing demand for quality products by aligning with the CAP's calls for market orientation. However, the lack of extension services and infrastructure remains a significant barrier, limiting their ability to fully develop this segment.

Promoting research and innovation

The knowledge gap regarding food safety and standards hinders high-quality production. EU programs focus on innovation transfer and support for modernization, which can improve on-farm practices and provide greater stability for small farmers.

5 . RECOMMENDATIONS

5.1 RECOMMENDATIONS FOR DAIRY SECTOR

The recommendations for the dairy sector are based on an analysis of the current situation, with the goal of ensuring the sustainable development of farms and improving farmers' positions in the value chain. The following are recommendations tailored to the Albanian context, with significant potential for advancing the dairy sector.

- *Building "micro-models" of cooperation*, where farmers form small groups can share the costs of cooling tanks, can help reduce costs, improve quality, and pave the way for more formalized cooperative structures in the future. These groups could also benefit from IPARD and National Scheme funds. This model, tested at Myqeqeja Farm in collaboration with Erzeni, has shown that it not only improves hygiene standards but also reduces costs and increases cooperation among farmers.
- *Encouraging contracting between farmers and local processors*: By signing short-term contracts, farmers gain certainty about the market for their products, while processors ensure a regular milk supply. These contracts can be based on fixed prices or cost-reflective formulas. Pilot projects can help farmers understand contract specifications, and technical assistance can ensure successful implementation. These short-term contracts help stabilize prices, create guaranteed markets, and reinforce cooperation and trust. Investments based on these contracts can be supported by IPARD funds, strengthening the sector's value chain.
- Training and practical advice are crucial for improving farmers' skills and knowledge. Organizing practical field schools can be an effective way to transfer knowledge on food ration management, food planning, and basic accounting. These hands-on sessions, conducted by centers like ATTC, will help farmers realize immediate benefits and adopt best practices in their operations.
- To increase the value of products, *support for value-added products* is essential. Small grants can help family farms establish basic processing lines, such as cheese or yogurt production. The creation of quality seals like "Local Albanian Milk" can differentiate products and promote them in local markets. This measure is feasible for medium and large farms, fostering diversification and the growth of agrotourism.
- *Increasing transparency in markets and prices* by providing an information system through portals or platforms like WhatsApp would enhance farmers' positions in the value chain. With periodic updates on market trends and prices, farmers could make more informed and fair decisions regarding sales and pricing. This would help ensure a more balanced market environment.
- *Facilitating access to finance* through Centres for Agricultural and Rural Assistance (CAARs) can help farmers navigate the complex process of applying for funds. CAARs have demonstrated their effectiveness in easing the application procedures for financing. Successful models implemented in Puka, Kukës, and Dibër can serve as a foundation for expanding this approach nationwide. These centers can offer both administrative and technical assistance, boosting opportunities for farm development and formalization in line with EU policies.
- Programs like the Milk-in-School Scheme, based on the EU's Farm to Fork model, can create sustainable and guaranteed markets for farmers, having a triple impact: improving child nutrition, stabilizing the internal market, and boosting the rural economy. Cooperation between ministries, municipalities, and farmers can ensure that primary schools receive fresh milk, ensuring quality and safety. These programs would provide schools with fresh, local milk, supporting the rural economy and enhancing child nutrition.

5.2 RECOMMENDATIONS FOR MAP SECTOR

The recommendations for the MAP sector focus on improving farmers' position in the value chain by addressing challenges and promoting cooperation between the different links of the sector. Below are some recommendations that are considered suitable for the current stage of development of the MAP sector in the consulted areas.

- *Construction of simple drying facilities in collaboration with processors*: By undertaking basic construction projects like drying tunnels and small warehouses, farmers can improve the quality and value of their products while reducing losses. Successful examples, such as BIOBES, demonstrate that cooperation with processors can help link farmers to markets and ensure high-quality standards. Farmers can organize into micro-groups to create shared drying and storage infrastructure, reducing production losses and improving quality. This approach enhances production conditions, guarantees quality standards, and positively impacts access to both national and export markets.
- *Signing advance agreements and contracts with buyers*: These contracts guarantee stable markets for farmers and reduce price uncertainty. Based on simple standards such as moisture and purity, they provide income security and stability for farmers. Including advice on production technologies and post-harvest handling can increase quality and align products with international market requirements. In some cases, contracts may include the option for advance payments, empowering farmers economically. These contracts ensure adherence to basic production and post-harvest standards, encouraging farmers to adopt modern technologies and best practices. Supporting these contracts through funding from various donors and partners can help formalize trade relations.
- *Practical training* is a key element in the development of the sector. Practical field schools are an effective method to enhance the knowledge and skills of farmers. Organizing short demonstrations on farms, where farmers can learn about drying methods, quality analysis, and cost management, will help improve their farming practices. Combining training with essential tools, such as cutters and clean bags, makes this approach both practical and valuable. Additionally, integrating practical demonstrations with training on technology and management techniques helps reinforce knowledge, leading to improvements in productivity and quality.
- *Promoting efficient use of inputs* through training on soil management and sustainable practices. Reducing dependence on expensive imported inputs helps decrease production costs and increases economic sustainability for farmers. This measure is particularly beneficial for farmers located in mountainous and remote areas.
- *Organic certification of MAPs* offers an opportunity to increase product value in specialized markets. A collective approach, where groups of farmers apply together for certification, can significantly reduce costs and improve access to organic markets. The involvement of purchasing companies in covering part of the costs can be an effective solution to formalize this process. By sharing inspection costs and collaborating with buyers, farmers can benefit from product standardization and greater credibility in organic markets. This approach can be supported through initiatives funded by the National Scheme and EU programs.
- *Increasing price transparency* helps protect farmers from manipulation and unfair practices. Establishing regular bulletins with indicative prices and accessible information platforms enables farmers to make more informed decisions and builds trust in the market system. This initiative can be supported by NGOs and donors, helping farmers reduce dependence on intermediaries and maximize profits.
- *Facilitating access to financing* can be achieved through the expansion of CAARs, which assist farmers in applying for National Scheme funds, IPARD, and bank loans. The successful model implemented in Puka, Kukës, and Dibër can be expanded and adapted to other rural areas. CAARs should support

farmers in navigating application procedures for financial support schemes and donor programs. This service simplifies processes and improves access to funding, enhancing the development and competitiveness of the MAP sector.

6. ANNEX 1

6.1 QUESTIONS FOR CONSULTATION MEETINGS ON THE MAP VALUE CHAIN

1. Access to Inputs
   - Do you cultivate MAP? If so, do you produce the seedlings yourself or do you buy them? Or do you produce and buy them?

     If you buy them, what problems do you have (high price, low quality, other)?
   - Do you fertilize the plants?

     If you buy them, what problems do you have with inputs (high price, low quality, other)?

     Quality of pesticides.

     Do exporters advise you on what types of inputs should be used and in what doses according to EU standards?
2. Availability of workforce
   - Is it challenging to find workers for planting and harvesting MAP?
   - What do you think can be done to solve this problem?
3. Storage capacities.
   - Do you have facilities/warehouses to store and process MAP? What are your needs regarding storage facilities?
   - Has the government provided support to improve your storage infrastructure?
4. Training and education
   - Have you received any advice on production technology? E.g., type of seed, time of fertilization, food security, post-harvest treatment)

     If yes, please comment on what and from whom you received it (extension service, ATTC, private consultants, etc.).

     If no, explain why you did not receive advice.
   - Do you have information about government grants or programs that provide training on good practices for cultivating and processing MAP?
   - Do you exchange knowledge with each other?
5. Tektology and innovation
   - If you cultivate MAP, are you using any new technology for cultivation? For example, biological warfare (control of insects through other insects)
   - If you cultivate, do you water the plants? Do you use drip irrigation?
   - Has the government provided financial assistance for the purchase of modern equipment?

6. Market access and barriers
   - Do you have difficulties selling MAP? What difficulties?
   - Do you have information on which markets your product is sold in?
7. Market structure, fair pricing, contracting and cooperation

   Market structure and price
   - How many exporting/collecting buyers do you sell MAP to?
   - Who determines the price of MAP?

     Do you have any say on the price of MAP?

     Do you have the ability to change buyers?
   - Do you think the prices you sell MAPs at are fair?
   - If you think the prices are low, what causes this?
     a. Buyer power (you have no other choice).
     b. Quantity of MAP.
     c. Quality of MAP.
   - How many vendors do you buy inputs (seeds, fertilizers, etc.) from?

     Do you think the price is high? Why do you think so?

     Is the price the same at all sellers? Why is that?

     Have you considered changing sellers? If so, why?

   Contracts
   - Do you have contracts with buyers? If so, what is stipulated in these contracts?
     a. Quantity
     b. Quality
     c. Food safety
     d. Price
   - Have you faced situations where buyers have reduced the agreed price after delivery or changed the terms of the contract?
   - Would stricter government regulations on fair trade practices protect you from such incidents?
   - If you do not have contracts, do you think the existence of contracts would be in your interest? If so, how?
   - What can the government do about contracting?
     a. Discussion platform (farmers/buyers) to raise awareness about the positive effects.
     b. Financial incentives
     c. Other.

Cooperation

- Are you a member of any MAP farmers' group? If so, comment.
- Would forming a cooperative/association help improve your position? How? Comment.
- Is there currently any government policy to support cooperation?

  For example, the government considers subsidies for farmer groups as a priority.
- How could the government support cooperation?

8. Price at different stages of the value chain
   - Pricing of MAP at different stages.

     What are your typical MAPs?

     How much have you sold, for example, sage (or another typical plant) this year?

     Have you done any cost/kg analysis of sage (you can ask individual farmers).

     Do you have any information on how much 1 kg of ground sage is sold for export? How do you judge the difference between the price you receive and the export price?
   - Do you have information on the purchase price of MAP from different buyers/exporters/ collectors, other than the one(s) to whom you sell the product?

     Are you aware of any sources of information on MAP prices?

     Would information on prices help you decide whether to sell MAP raw or to process it, e.g., grind and sell in simple packages?
9. Adding value through quality and certification.
   - Is there any case of organic certification?

     If so, please comment (benefits, challenges, etc.)

     Have you considered switching to organic production, with organic certificates?
   - Is there any government support to help farmers get certified as organic?
   - How can government-funded certification schemes help you increase the value of your products and access new markets?
10. Processing and direct sales
    - Do you process MAP in-house (simple grinding and packaging)?
    - Do you sell MAP directly to consumers? Do you have plans to do this in hotels, agrotourism, on the street, online, etc.
    - Would selling to local markets help you earn more compared to selling to an exporter/collector?
    - Do you think government support for short supply chains would increase your profits? What do you propose for the role of government?
11. Responding to consumer preferences
    - Do you have information on the growing consumer preference for organic or local products? What are their preferences?

- Can you adapt your production methods to meet these consumer demands?
- How can government programs help you respond to these demands?

12. Risk management and insurance
    - Do you get insurance?
    - Do you think there is a need for an insurance policy? What do you propose for this?
13. Financial support
    - Do you have information on government grants or low-interest loans for the development of farm activities?
    - Have you benefited from these grants?
    - How would financial support help to increase your production?
    - Do you have the capacity to apply?

6.2 QUESTIONS FOR CONSULTATION MEETINGS ON THE DAIRY VALUE CHAIN

1. Access to inputs
    - Do you produce your own livestock feed or do you buy it? Or do you produce and buy it?

      If you produce your own food, what problems do you face?

      How has the government's free fuel policy affected the cost of feed? Do you think this policy should continue?

      If you buy feed, what problems do you face (high prices, shortages in the market)
    - Is it easy for you to find a veterinarian?

      What can be improved in the veterinary service?

      Do you use the advice of the zootechnician? For example, for preparing a suitable feed ration? What can be improved?
    - Do companies provide you with equipment such as cooling containers/cooling tanks?
    - How many vendors do you buy livestock feed from?

      Do you think the price is high? Why do you think so?

      Is the price of animal feed the same at all vendors? Why is this so?

      Have you considered changing vendors? If so, why?
2. Availability of workforce
    - Is it difficult to find workers for animal feed production, work in stables, etc.?
    - What do you think can be done to solve this problem?
3. Facilities and containers for storing milk
    - Do you have adequate facilities and cooling tanks/containers to store fresh milk until sale?

- Are there any government grants or programs to improve cold storage and transportation systems?

4. Training and education
   - Have you participated in any training on best animal breeding practices, regarding:
     - Animal health,
     - Proper animal nutrition (optimal feed ration),
     - For improving milk quality?
   - What do you think the government can do to improve your knowhow?
5. Technology and innovation
   - Are you using modern technology on your farm such as
     - Mechanical milking,
     - Systems for controlling stable conditions (temperature, humidity, etc.)
     - Solar panels on stables
     - Other, please specify.
   - Has the government provided financial assistance for the adoption of new technologies? How and to what extent has this assistance affected?
   - What do you think the government can do to introduce new technologies?
6. Market access and barriers
   - Do you have difficulties selling your milk? What difficulties?
     - Has your milk ever been returned by the buyer?
     - If so, for what reason?
7. Market structure, fair pricing, contracting and cooperation

   Market structure
   - How many buyers/factories do you sell milk to?
   - Who determines the price of milk?
     - Do you have any say on the price of milk?
     - Do you have the option to change buyers/factories? Why?
   - Do you think the prices at which you sell milk are fair?
   - What has been the price trend over the years?
   - What causes the sale at low prices?
     - Buyer power (you have no choice).
     - Quantity of milk.
     - Quality of milk.

Contracts

- Do you have contracts with buyers? If so, what is stipulated in these contracts (quantity, quality, security, price, duration)?
- Have you faced situations where buyers have reduced the agreed price after delivery or changed the terms of the contract?
- Would stricter government regulations on fair trade practices be a measure to protect you from such situations?
- If you do not have contracts, do you think the existence of contracts would be in your interest? If so, how?
- What can the government do about contracting?

Cooperation among farmers

- Would forming a cooperative help improve your position in the value chain?
- Is there currently any government policy to support cooperatives?

  The case of government support for farmer groups.

  Are you aware of any favorable taxation policies?

  Are you aware of any disfavoring taxation policies in the past (case of Myzeqeja Farm – VAT 20% on sales and 6% on purchases)
- How can the government support cooperation (in the EU, milk producer groups are very important organizations)?

8. Price at different stages of the value chain and transparency
   - At what price did you sell your milk this month?
   - Have you done any cost analysis for a liter of milk (can be requested from individual farmers)
   - Do you have any information on how much 1 liter of milk from the factory where you sell it sells for in the supermarket?

   Do you have information on the purchase price of milk from different buyers/factories?
   - Are you aware of any sources of information on milk prices?
   - Would information on prices help you decide whether to sell raw milk or process it?
9. Adding value through quality enhancement and certification
   - Does your buyer differentiate the price according to the quality of the milk, e.g., based on dry matter, fat percentage, other indicators?
   - Have there been government policies to improve quality standards, e.g. policies for subsidy per liter of milk.
   - If you sell milk to a factory/dairy
     a. Have you heard of organic milk production?
     b. Is your buyer interested in organic production?
     c. Do you think organic production would be of interest to you?

d. Have you considered getting certified as organic to enter higher paying markets?

10. Processing, direct sales and short value chain
    - Do you sell your milk directly to consumers? Do you have plans to do this through home sales, street sales, online sales, etc.
    - Do you process your milk at home (cheese, curd, butter, etc.)?
    - Would selling to local markets help you earn more compared to selling to a factory?
    - Do you think government support for short supply chains affects your profits? What do you propose for the role of government, e.g., local markets in the city, farm group stores in the city, links with agritourism, etc.
11. Responding to consumer preferences
    - Do you have information on the growing consumer preference for organic or local products? What are their preferences?
    - How can government programs help you respond to these demands?
12. Risk management and insurance
    - Do you buy insurance on your animals and stables?
    - Do you think there is a need for an insurance policy? What do you propose for this?
13. Financial support
    - Do you have information on government grants or low-interest loans for farm improvement?
    - Have you benefited from these grants?
    - How would financial support help to increase your production?

6.3 QUESTIONS FOR SEMI-STRUCTURED INTERVIEWS WITH PROCESSORS

What are the key challenges in obtaining high-quality milk for processing?

1. Have you ever collaborated with farmer groups?
2. Do you plan to collaborate with farmer groups in the future?
3. What benefits have you gained or anticipate from working with farmer groups?
    - How does working with farmer groups contribute to a more sustainable and higher-quality milk supply?
    - What specific cost efficiencies do you see, such as reduced logistics or transaction costs?
    - How does this partnership impact your ability to implement training programs and provide technical assistance on milk quality and safety?
    - Do you believe formal agreements (contracts) with farmer groups help ensure price and supply stability?
    - How does collaboration with farmer groups help you navigate competitive pressures, including those from imported products?

- What types of government support would facilitate cooperation or enhance the quality of milk supplied by farmer groups?

4. How does your company address unfair trading practices and improve transparency in the milk supply chain?
   - What measures does your company take to ensure fair trade with farmers, such as clear contract terms, timely payments, or stable prices?
   - How do you support farmers in accessing market price information?
   - Do you provide or use any market information tools or platforms for farmers?
   - How does sharing market information strengthen your relationships with farmers?
5. Is your company engaged in developing high-value products, such as organic or geographically certified milk?
   - What challenges and benefits do you see in producing organic or certified dairy products?
   - How does investing in these products influence your relationship with farmers?
   - Do you offer specific support or training programs to help farmers meet the standards for high-value products?
   - Do you receive any support for investing in these certifications?
   - How do these products help you and farmers access premium markets?

PARTICIPATORY CONSULTATION AND DIALOGUE
to Strengthen the Farmers' Position in Value Chain

THE CASE OF THE DAIRY AND MEDICINAL & AROMATIC PLANT SECTORS

NATIONAL REPORT
ALBANIA