

Agricultural Policy Options for the Albanian Smallholder Agriculture-A Short Review of Literature

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ABSTRACT— Albania's agricultural sector is dominated by small to very small farms. Farm smallholders are facing currently tough challenges to survive or prosper. Major challenges are international trade liberalization and globalization, climate challenges, low access to credit and agricultural services, and low public support for extremely small farms in particular. We strongly believe that learning from foreign experiences, and from research, is vital for the design of a policy framework that works for the farm smallholders and assists them in the struggle to face these challenges, stay in the system and modernize. Based on this, the purpose of our research is to identify and present policy options that potentially can be integrated with the design of an effective policy agenda that works for the farm smallholders in Albania. We focus on major agricultural development issues such as the viability of small farms, alternative systems of agricultural products such as conventional and agro-ecological agriculture, cooperation among and vertical integration of farms into markets, the competitiveness of farm products, and investment climate for small farmers, improving institutional quality, and governance of the agricultural sector as a precondition for a pro-smallholder policy framework and effective implementation, etc.

KEYWORDS: agricultural policy, agro ecology, conventional agriculture, farm, investment climate, farm productivity

1. INTRODUCTION

In developing countries, as is the case in Albania, agriculture is still a major tool for sustainable development and poverty reduction, and not only in the rural areas. Producing high-value products and working in the rural non-agricultural economy, such as agritourism, are but some ways to increase farm incomes and reduce poverty. Evidence from the literature shows that growth originating from agriculture is 2 times more effective in reducing poverty than growth originating in other sectors [65].

This prominent role of agriculture is explained by its contribution to the Albanian economy; it contributes about 18% of GDP and about 40% of national employment. This means that one piece of work outside agriculture contributes in terms of GDP roughly four times more than one piece of work in agriculture. No other country in the region and beyond in Europe has agriculture such a weight in the production and a contribution to the employment. Just for a quick comparison, in Kosovo agriculture contributes about 8%, in North Macedonia and Montenegro 7%, and in Serbia 6%. Albania has, except this, records of lower labor productivity. According to the FAO, for the period 2008-2017, the average gross value added per agricultural worker in Albania was \$ 4.75, in Northern Macedonia \$ 7.29, in Croatia \$ 11.39".

However, during these 30 years of transition Albania has made significant progress in transforming its agricultural sector, although we can provide many indicators as evidence of an ineffective agricultural and economic policy, the poor performance of the farming system, strategies missing objectives and targets

because of their poor quality design and implementation, insufficiency of resources needed for their effective implementation, weak implementation capacity of concerned institutions or ineffective implementation mechanisms.

Albanian farms have been and remained small during 30 years of transition, with an average size of 1.2 ha. According to FAO, about 75% of Albanian farms have an average size of 0.5 ha. Only about 35% of farmers receive extension services and so far, less than 1% of farmers have received bank credits. In terms of trade, farms sell less than 15% of their production, indicating a high dominance of subsistence farms, and about 54-61% of farmers sell informally, and less than 20% of farmers use motorized equipment [20]. Only 2% of Albanian farmers are working together in various forms of farmers' cooperation (author's calculation based on [31]). According to strategies, in 2010 farms with more than 3 ha would occupy about 40% of the total number of farms, and those over 8 ha about 10% [35]. The strategic objective of the Inter-sector Strategy for Rural and Agricultural Development 2014-2020 was that by 2020 the size of the farm would increase to at least 2.5 ha, while in fact, it is less than 1.3 ha [63]. For the period 2005-2019 the actual area under irrigation increased by 45 thousand hectares or only 3 thousand hectares per year. In the period 2005-2018, the public budget for agriculture in relation to GDP accounted for only 0.33% on average. A substantial gap has been evidenced between strategic budget targets and the factual ones over years that sometimes reach up to 30% [25].

Agriculture can play an important role in reducing poverty and economic growth, but to achieve this one should eliminate anti-agriculture policy biases and underinvestment, often compounded by misinvestment, particularly in pursuing a smallholder-driven approach to agricultural growth [65]. The literature argues that food security can serve as a goal of agricultural policy but in cases when a country is undeveloped, because in such a case the country is exposed to greater long-term food shortage risks due to low productivity and because these countries are characterized by a limited tradability of staple food [12].

There is agreement among researchers in the literature that the growth of agriculture is more pro-poor than the growth of non-farm sectors. Also that the growth of agriculture is the key to supporting the growth of the whole economy [16]. The literature emphasizes that poverty can be reduced through investments in infrastructure, providing loans to the poor, education, land redistribution, etc. [16]. However, the problem is that the government in Albania spends comparatively much fewer funds on agriculture than in other countries [64]. If agriculture is considered a priority sector, and in terms of contribution to production and employment, it should be, a drastic increase in public funding for agriculture is needed. However, as the WB points out, this should only happen when the quality of public spending (planning, effective prioritization, execution, monitoring, and evaluation) related to the institutional quality has been improved; otherwise, the efficiency of public spending or investment can be low.

Purpose and method

Through this article, it is not our purpose to draft an agenda for the agricultural development of Albania, because a new agenda can and needs to be only a joint product of many people, actors, institutions, and organizations, all having an interest in agriculture and joining efforts for working together in a systematic and coherent way to produce this agenda. We just want to bring forth findings from the literature about policy options, lessons, and/or experiences to help draft a new and more effective agenda for agricultural development in Albania. In this paper, in more concrete terms we focus on the question of what and how can potentially and optionally be done in the context of producing this new agricultural policy agenda for Albania. Findings, experiences, and lessons from the literature could serve three main purposes. First, help policy-makers to better understand the problems the agricultural sector is currently facing; second, draft an

agricultural policy framework adequate to the conditions of the country, and, third, provide policy analysts with tools and insights they could use while analyzing agricultural sector developments in Albania.

Desk study is our method of carrying out the research. In fact, there exists an immense bulk of literature dealing with agricultural policy. Based on international experiences, selected literature, and political recommendations from internationally renowned scholars and prestigious institutions such as the WB, FAO, or OECD, we bring forth important evidence, highlights, and indications on various aspects of agricultural policies and policy instruments that can be used for the agricultural development of Albania. However, in terms of application, which, when, and why certain policy measures or instruments will be taken into account needs to be carefully analyzed and appropriately decided in a participatory and innovative way, tailored to the local conditions of Albania to ensure measurable and sustainable impacts.

In the context of this agenda, Albania needs to structurally transform its agricultural sector, increase productivity and agricultural production, while ensuring sustainable development, improving living standards, and reducing poverty not only for the rural people but also for people in the urban areas. All of these are, in fact, tough challenges to be faced by the government, farmers, and all development stakeholders in Albania.

To manage its challenges for the modernization and sustainable development of the agricultural sector, Albania needs a new and comprehensive agenda for agricultural and rural development. At the core of this agenda should be placed explicit priorities, objectives, and targets, accompanied by effective and efficient policies. To achieve broad, pro-poor, and more rapid growth Albania may also need to dynamically adjust these priorities and dedicate to growth sufficient and adequate financial, institutional, and technical support.

The focus of this literature review will be selected areas with special interest, such as small farms and related farm viability policy implications; trade liberalization and globalization; climate changes and related challenges; investment climate; farm product trade integration and competitiveness; sustainability of farm income, agroecology versus conventional agriculture, etc.

Small farms in Albania

Small farming or family farming is agriculture where small farms are based mainly on their work and hired work is limited. 85% of farms in the world, in some countries even more than 85%, are small, just under 2 ha. Therefore, the role of agriculture in economic growth and poverty reduction depends on the productivity of small farms [65]. In Albania, according to the 2012 Census of Agriculture, 98% of farms are family-owned.

Regarding the size, there is not yet a definition for what is a small farm in Albania [20]. If we were based on European standards, then Albanian farms would be called the vast majority small or very small, and only a small part can be called commercial. There is only one statistical classification of the farms (up to 0.5 ha, 0.5-1 ha, 1-2 ha, and over 2 ha). There are no data or have not been published data on how much land occupies each farm group in Albania. For statistical purposes INSTAT and MARD classify as large farms those larger than 10 ha, or though with more than 50 cattle, or more than 150 sheep. Only 3918, or 1% of farms are large. In livestock, farms with up to 10 cattle are called small, with 10-50 heads are called medium and those with more than 50 head are called large. According to experts, farms under 1 ha are very small usually serve as subsistence or semi-subsistence farms; those with 1-2 ha have limited or little potential to be viable; and farms of size over 2 ha are large or very large and have significant potential for viability [20]. Some experts suggest that small and very small could be considered farms up to 2 ha, large those with 2-10 ha and very large those having over 10 ha. 86% of farms are small or very small [20].

In the EU, according to Eurostat 2021 (Eurostat-Agriculture, Forestry and Fishery Statistics, 2020 edition), there are about 10.3 million farms, of which 33.3% are in Romania, 13.7% in Poland, and 11.1% in Italy. In the EU 2/3 of farms are under 5 ha and their average size is 15.2 ha. According to the literature [38], in the EU farms under 1 ha are called micro-farms, 1-4 ha are called very small, and small are those with a size of 4-8 ha, therefore in the case of Albania, if we are based in this classification, land reform has resulted in the creation of mainly micro-farms. In the EU, the number of farms is reducing, usually leaving the system mainly the smaller ones. In 2016, the EU had 4.1 million fewer farmers than in 2005. 83% of those fleeing were under 5 ha and most of them were in Romania, Poland, and Italy.

2. REVIEW OF LITERATURE

2.1 *Are small farms beautiful?*

A wide body of literature tries to argue that small-scale farming is a viable option against industrial agriculture. Small farming does not have only negative traits, but possesses a number of good characteristics and can offer several positive services. This literature argues that a small farmer is not only a producer of agricultural goods but also a manager of an agro-ecological system that provides a number of public goods and services. Small-scale food production is more sustainable, provides work for more people, can produce food, which is consumed locally, have shorter supply chains, and provides greater returns to the farmers. Looking at these characteristics and or services that small farmers can offer, some authors argue that it is necessary for a significant shift from industrial production characterized by monocultures towards a sustainable system that can also improve the productivity of small farms. This problem has been debated and is still being debated in many countries. To achieve this transition some researchers emphasize the need for new policies in support of small farmers to produce locally certain products by satisfying the same time consumer tastes and cutting their imports [22].

There are many studies, analyzes, but also experiences around the world that promote small farms and call them "beautiful" farms. One of the ardent promoters of the small farm and its beauty, if we could use this terminology, Michael Ableman, says that small farms can be not only beautiful, but also be efficient, nutritional, and powerful. Small farms engage more people in the process than does monoculture or large scale-agriculture. As Ableman says, labor per acre allows being present and attending to a myriad of biological, ecological, and social details. Well-run small farms can often be far more productive per acre than larger ones [26].

In the preface to Josh's book, Michael Ableman says that a small 12.5-acre farm in California employed 30 people, produced a variety of vegetables and fruits, and fed hundreds of families. Ableman himself ran a 5-acre city farm that produced 25 tons of food and employed 25 people.

The literature gives other examples of small and beautiful farms in the sense we talked about above. One of these is the Bec Hellouin farm in Normandy, France. This farm uses bio-intensive permaculture methods such as ponds, island gardens, terraces, a forest garden, and hotbeds to increase farm production and profitability. Research has shown that using specific techniques and run by a single farmer, on 1,000 square meters (one-quarter acre), with no machinery except hand tools, could generate approximately \$ 66,700 as gross sales per year. This was possible using about 43 hours of work per week not to forget enjoying four weeks of vacation per year. According to research, the minimum amount of land used under bio-intensive cultivation able to provide food and fiber for one person for a year was about 370 square meters [7].

According to the literature, there are several factors that could make a farm beautiful, understanding these

attributes of a successful farm, such as i-Special care for the land and everything related to it; ii-Market care: farmers must use multiple channels, and diversify their customer bases as well as their crops. Diversity in marketing, or in crop production, may make production or sales difficult but diversity adds resilience, reducing the farm's reliance on any one buyer or the success of anyone crop; iii-Farmers should try to be price-maker and not price-taker. This can for example be helped by selecting appropriate crops, as well as establishing and maintaining connections with customers; iv-Farmers need to be trained to systematize day-to-day tasks and develop a functioning system.

2.2 Farm size vs. farm productivity

One important aspect of farm viability is the relationship between farm size, expressed in hectares, and its productivity. For decades, in many countries, there has been an intense debate in the economic literature about the nature of the relationship between productivity and farm size. This debate continues and much empirical work has been dedicated to this issue. In many empirical studies, it is found a negative relationship between farm size and productivity, is small farms are more productive than larger ones, though small is relative and may have implications.

For illustration, some authors investigated this issue in the context of India and found an inverse relationship between farm size and per hectare agricultural productivity. However, as the authors try to argue, the higher productivity of smallholdings would disappear with the adoption of superior technology, modernization, and growth in general. Other researchers, later on, after an investigation based on a National Sample Survey carried out at the beginning of the 21st century, it results that smallholdings in Indian agriculture continue to exhibit higher productivity than large holdings. These smallholdings show, however, lower per capita productivity and widespread incidence of poverty [10].

According to [33], similar results have been achieved from studies in the USA and Russia. Based on partial land productivity and total factor productivity, it results that small farms are more productive than large ones, but it is not clear whether small farms are more efficient than large ones based on labor productivity. Based on TFP again small farms are more efficient. Even the technical efficiency for small farms is higher than that for large farms, so because small farms can use productive resources more efficiently. To analyze the relationship between small farms and the larger ones [33] compare small (individual) farms with large ones (usually in the form of corporations) in Moldova. It turned out that small farms were more productive and efficient than large ones.

[61] used a non-parametric approach to investigate the (inverse) relationship between farm productivity and farm size in Burundi. A kernel regression was used on data of mixed cropping systems to study the determinants of production including different factors that have been identified in literature as missing variables in the testing of the inverse relationship, such as soil quality, location and household heterogeneity. Household data on farm activities and crop production were gathered from 640 households in 2007 in two Northern provinces of Burundi. The results did not reject the findings of an inverse relationship between farm size and productivity. However, the researchers found that size returns vary substantially with farm size, that is, between 0.2 for the smallest farms and 0.8 for the largest farms. Other factors that significantly affected production include soil quality. Finally, they found a significant positive relationship between food security and farm size.

[15], investigated this relationship in a wide space context in Asia, where mall farming is a characteristic of agriculture. In the last decades, farm holding in this area continued to fragment further, the average size of farms fell and the number of small-size holdings increased significantly. These small-scale farmers play an

important role in food security and poverty alleviation. However, whether and how these small farms can survive under globalization is a hotly debated topic. In particular, the traditional claim that “small is beautiful,” which is based on the empirical observation that small farms present higher land productivity than large farms, in this case, is being challenged. It has been shown that a positive relationship also exists between farm size and labor productivity (and therefore income). To help these small farms prosper under increasing globalization, the governments have to change the “business as usual” attitude. Innovative land reform, for example, is crucial to secure property rights for farmers and increase farm size. Equally important is the reform of public institutions in order to help small farmers to have access to credit, marketing, and technology. Moreover, promoting diversification in the production of high-value commodities can play an important role in raising the smallholders' income. Finally, policies that facilitate urban-rural migration and promote the development of the rural non-farm sector are essential to help alleviate poverty among small-farm households and among the rural poor in general.

The WB also points out that the link between farm size and productivity is inverse, due to land and labor market imperfections. Therefore, policies for land redistribution in order to reduce farm size increase both efficiency and equity [65].

According to [14], some reasons for this ratio are the more intensive land use by small farms (e.g. they cultivate the same land several times a year), i.e. large farms underuse the land; production in large farms may consist of low-value products, while in small ones of high-value products; multi-cropping or planting several times the same product on the same land from small farms; soil fertility may be higher in small farms, as these farms are usually located in more fertile areas. On the other hand, according to him, large farms try to improve only their best land and neglect the rest due to poor quality; regarding irrigation, small farms irrigate a larger part of the land than large ones; small farms use more work per hectare, which also explains why multi-cropping occurs on small farms.

Small farmers can get lower yields than large ones, but if integrated systems are used and the indicator used for comparison is not the yield of one crop per hectare but the total production or income per hectare then small family farms are much more productive than large farms because in integrated farming systems the small-scale farmer produces simultaneously many products such as grains, fruits, vegetables, fodder, and animal products, quite the opposite with what happens in monoculture. As a result, the total yield advantages of small farms could be enormous because in polyculture integrated production systems losses due to weeds, insects, and diseases are reduced, and is made more efficient use of the available resources of water, light, and nutrients. However, to be able to benefit from the agro-ecological potential, farmers need support in terms of access to agroecological knowledge, seeds, and public services. It is crucial that farmers and researchers participate hand in hand in research as well as in the innovation and dissemination process of adequate technologies.

2.3 Small farms vs. large farms

Regardless of the negative relationship between farm size and productivity, many countries have supported large farms because they thought small farms were inefficient, backward, and resistant to change, but later the results came out disappointing. However, large farms have certain advantages.

Large farms achieve higher yields because they use more fertilizers, agricultural machinery, new technologies, and other inputs. The reason is the imperfections in the credit and insurance market, where the big ones have more access and the small ones find it more difficult for capital-intensive technologies or products with higher value. Large farms are better able to cope with price, yield variability, and deal with the demands of agro-

processing. Large farms have economies of scale, which are often the key to obtaining inputs, technology, and information and getting products to the market. Evidence also shows that price changes following market liberalizations in some countries favored technologically more advanced producers who were better able to cope with price, yield variability, and deal with the demands of agro-processing. As agriculture becomes more technology-driven and agro-processors and supermarkets mediate access to consumers, economies of scale will pose major challenges for the future competitiveness of smallholders [65].

There is a growing agreement among researchers that small farms may not be viable in the future. Thus, they must be transformed (commercialized) to meet market demands in terms of quantity, quality, and sustainability. The literature says that the advantages of small farms exist as long as the country is at a low stage of development and work becomes rarer in relation to land and capital. To enable their survival, government support is required with infrastructure and education, technology, inputs, and promotion POs so that small farmer can be integrated into market chains. However, for their integration into markets to be effective their development must be oriented towards high-value products and processing to increase their value [70].

The literature also points out that small farms have difficulty surviving market partners that are common for agriculture. Therefore, small and fragmented farms have to leave the system, being bought by large ones, which are better able to cope with market partners, especially since small farms risk becoming even smaller due to redistribution of ownership between generations of heirs. The viability of small farms is even more questionable when there is no reliance on technology, advice, inputs, when their incomes and prices of products or inputs are not stable when small farmers do not have access to credit and information, or in insurance schemes, when there are no measures against the degradation of agricultural land and measures to increase its quality, etc. The literature states that in the absence of this supportive environment for small farms, even the agrarian reforms that have brought to life small farms may lose their effectiveness and sustainability [12].

Currently, in agriculture, there are several obstacles that small farmers cannot face, such as the high cost of technologies, as well as the lack of knowledge and skills to use these technologies. Small farmers pay higher prices for inputs and receive lower prices for their products; value chains impose conditions in terms of quantity, quality (standards), food security, continuity of supply on time, etc., which are not easy to cope with by small farmers. Participation in value chains offers many opportunities for small farmers but in fact, only some of them can become part of and benefit from participation in these chains, while farmers in marginalized areas find it even more difficult, if not impossible, to participate in these chains.

However, the literature notes that small farmers have some advantages over large ones and commercial farms in terms of labor costs, which are 20-40% lower; because they have lower supervision costs and because hired labor due to a less private interest is less effective than the work of self-employed small farm owners [16]. Small farms have labor advantages, but different market mechanisms can reverse the small farm labor advantage, or make it irrelevant, leading to a potential decline of the family farm [65].

WB highlights a series of instruments that can be used to support the survival and development of farm smallholders, such as agricultural protection, subsidies and taxation, public investment, improved risk management, linking producers in modern value chains, increasing exports of products with high value especially by raising standards, secure property rights, reallocation of resources, providing financial services for small farmers, risk insurance, efficient input markets, institutional innovation, producer organizations, technologies and innovation, R&D investments, service extensive and ICT innovations, protection of

resources from degradation, payment for environmental services, increase of non-agricultural employment, schooling, training, and transition to the labor market, etc. In addition, better incentives can allow more smallholders to become market participants in staples and high-value crops [65].

Collective action is one way to reduce some of the disadvantages of small farms. Unfortunately, Albania is considered the country with the highest decollectivization index, this index being around 94.2% [30]. There are several reasons for this situation.

Albanian researchers have been investigating the situation and factors for the low level of collective action among farmers in agriculture and the apple production sub-sector and evidence that farm size, use of complex fertilizers, spraying, irrigation, the volume of production, the volume of waste or produce thrown away have, business climate, quality, and frequency of contacts with the extension service have a positive and significant effect on cooperation. They however emphasize that good conditions exist for inter-farmers cooperation to start, with adequate policies and support programs in place [31], [48], [28]. Other researchers have found other effective determinants of cooperation such as social capital, disparities in wealth, education, age, opportunities for non-farm employment, and nearby existence of leadership are among major factors of collective action, thus cooperation [46], [50], [5], [56], [53], [57]. Researchers recommend the creation of a favorable legal framework for cooperatives and PO to be set up; investment for PO through public-private partnerships, training, and technical advice, support for the creation of management capacities, and guaranteeing their management and operational independence [59].

Literature evidence also that cooperation among farmers can facilitate the adoption of soil-improving measures such as the use of organic fertilizers and manure, environment-friendly technology such as IPM, an increase in yields, household income and return on investment [34]. Smallholders can also by acting collectively to overcome high transaction costs by forming producer organizations. Cooperation between larger commercial farmers and smallholders is another possibility that could bring benefits to both small and large farms [65].

The literature underlines the importance of a good regulatory framework for seeds and agricultural inputs, and of the relevant structures that are able to implement it effectively. This framework would affect not only an increase in the quality of inputs but also related products and services, and, at the same time, the better functioning of agriculture and agri-food markets [68].

2.4 Competitiveness of farm products

According to the WB, Albanian agricultural products are not enough competitive. Reasons, why Albanian agricultural products are not competitive enough, are no quality infrastructure, business environment, and problems with supply chains (e.g. small amount of production by a farmer, small farm, low quality of inputs, high input prices, and weak integration of the retail system with the wholesale one [64].

According to the literature, the comparative advantage is crucial in promoting the competitiveness of farm products. Thus, as the literature argues, the challenge for policy and for the private sector is to find a comparative advantage and turn it into a competitive advantage [39]. Competitive advantage argues Norton can be gained either through cost competitiveness or through product differentiation. In agriculture, differentiation by product quality as well as by type of product is an important consideration in determining competitive advantage.

Literature has emphasized the importance of developing competitiveness along the full value chain.

Competitiveness needs to maintain grades and standards within the value chain, not only in export markets but also in domestic and urban markets. Quality assurance and coordination along the value chain are also critical for a competitive advantage in domestic markets as well as for access to export markets, which in turn requires coordination along the value chain [39].

Not only creating but also maintaining a competitive advantage over time is a challenge. Continuous adaptation and implementation of technology, improvements in yields, reduction of costs, improvements in quality, continuous contact with markets to trace changes in market preferences, postharvest handling, transport, marketing, and improvements in public infrastructure [39] could face this.

The literature emphasizes that farmers' participation in vertical coordination (VC) schemes is the main way that enables small farmers to be more competitive and benefit from the markets [16]. Competitiveness promotion policies enable a fair market for small farmers and fair agreements between farmers and agribusinesses. Competitiveness policy must prevent markets from being distorted by monopolies or informal alliances [51].

According to the literature, the integration of small farmers into the markets is important for their survival and viability. Promoting the establishment and supporting Producer Organizations (POs) help small farmers connect to the market, share risks and costs, improve quality standards, negotiate successfully in the market, and give farmers a political voice when needed. Nevertheless, politics should help POs to build capacities, improve services for members, protect their autonomy from government or investor interference, and eliminate double taxation, and so on. The policy should create effective platforms that enable the protection of the rights of small farmers and more appropriate policies, thus increasing the access of POs in policy-making and relevant institutions. The government can also help informal farmers integrate into markets by setting product quality standards and investing in wholesale market infrastructure. The government can help small farmers participate in formal markets (where farmers face volatile demand and competitive prices). For example, the policy can help farmers meet food safety standards by providing training and extension, subsidizing their audit and certification; an opportunity in this context would be the group certification of small farmers [51].

One of the challenges for small farmers is to increase their per capita income. To achieve this there are at least two main possible ways: small farmers should become part of the production of high-value products and integrate vertically with processors and retailers. Experience has shown that farmers participating in vertical integration schemes have had an improvement in the production, productivity, and quality of their products, better access to inputs and investments, and consequently their incomes have increased and become more sustainable [36].

Small farmers risk not being contracted by companies that buy agricultural products because the latter tend to contract, in general, large farmers because in this way they can reduce transaction costs. However, to reduce the risk of supply they often can also contract small farmers, especially when the latter are the majority or the dominant mode of agricultural production.

Another option that helps small farmers to sell their products is their integration with agro-processors, which could also increase the chances of employment for farmers or their families, as well as other people in rural areas.

2.5 Conventional agriculture vs. agro ecological farms

According to the literature, there are two main systems or development paradigms regarding the systems of agricultural production: industrial agriculture or the conventional system and agroecological agriculture or the agro-ecological system. Regarding conventional agriculture, the literature discusses, in particular, the negative role that conventional agriculture plays on the environment, due to the intensive use of chemical fertilizers and synthetic pesticides. Unlike conventional or industrial agriculture, agroecological agricultural systems are based on low use of external inputs, high recycling rates, and crop-livestock integration. This system ensures high efficiency. A monoculture system and large use of inputs result in low input efficiency. These agroecological systems are biodiversity, resilient, energetically efficient, socially just, and comprise the basis of an energy, productive, and food sovereignty strategy [2].

Industrial agriculture, as it is applied in the US, EU, or elsewhere, sometimes is criticized by many agriculture development authors. According to the Multinational Monitor in the US, this system rewards inefficiency, low productivity, and destruction of soil, as 90 percent of the topsoil in the United States is being lost faster than it can be replaced. This system, according to the monitor, is heavily based on direct payment subsidies tied to the amount of land that a farmer has. American taxpayers pay billions of dollars in direct farm payments. Most of this payment goes to the largest 10 percent of American farmers. Although those subsidies have been presented to us as helping keep family farmers on the land, they do just the opposite. Because large farms in the U.S. get such a large subsidy, they can stay in business even if they are selling what they produce below the cost of production. The subsidies are tied to area and allow prices to drop below the cost of production. That prevents small farmers from competing because of reduced crop prices because they do not have enough land to get enough subsidies to live on. The system drives inefficiency and destruction of resources, because the large farms are the ones that strip rural America of trees, destroy the soil, dump so many pesticides, and compact the soil with machines [37].

Due to the negative effects of conventional agriculture, environmental damage can be irreversible and with devastating effects. Jared Diamond, a well-known American writer, has written a book showing how many societies may have disappeared from existence in the past. He argues that the disappearance of many previous civilizations in the world has come from ecological suicide, i.e. from irreversible damage to the environment. He takes the example of Easter Island in the southeast Pacific which disappeared due to deforestation by the islanders [13].

[2] place the role of young women in the context of climate change and potential energy challenges in the future. To meet these challenges, they point out, there is a need for a shift towards agro-ecological production systems. According to the literature, small farms can double production within 10 years using existing agroecological methods. This means that food challenges can be met with environmentally friendly and socially equal methods. Therefore, the literature emphasizes, that agroecology is today the basis of the agrarian revolution in the world. Moreover, agricultural systems are in constant dynamic change and the factors or forces that determine this change are numerous: population increase and dynamics, global market forces, advances in science and technology, climatic change and variability, consumer demands, agricultural subsidies, and pressures from social movements demanding food sovereignty, land reform, and poverty reduction. Agroecology can help optimize the small farm system to respond to these forces; agro ecologists think that the only agricultural system that will be able to face future challenges is one that will exhibit high levels of diversity, productivity, and efficiency.

The literature supporting agroecological systems emphasizes the need for policy initiatives to promote agroecological agriculture. Agroecological initiatives aim at transforming industrial agriculture partly by transitioning the existing food systems away from fossil fuel-based production largely for agro-export crops

and biofuels towards an alternative agricultural paradigm that encourages local/national food production by small and family farmers based on local innovation, resources, and solar energy. This implies access of peasants to land, seeds, water, credit, and local markets, partly through the creation of supportive economic policies, financial incentives, market opportunities, and agroecological technologies. Some authors propose the agro ecology-based development paradigm by revitalizing small farms. This paradigm emphasizes diversity, synergy, recycling, integration, and social processes that value community involvement and empowerment as the only viable option to meet the world's food needs in this age of increasing oil prices and climate change [2].

Promoters of agro-ecological agriculture appreciate the role of traditional production systems. But there are also opposing views, according to which traditional systems will not produce more because hand tools and draft animals put a ceiling on productivity. Productivity may be low but the causes appear to be more social, not technical. According to them, when the subsistence farmer succeeds in providing food, there is no pressure to innovate or to enhance yields.

According to some researchers, smallholder-led development has also been considered more inclusive, leading to more equitable forms of rural development with stronger growth linkages effects with the rest of the economy [47]. Sustainable development is one of the challenges of agricultural production in the world today. In the context of the role of agro-ecological agriculture for sustainable development, organic literature and no-till farming are widely discussed in the literature. In this context, there is debate about the role and efficiency of organic agriculture. The literature emphasizes that sustainable agriculture is organic, biodynamic, resource-saving, low-cost, etc., but organic production is facing organizational and economic problems [1].

The literature discusses benefits, prerequisites, opportunities, strategic guidelines, and recommendations for increasing the economic efficiency of organic production. Though organic is not necessarily agroecological, according to the literature, although organic production has many environmental benefits for the public, as it affects the cleanliness of the soil water, and air, and is a tool to adapt to climate change, it is often considered as an uneconomic activity because the land used for organic production will produce less food when farmed without the synthetic fertilizers, pesticides, and other tools used in conventional agriculture [55]. However, according to this author, referring to studies, organic farmers can earn more in terms of value than conventional ones because their products can be sold more expensively. In 44 studies conducted on 55 crops grown in 14 countries on five continents over 40 years, and found that organic farming was actually 22-35% more profitable than conventional agriculture. The benefit comes from saving on the use of pesticides and synthetic fertilizers, the use of natural plant protection methods such as the use of predators to fight insects or pests [55].

According to [6] some of the obstacles towards organic farming to be overcome are: high managerial costs of organic farming, high risks of switching to this system, still low awareness about the role and benefits of the organic production system, problems with infrastructure and marketing, inability and lack of support to capture market economies, etc. On the other hand, the use of bio-intensive methods and the integrated use of pesticides are ways that help reduce ecosystems, reduce the use of pesticides, chemicals and water. Experience also shows that polyculture and agricultural turnover help to achieve a sustainable system of agricultural production. No less important is the development of local farmers' markets because farmers' markets enable the sale of local products at lower costs.

In the context of agro-ecological agriculture, the so-called no-till farming can also be discussed. According to

the literature, the promotion and application of no-till farming can be one of the ways to support the small farming system, protect the environment, and increase productivity while reducing production costs. As the literature explains, [4] no-till farming plays a major role in retaining carbon in the soil which is a key element responsible for land fertility. When the soil is plowed, oxygen reacts with the soil carbon, and CO₂ gas is released into the air. CO₂ in the air does not allow the heat of the sun to go away and in this way, it causes the heating of the environment. On the other hand, while plowing destroys the structure of the soil and destroys microbes and fungi in the soil, no-till farming helps to preserve nutrients in the soil, and water, as well as guarantees the long-term sustainability of production. Plowing can provide high yields in the short term but in the longer run, it affects soil fertility. On the other hand, no-till reduces working time, investment in machinery, and other input costs. This allows any farm, even a small one, to apply the no-till method. So no-till supports the small farming system and can make farms viable even if they are small. This is true also for urban and suburban farms, which are usually small. The literature points out that a small farming system can grow later and transform into a larger farming system because there is a need for farms of all sizes. As experiences in many countries indicate, the enlargement of farms could well happen following organic principles or, better, agroecological principles.

2.6 Globalization and small farms

FAO emphasizes that trade liberalization is one of the most cost-effective ways to reduce a country's poverty, as a result of its effect on lowering prices. Of course, there are other ways to reduce poverty, but they can be more administratively complex and more costly [16]. Liberalization and integration of markets lead to lower food prices coming to national markets through imports, but also to a faster price reduction than the speed of productivity growth. This makes small farmers less competitive. In addition to the effect of lowering import prices, trade liberalization leads to greater future price volatility [16].

Another effect of liberalization and increased market integration may be the increase in food quality and safety standards. Economists think that trade liberalization accelerates the development of a country. In the context of liberalization, the abolition of export subsidies deepens the integration of markets but also causes prices to rise and this makes the farmers of a country more competitive and, at the same time, eliminates the distorting effects of subsidies on a country agriculture [16]. Trade liberalization and globalization have brought about major changes in the agricultural marketing chains (increased competition, higher demands for quality and safety, markets becoming more integrated and concentrated) [70].

Globalization goes hand in hand with trade liberalization. According to the Oxford Advanced Learner's Dictionary [41], globalization is the interconnectedness and similarity of different cultures and economic systems due to the influence of multinational corporations and improved communication. According to the OECD, globalization is a growing internationalization of product and service markets, means of production, financial systems, competition, corporations, technology, and industry. According to the IMF, globalization refers to the increasing integration of economies around the world, particularly through trade and financial flows. The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders [24].

According to the OECD, some of the main effects of globalization are the increase in capital mobility, the faster spread of technological innovations, and the growing interdependence and uniformity of national markets [45]. The literature argues that due to globalization occurs a concentration of production and trade of agricultural seeds in a few companies, increased use of pesticides, increased debt, and demographic changes in rural areas. Thanks to globalization, farmers save less and companies earn more, farmers earn less and consumers pay more [54].

The literature shows that globalization (free trade, better communication, faster movement of goods and technologies) has increased the standard of living and reduced poverty unevenly, more in urban areas, and resulted in less impact on farmers. Large farmers are less affected by globalization because they can influence development policies, benefit from better technologies, make deals, and thus facilitate the sale of their products. Small farmers may have less access to the results of agricultural research because the relevant public services are weak and not properly supported by the governments of poor countries. In the context of globalization, small farmers risk being left out of the markets if their countries do not integrate quickly into global markets. In addition, if small farmers do not have access to information, and finance, while contracts are not enforced, they may not benefit from the opening of local or international markets. In addition, transaction costs are important because they can often outweigh the benefits of the transaction, which can lead to market failure [36].

The literature recommends several ways in which small farmers can be helped to cope and thrive in the face of globalization: innovative land reforms to increase farm size; reforming public institutions to increase small farmers' access to credit, technology and markets; diversification of activities by promoting the production of high-value products; developing the non-agricultural rural sector and promoting urban-rural migration through appropriate policies [15].

2.7 Climate change and small farms

There is almost a full agreement among researchers and international institutions that significant climate change has already occurred and will continue to occur in the world, in the form of rising temperatures, changes in the amount, type, and variability of precipitations, frequency, and severity of climatic events such as droughts, or floods, etc. The main reasons for the changes have to do with the increase in greenhouse gas emissions into the atmosphere from fuel burning, deforestation, and the use of non-environment-friendly agricultural technologies and practices. Food production systems are under attack of climate change, although, according to the FAO, climate change is not expected to lead to a reduction in food supply globally, because of appropriate technologies and investment there will be countries with mild to cold temperatures are expected to increase productivity due to rising temperatures [16].

Small and poor farmers in particular may face strong difficulties, which can constrain the initiatives and the efforts of adapting to the effects of climate change. The main difficulties are i-Limited market access; ii-Price volatility; iii-Large marketing and transportation costs; iv-Lack of production infrastructure and weak market; v-Lack or unsuitable technology for production; vi-Limited resources (such as land, people, finances); vii-Uncertainty of property titles. Of course, not all of these difficulties will be in all places simultaneously.

Due to these challenges and the lack of assistance and lack of effective support, small farmers can be reoriented towards subsistence, low-risk activities, or low-yield agricultural activities. However, these orientations do not effectively help increase incomes and reduce poverty in the small farming community. Evidence from some countries shows that these farmers suffer more from the climatic effects than larger farmers, so increasing farm size can be an important option to increase the resilience and adaptive capacity of small farms to these effects.

According to the literature [67] even in Albania, the trend in temperatures and the trend of severe climate-related events are increasing. The variability of precipitation has also increased, where it seems that in the period May-September the amount of precipitation is decreasing. In the past 50 years, the temperature increased by 0.5 degrees while for the next 40 years it is projected to increase by 1.5 degrees. Precipitation is projected to decrease by 50ml as an annual average but the biggest reduction will be in the lowland areas.

Even in the future, it is predicted that temperatures will continue to increase and precipitation will become more variable. Investigations highlight that farmers are not properly adapted to climate change. Thus, in the future, as a priority, continuing efforts are proposed to build adaptive capacities; make assessing and map plant suitability to local changing conditions, evaluate existing drainage capacities; improve drainage and secondary irrigation capacities; optimize the use of water and chemical fertilizers; supply and use of climate-resilient seeds and hail nets. In the context of climate change, the literature recommends increasing farmers' access to technology and information (including regular information on climate indicators such as temperatures, precipitations, etc.), research and extension to support best agronomic practices and best management practices; collection and dissemination of information on soil types, plant suitability, drainage potentials; consolidation of agricultural land; encouraging the private sector to become an effective part of the public sector in the process of adapting to the climate changes. The good news is that Albania has already designed its own strategy regarding adaptation to or mitigation of climate change.

Important literature and institutions such as FAO and WB argue that the best way to meet the challenges of climate change is the use of so-called climate-smart agriculture (CSA) introduced by FAO in 2010. By Climate Smart Agriculture FAO means agricultural systems that enable a steady increase in productivity and income, adaptation and resilience to climate change, as well as reduction or elimination of greenhouse gas emissions. In short, according to the FAO, agricultural systems need to become more efficient, that is, produce more food with less water, land, and agricultural inputs and in a sustainable way.

Among the most important CSA practices to increase both productivity and efficiency and at the same time challenge climate change effects are: Sustainable Crop Management (crop diversification and use of new varieties, ecological pest management, and seed and grain storage); Sustainable Farming Systems (including mixed farming and agro-forestry; Capacity Building and Stakeholder Organization (establishing and using as effectively as possible Farmer Field Schools, Community-based agricultural extension, Forest User Groups, and Water User Associations); Sustainable Livestock Management (including livestock disease management and selective breeding); Conservation Tillage (including three types of tillage such as no-till, in-ridge till, Mulch till); Integrated Nutrient Management, Ecological Pest Management, and Index-based Climate Insurance [19].

Integrated Nutrient Management (INM) and Ecological Pest Management (EPM) are among the most important agroecological principles and practices. INM aims at integrating the use of natural and fabricated soil nutrients to increase crop productivity and preserve long-term soil productivity, based on cropping systems or crop rotation. Key elements of EPM are crop management (such as selecting appropriate crops for local climate and soil conditions, using cover crops, such as green manure to reduce weed infestation, disease, and pest attacks, use of crop spacing, intercropping, and pruning to create unfavorable conditions to the pests, etc.), soil management (maintaining soil nutrition to provide the best possible chemical, physical, and biological soil habitat for crops), pest management (using beneficial organisms that behave as parasitoids and predators). The literature emphasizes that EPM can contribute to climate change adaptation by providing a healthy and balanced ecosystem in which the vulnerability of plants to pests and diseases is decreased. Enhancing diversified farming systems, EPM builds farmers' resilience to climate change, such as damage to crops yields by new pests and diseases [19].

According to the literature, CSA requires and makes it possible for agricultural development actors to define strategies in accordance with local conditions, which guarantees increased productivity and income [62]. In more concrete terms, according to [19] the CSA approach aims at changes in technology and practices to adapt to the climate, such as i-Modification of planting time; ii-Creation of new varieties resistant to heat and

drought; iii-Creation of new cultivars; iv-Changing the mix of plants and animals; v-Improving land and water management; vi-Implementation of conservation agriculture practices; vii-Integration of climate forecasts in the productive decision-making of what, who, where and how will be produced; viii-Expansion and improvement of irrigation and drainage systems; ix-Increasing regional diversity. X-Diversification of employment and income of farmers.

One of the biggest global actors in climate issues is the World Bank. The approach it proposes to tackling the effects of climate change is called the GRID (green, resilient and inclusive development) approach to climate change. This approach is effective in increasing countries' capacity to adapt to climate change and reduce greenhouse gas emissions. According to the WB, the main pillars to focus on this issue are the integration of climate with development, focusing on the biggest polluters, increasing investment by the bank, and also private ones related to the adaptation / reduction of greenhouse gas. WB has spent huge funds on climate; from 2016 to 2020 WB spent an average of \$ 16.9 billion. Around 26% of the bank's budget in the period 2016-2020 was dedicated to climate change, and in the period 2021-2025 is projected to reach 35%.

According to the literature in order to effectively apply the CSA practices, an alliance is needed between extension services, local NGOs, and the central government. This alliance can help establish and use Climate Resilience Field Schools (CrFS), as experience in some countries such as the Philippines shows. CrFS involve a range of smallholder stakeholder institutions and an agency to better understand and effectively apply CSA practices [11].

2.8 Income Stability of small farms

The incomes of small farmers are under constant threat due to the volatility of prices, as well as the demand and supply of agricultural products. Low prices for small farmers and their fluctuation in particular, in the absence of public intervention or support and the lack of mitigation instruments, can significantly jeopardize income stability. Therefore, state intervention to ensure that farmers receive a fair value for their products would not only stabilize their incomes but also encourage investment. There are multiple instruments that can help in this direction, such as commodity exchanges and marketing boards, financing of training, providing inputs, and social programs. For the intervention to be effective control and supervision mechanisms are needed because there is evidence that some mechanisms such as marketing boards may become abusive [51].

Contract farming can also help farmers get a fair value for their produce, but there is also the possibility that risks are not shared fairly and strong firms may influence the reduction of prices at the farm gate. The government can assist small farmers through dispute resolution, information, oversight, or contract settlement mechanisms by providing a favorable contract model for small farmers so that they can more easily resolve any disputes within the group. The government can also assist small farmers by intervening in the regulation of oligopsonistic practices in the distribution chain in order for them to get better prices for their products [12].

Integrated farming is a good way to have farm income stability and to increase it through increased production and reduced costs due to the reduced use of external (purchased) synthetically inputs. However, without support, many farmers cannot switch to the IF system because the costs of switching to this type of agriculture are high and unaffordable for small farmers [52].

Farmers' incomes must increase steadily but at the same time without harming the environment. For this FAO recommends the creation and use of technologies that do not harm the environment and on the other hand enable cost reduction. In order not to damage the environment, the literature recommends limiting the use of

inputs produced with harmful technologies, production and use of new seeds in accordance with local climate and soil conditions, reducing losses along the value chain, and promoting the practice of agricultural goods and conservation agriculture as a way to increase yields with fewer inputs which also leads to lower production costs [18].

Encouraging farmers to insure their production would be another opportunity they can use to stabilize incomes. In particular, the government can be a key player in the insurance farmers in the case of weather events that have a very low probability of occurrence but with very serious consequences if they occur, because for these types of events private services are not engaged. One of the recommended types of insurance is the so-called index insurance [16]. Regarding insurance, the literature emphasizes the importance of investments in information infrastructure and information systems in support of the insurance market, and the importance of insurance market transparency [16].

2.9 Investment climate for small farms

As FAO underlines, private investment is essential if agriculture is to fulfill its vital function of contributing to economic development, poverty reduction, and food security [17]. However, the investment climate is essential for private investment in agriculture to occur. [21] point out that literature at large affirms that between investment climate and the investment itself there is a clear positive relationship. Some of the major constraints to agricultural investment that farmers often face are access to land, markets, inputs, credit, insurance, and technology. Moreover, as [29] argues, “Lack of adequate input and output markets are well-known disincentives for farmers in developing countries to make a productive investment. Without access to adequate seeds, fertilizers, credits, or knowledge it is difficult to invest. Without access to wholesale or retail markets, there is no point in producing marketable surpluses. Much more investments in bottlenecks in the input, processing, storage and retail segments of food systems are needed to enable and encourage on-farm investment”.

The business environment in general and specific investment climate are essential to private investment in the Albanian agricultural sector, too. However, the investment climate regarding agriculture in Albania, as literature evidence, seems not favorable. Among the most relevant factors for the weak investment climate in the Albanian agriculture sector researchers have identified political instability, unfair competition in the trade of agricultural commodities, poor rural infrastructure, poor irrigation and draining system, lack of cooperation among farmers or vertical integration along the value chain, and unsafe property rights.

Addressing these issues is the path to improving the quality of the investment climate and ensures more investment in the sector [3]. The government should intervene to improve the business climate, enabling law enforcement capacity, building effective institutions, protecting property rights, and promoting land tenure (e.g. by increasing the security of property titles and through investments in land register).

As literature highlights, another factor that influences farmers' investment decisions is a risk. Risk is a key factor influencing farmers' willingness to invest. Farmers need support and assistance to learn how to be successful in managing the market risk. Some aspects of how to help farmers to manage risk would be the dissemination of market, weather, and technical information including information about government policies; knowledge and skills; advice to farmers about production, technologies, field operations, the use of inputs; planning and marketing support [27].

A good proportion of small farmers, if not all, are poor, so the essence of the problem is, as [29] emphasizes, enabling and motivating the poor to invest. According to [23], some major motivations for investment by

small farmers are: encouraging producers' organizations (through laws and taxes to help smallholders compete in the market, and protecting the autonomy of cooperatives and producers groups, and aborting taxation of trade within the cooperative. ii support diversity of market outlets (through public support to upgrade traditional wholesale markets and informal sector, enable participation of private sector and cooperatives, infrastructure improvements, protection of traditional markets); iii market coordination (investment in market fundamentals such as warehousing and storage, market information, and transparent commodity exchanges, effective market regulation to coordinate markets and manage producer risk, such as marketing boards); iv competition policy (break up cartels, and produce fair trading laws or codes); v quotas and market preferences (procurement from smallholders, public procurement policies, sm allholder access to export quotas); vi public policy and private standards (enable smallholders to play, providing them with training and subsidies); trade policy (treat small-scale sectors as an infant industry).

Limited access to credit as an aspect of financial services can severely constrain investment by small farmers. According to FAO (2012), there is clear evidence of access to and / or cost of credit as major factors conditioning farm investment.

Literature highlights that another aspect of financial services is related to risk insurance. To stimulate farmers to invest, governments may intervene to assist them in the provision of commodity price insurance because self-insurance strategies, such as crop and income diversification and consumption smoothing, may hinder investment and be inadequate to reduce income uncertainty. The land smallholders also need to build social capital if they are to take advantage of economic opportunities and incentives to invest and overcome investment constraints.

[32] have investigated EU farmers 'willingness to invest in four asset types (land, buildings, machinery, and training). They found that these investments are complementary, that is the one willing to invest in land is also willing to invest in machinery, etc. They found that larger farms are more likely to invest in machinery, older farmers are less likely to invest, also more educated farmers invest more, and farmers in countries with higher economic growth are willing to invest more. [9] investigated the effect of business risk management programs in the form of insurance (yield insurance, net margin insurance, etc.) on investment decisions by Canadian farmers. He found a significant correlation between business risk management programs and farmers 'decisions to invest.

In Albania, as research evidence, most farmers would be willing to invest if they had a positive perception of the investment climate. They also take into consideration other factors when deciding to invest, such as access to loans, good advisory extension services, fair market competition, willingness to cooperate, willingness to take loans, and they would be more willing to invest if they had enough and sustainable income from farming [49].

Using resources efficiently is a key to rapid economic growth and poverty reduction. However, according to the WB, the technical efficiency of Albanian farms is extremely low, only about 28%. The inefficiency associated with small and fragmented farms, and underdeveloped markets for the sale and lease of agricultural land are major obstacles to increasing agricultural production and rural incomes [64].

Government grants to farmers can be a way to substitute for private investment. The WB is not against grants to farmers but stresses the need for any grant program to be transparent and the rules and criteria for benefits to be made clear. Critical is also that the selection of grant recipients should be fair and made using the so-called multi-level system in order to make a political influence on grant decision-making impossible [64].

Financing under the Common Agricultural Policy (CAP) may be a good prospect for investments in the agricultural sector in the not too distant future. For this, Albania must build in time the appropriate institutions to enable access to CAP funds, such as IACS and FADN. These have costs but must be built to enable the benefitting from CAP funds. There have always been hot debates, in Albania and outside it, about the role of public subsidies in investment schemes. Regarding the efficiency and effectiveness of subsidies, WB emphasizes the need to build appropriate mechanisms for accountability, monitoring, and impact assessment. These mechanisms are necessary if subsidies are to be increased and if the transparency and efficiency of the use of public funds are to be increased [64].

3. STUDY LIMITATIONS

The focus of this article is mainly on farm-level policies regarding small farms. Monetary and macro-level policies, such as inflation, tax, exchange rate, and interest rate policies, of course, can also influence both behavior and the viability of small farms. In this context, not including these policies is a limitation of our work but these policies are outside the scope of the current article. In addition, as we pointed out at the outset, we also touch on a small part of the repository literature related to agricultural policies. A more complete review could highlight other valuable policy options for small farm development.

4. FINDINGS AND CONCLUSIONS

Learning from the international experience and findings from literature is essential for a country to improve the overall policy process, beginning from the problem identification to the policy impact evaluation. This learning is crucial to ensure greater effectiveness and efficiency of public funding for agriculture and promoting private investment. Learning is essential in areas such as how to improve the investment climate, how to cope with the effects of climate change and further international trade liberalization and globalization, how to promote the competitiveness of farm products, build quality institutions, and support economic growth and farm incomes.

As the literature emphasizes, growth in agriculture will come from the intensification of production that can only come from the modernization of farms, as well as from the concentration on producing high-value products. The key challenge in this aspect remains the commercialization of farms. Their commercialization is the way to modernize the agricultural sector and increase productivity, the quality of the produce, and competitiveness. But this requires that subsistence farms leave the system, as it has happened and still is happening in other countries such as the new EU member states, and their lands are transferred through sale or renting to other larger, market-oriented farms. However, for this transition to happen it is necessary the creation of non-agricultural job opportunities [64].

Actually, Albanian agriculture is based on the wide use of synthetic fertilizers and pesticides. But, in the conditions of increased prices following rapid trade liberalization and, lately, the war in Ukraine, agro-ecological agriculture would be a good alternative for Albanian agriculture, because it according to the literature uses less of these types of inputs, provides more production and ensures higher productivity, at lower cost, and at the same time protects the environment. This requires effective policies, ranging from extension support to public funding of investment projects.

Despite the debate over viability or preferences for conventional farming, as the literature argues, small farms as well can be viable without harming the environment if they operate in favorable conditions and are supported by adequate measures. The problem that remains unclear is what is or which farm can be defined as a small farm in the context of Albania. We think that the vast majority of Albanian farms have a size beyond what is called small and they really have limited capacity to become beautiful, or successful.

The literature argues that broad-based agriculture growth is more pro-poor than export-led agriculture growth [70]. If the major policy goal is pro-poor growth, we suggest a broad-based agricultural development approach in combination with export-led agricultural growth. According to the literature [43], the policy frameworks in support of small farms, but not only, need to be integrated. In this case, policy coherence is necessary. Policy coherence means that all actors and institutions in different areas or sectors complement each other. Policy coherence is very important, as production, linked measures of support should be linked with incentives to avoid or reduce environmental harmful practices, including reduction of chemicals [42]. This link should be ensured if competitive grant-like support schemes for farmers are being prepared and implemented, as also recommended by the World Bank [64].

The literature recommends using effective instruments for agricultural development. Several effective instruments would be increasing household access to land, water, and human capital. Securing property rights, access to irrigation and quality education are basic requirements for agricultural development and poverty reduction. Agricultural policies have the mission of increasing farm and more generally rural incomes, but to carry out a mission they must not only be effective regarding the current structures but also be able to facilitate the transition to other structures that enable further growth of income. This means that they must be able to increase the productivity and competitiveness of small farms and expand employment opportunities outside the agricultural sector [44].

Globalization and climate change are already unavoidable challenges and a policy for sustainable development could not be complete without effective policies to help farmers face these challenges. The investment climate is essential for private investment and growth, on the other side the access of small farmers to credit is very difficult, therefore conditions need to be created and policies be in place, as literature recommends, for the private investment to occur. As recent events in Albania showed a drastic rise in farm input prices and major difficulties are in place for the farm product to be sold at a fair price, policy supporting farm income is of crucial importance. In countries where small farms predominate, as in the case of Albania, increasing their market share is a major challenge. Increasing farmers' access to the market needs adequate and sufficient market infrastructure, an increase of farmers' technical capacities, use of risk management tools, as well as collective action through producer organizations [65].

Albania needs a sound agricultural policy. An agricultural policy will be sound if it provides real benefits (it is economically sustainable), it reduces poverty (it is socially sustainable), it gives fiscal results (it is fiscally sustainable) and it does not harm the environment, so it is sustainable also from an environmental point of view [40]. Furthermore, in the context of good governance, as literature highlights for agricultural policies to be effective they must meet certain criteria. First, discipline (policies to be consistent); realism (applicable policies); stability (policy setbacks should be rare and the vision for development should be clear); openness and clarity (policies to be transparent to the public); selective (ability to choose the best policies); effective communication, as a policy that is not well understood cannot be implemented and may not even be well reflected in the budget [66]. For an agricultural policy to be effective and successful, it must take into account and effectively confront the objectives it seeks to achieve by also taking into account existing sector constraints. This would help select the most appropriate policy instruments to achieve the set goals [8]. Agricultural development can occur more effectively and efficiently with policies appropriate to local conditions, with political support, and by improving agricultural governance not only at the central level but also at the local level [65].

Some key elements of the agricultural policy for growth and sustainable development would be good land sale and rental policies, effective transfer of sound technologies, and establishment of effective institutions

for rural credit [40]. The development agenda must be comprehensive, differentiated, sustainable, financially and administratively viable, as well as able to yield significant impacts. Implementing the agricultural development agenda has two challenges: overcoming policy bias against agriculture in general and smaller farms in particular, underinvestment and disinvestment.

A quality agricultural administration is important in meeting the objectives and targets of the agricultural development agenda because a quality administration is a key to strengthening governance for the design and implementation of policies. In this context, the ministries of agriculture need new skills and new structures to perform new roles. Internal reforms as well as adjusting the recruitment system are essential. A mission-oriented and results-oriented public service is important but requires vision and leadership to design and implement this kind of service [65]. To strengthen civil society and democracy, the so-called third sector (communities, producer organizations, actors' organizations, NGOs) has a role to play in improving governance because they improve the representation of the poor, give political voice to small farmers, and make them responsible by participating in policy-making, monitoring, budgeting, and policy implementation. Capturing elites often occurs in agrarian societies, so development institutions need to address this problem as well [40]. In this relation, improving institutional management, monitoring, and impact-assessment capacities, is not a condition, but a precondition for more direct subsidies for the agricultural sector, and higher efficiency of public funds used. If the institutional capacities are weak, it is better to leave the solution of investment problems to market forces and private initiatives.

An inclusive policy-making process is also crucial for a quality policy framework and effective implementation [65]. As the World Economic Forum in Davos (Switzerland) advises, a good model or good development agenda ensures that key actors are engaged and aligned around common priorities [69]. Moreover, while policy-making generally takes into account producers, consumers, and taxpayers, it must also effectively consider other agents with interests, such as agricultural input suppliers, traders, food processors, retailers, environmentalists, and other groups. These agents often have the potential to link up in political coalitions and can strongly influence agricultural policy-making [58]. However, as evidenced by international experience and literature, it is critical the effective consultation with farmers and agricultural development actors. In addition, improving transparency in the design and execution of the public budget for agriculture, including subsidies, is vital in terms of efficiency. Improving monitoring and especially the assessment of the impact of public investment and expenditure would effectively help better define public support priorities and increase their efficiency. Applying performance-based budgeting as recommended by the literature would have indisputable positive effects in this regard [60].

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