



THE ALBANIAN AGROBUSINESS COUNCIL

**The sustainability of the EU agri-food sector
with future enlargement**

Monday 29 April, 2024

EESC, Brussels

What is KASH?

- ▶ The Albanian Agribusiness Council (KASH) was established on September 15th, 2000 as the union of independent agribusiness associations (NGO).
- ▶ Its mission is to protect its members' interests and foster agri-business development in support of consumers' needs and Albanian economic development.
- ▶ KASH serves as a promoter of thoughts and suggestions of developing sound agribusiness policies in the framework of agriculture and food development.
- ▶ KASH consists presently of 25 agribusiness associations and operates through 12 regional councils – spread all over Albania's territory.
- ▶ Membership in KASH associations and regional councils exceeds 100.000 persons.

Activity of KASH member associations

- ▶ KASH member associations exercise their activity in the field of Food Economy, in several sectors, such as: Agriculture, Livestock, Fisheries and Aquaculture, Agribusiness, Agriprocessing, Agritourism and Environment, Forestry, Aromatic & Medicinal Plants, Beekeeping , Agri-Livestock Markets and Microfinance.
- ▶ KASH, has been publishing twice a month, online and in printed version, for 20 years the Newspaper “Agrobiznesi”, which deals with problems, concerns, proposals, advice, advanced experience, various information very useful for farmers, working entities in the above mentioned sectors, which have as main focus the field of Food Economy and have as main object the development of rural areas.
- ▶ KASH is currently the largest representative organization and the most consolidated one in the rural areas of Albania.
- ▶ KASH is a member of WFO.

KASH strategy for a sustainable Food Economy (2022-2027)

1. Cooperation and Coordination within farmers and between farmers/ Institutions for the design and implementation of development and support policies – imperative in the conditions of a fragmentized land ownership.
2. Increasing the level of Mechanization, Innovation and Digitalization and meeting the standards in production, processing and marketing of agricultural and livestock products to better respond to challenges such as: regional and global crises, natural disasters, climate change, green economy and the circulating one, improving the environment in rural areas, etc.
3. Improving access to finance, with a focus on Microfinance and Grant Fund Disbursement under IPARD Programs and other donor programs.
4. Improving and Approximation of Legislation with that of the EU

1. Cooperation and coordination in rural areas: classification of agricultural entities

- ▶ KASH estimates that 354,000 productive entities that have benefited land under law 7501 "On Agricultural Land", (the main productive asset), are currently grouped into three categories:
 1. Non formalized agricultural entities or farming families, using the land and other productive assets, to meet only their family and live-in needs. The rest of the land in their possession is left unworked and other productive assets are not being used with efficiency.
 2. Non-formalized entities, who produce to meet the needs of the family, of their livestock, and that have a production surplus for the market, but those who are not grouped have many problems trading their products. (72% of the total group 1 and 2).
 3. Formalized production entities, which are registered in the National Registration Center as Agricultural Cooperation Company (SHBB), Limited Liability Company (LLC), Anonymous Company (AC), also registered with Farmer identification number in the tax administration. This grouping, except for the land and their property assets, also receives land and other assets for rent and works mainly for the local market and/or exports. (28% of the total).

What does MARD do to strengthen cooperation and coordination between farmers?

- ▶ MARD, in the framework of this process has just started work for the creation and support of
 - a Rural Network,
 - the Agricultural Chamber of Trade.
- ▶ The initiative is beneficial and welcome by KASH. But: the chosen way to achieve the objective, by working a) vertically, b) without cooperating and coordinating the process in time and space with representatives of the subjects that have been organized and worked for many years in the above sectors, **should be revised by the ministry.**
- ▶ We are convinced that the practice being followed will not bring us the result we are expecting.

What does KASH suggests to strengthen cooperation and coordination between farmers

- ▶ KASH has concluded that the process of cooperation and coordination within each group and among the three above groups requires more evaluation, support and change in attitude not only by the Ministry of Agriculture and Rural Development (MARD).
- ▶ KASH concludes that it is indispensable an institutionally engagement with other stakeholders, such as: the Ministry of Finance (MF), Ministry of Economy, Innovation and Culture (MEIC), Ministry for Entrepreneurship and Business Climate, Higher Education Institutions, donors and private sector representatives.
- ▶ These challenges can be overcome if a specific work program is drafted and approved.
- ▶ Only in these conditions can be established successfully the Rural Network and the Agriculture Chamber of Trade, with representatives from private sector entities.

2. Increasing the level of Mechanization in Agriculture

- ▶ Factors imposing for solutions to improve work in this field:
 - Depopulation of rural areas.
 - Poor financial means of farmers for the purchase of new agricultural resources are limited, especially those of the first and second group.
 - High fragmentation of the land increases the costs of mechanized works
 - Low coefficient usage of agricultural machinery and existing processing lines for post harvesting. The coefficient usage of agriculture machineries especially those used in harvesting, is below their efficiency limits, because:
 - The age of agricultural machineries used in Albania is old. The average use and age of most tractors and auto combine harvester exceeds 25 years of work and based on depreciation they should have been put out of use.
 - Many assets (tractors) that are in a working condition do not have license plates and are in debt, most of which results from grants from previous donors.
 - The Agriservice centers for repairing agricultural machineries from 54 have been reduced to 13.
 - High fuel price and limited subsidy program for fuel, below the necessary needs

All factors above pose an emergency to intervene in this part of the agricultural value chain.

Solutions proposed by KASH for the Mechanization in Agriculture

- ▶ Cancelling the governmental debt of entities operating in rural areas which have benefited agricultural mechanics, agri processing lines, heated greenhouses, which were financed by grants several years ago and are virtually unable to be collected by the responsible institutions.
- ▶ Increased subsidy funds for fuel used in agriculture.
- ▶ Reduction or reimburse of the price of electricity used for refrigerators that keep fresh raw agricultural and livestock products.
- ▶ The use of sovereign guarantee as collateral for loans received for investments and working capital.
- ▶ Subsiding of interests of loans taken for investments in mechanization.

Support for Innovation and Digitalization in Agriculture

- Reinforcing the use of digital platforms in Agriculture, which has proved to be efficient and useful for farmers and producers, such as:
 - ABAOnline Platform
 - Farmer's portal – MARD
 - LPIS –MARD
- Support without hesitation of any program that envisions their use in solving emergency problems and getting on the way to solving medium and long-term problems.
- KASH practice in using the ABA Online Platform in the implementation of the “Increasing Quality and Exports of Olive Oil” Program proved the greatest benefit of the wide use of digitalization in practice, to solve emergency problems and to get on the road to solving medium and long-term problems.

3. Improving access to finance

- *Financing & Microfinance* – high level of interests (7-8% in bank loans and 16% in Microcredit loans)
- *IPARD Programme* – is the main source of financing in agriculture. Currently, the priority is by taking of some urgent measures for managing the situation, which was created after the letter from the EU for temporarily suspending the disbursement of IPARD II. We do hope and believe to start as soon as possible the process for IPARD III funds.
- *National Support Scheme* - It should be programmed to have a larger budget next year and start applying subsidies on production unit based on quality, initially starting with olive and olive oil sector, as well as with livestock sector for milk and meat.
- *2024 MARD Budget* - KASH estimates, consulting also experts evaluation, that in order to fulfill the minimum needs that the private sectors have, MARD will need an addition of 90 million euros from the budget that is provided for in the program. The lobbying to enable the increase of MARD budget has been done by everyone, not just the KASH.

Fiscal Package 2024

- ▶ KASH suggest that it must be strongly reflected to solve the major problem that has been created by the non-refund of VAT, for agricultural and livestock products that collectors and processors buy as raw materials from local farmers.
- ▶ Local Action Groups (LAGs), Cooperation Societies (SHB), Clusters and formalized groups, should be treated with priority in the fiscal package and in financing from the National Support Scheme with funds from the State budget and donors.

4. Improve legislation and bylaws and approximation with those of the EU

KASH PROPOSES:

- ▶ Drafting of a scheme or special law for the insurance of property and production for all agricultural sectors mentioned above.
- ▶ Amending the Law 38/2012 "On Agricultural Cooperation Societies"
- ▶ Amending the law on olive oil and the quality of olive oil and issuing of some bylaws for the consolidation of quality. Quality is a key word that enables without wasting much time solving many problems that have not yet been solved.
- ▶ Starting work without losing more time for drafting and implementing a regional and national strategy for organic waste processing in rural areas.

KASH has previously suggested to the government some concrete proposals and has given alternative solutions, for the sensitive matters addressed above. KASH has also sent a Memorandum of Cooperation to MARD and the Ministry of Tourism and Environment, which help and facilitate the process for solving the problems described above.



THANK YOU FOR YOUR ATTENTION!!