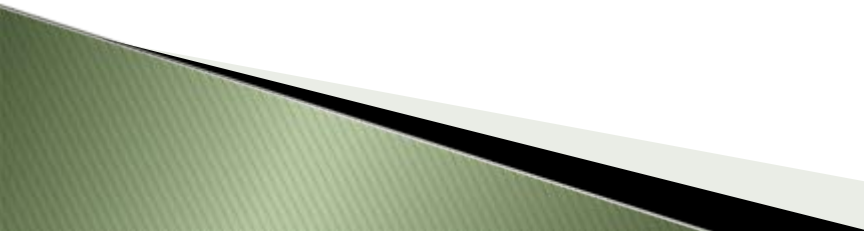


The evolution of the Medicinal and Aromatic Plants Value Chain in Albania – Implications for Poverty Reduction and Rural Development

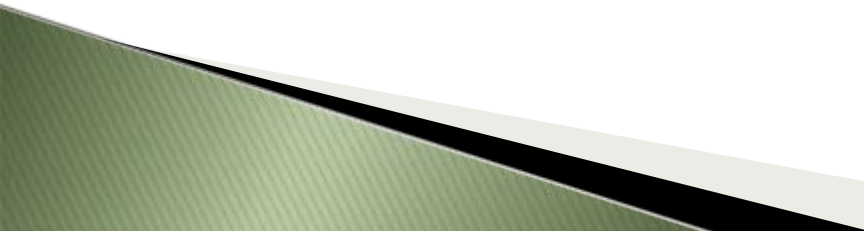
Drini Imami, Luciano Leonetti, Andi
Stefanllari



INTRODUCTION

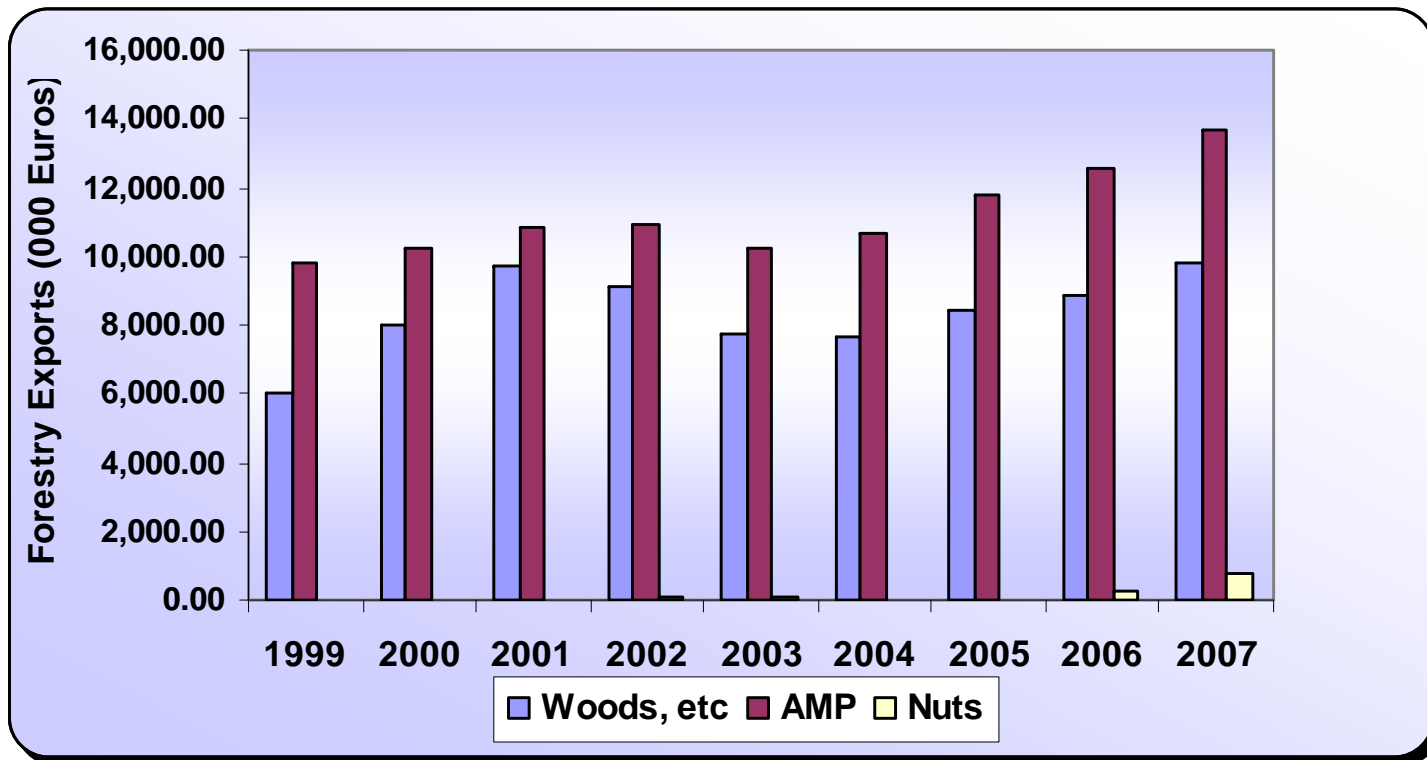
- MAPs is the main non-timber agri-forestry business in Albania.
 - Albania is a major international player for some MAPs.
 - Wild MAPs collection is more developed and organized in mountainous areas unemployment and are high.
 - Wild MAPs collection, the main source of income for thousands households.
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Methodology

- We interviewed 2 largest processors/ exporters, 6 medium processors/exporters, 5 small processors/traders, 5 collectors, 5 cultivators and 3 agronomists.
 - The secondary data were mainly obtained from the databases of Albanian Center for International Trade (ACIT), EUROSTAT, FAOSTAT, USDA, etc.
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Importance of the MAP sector (1/2)

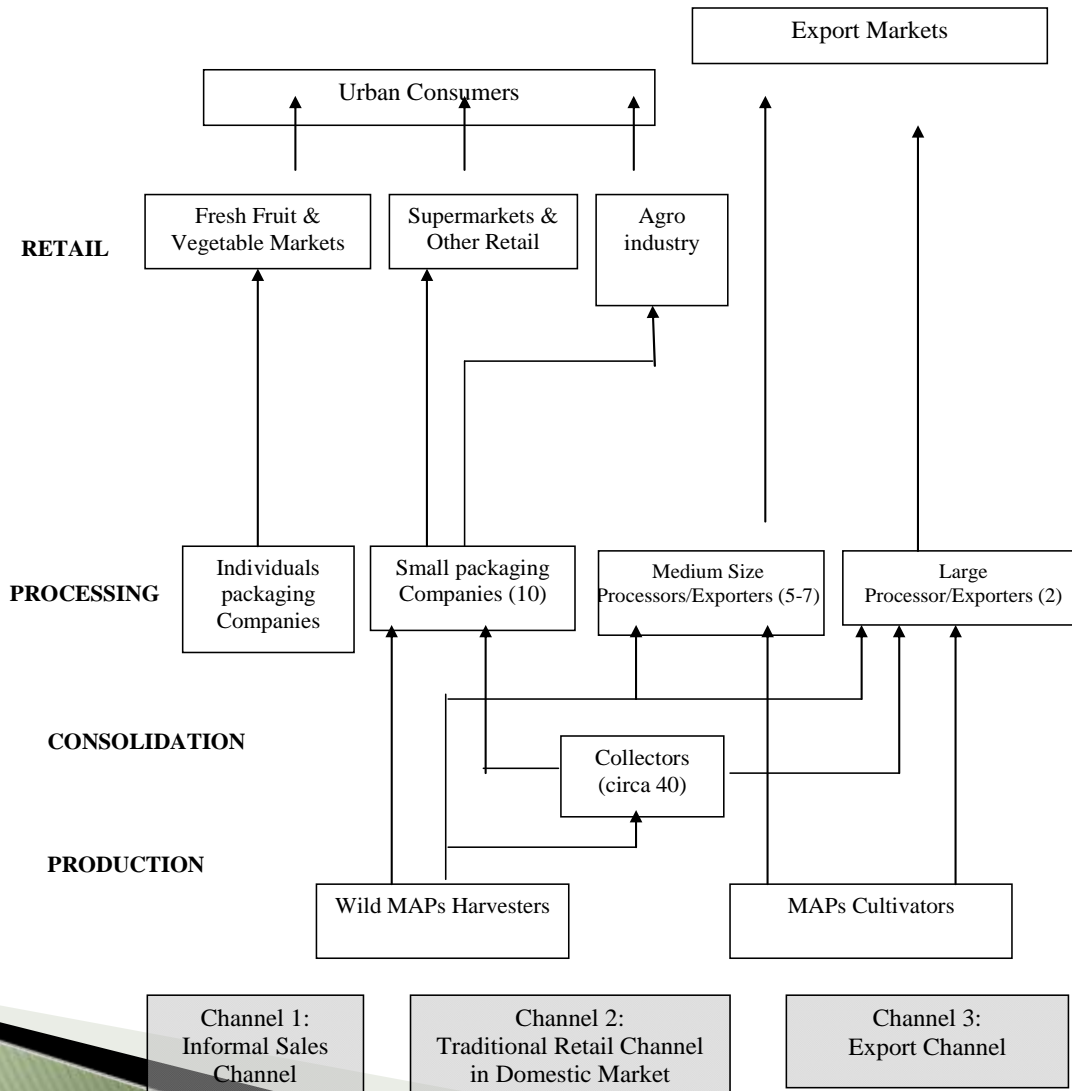
Forestry products exports by year (000 Euros)



Importance of the MAP sector (2/2)

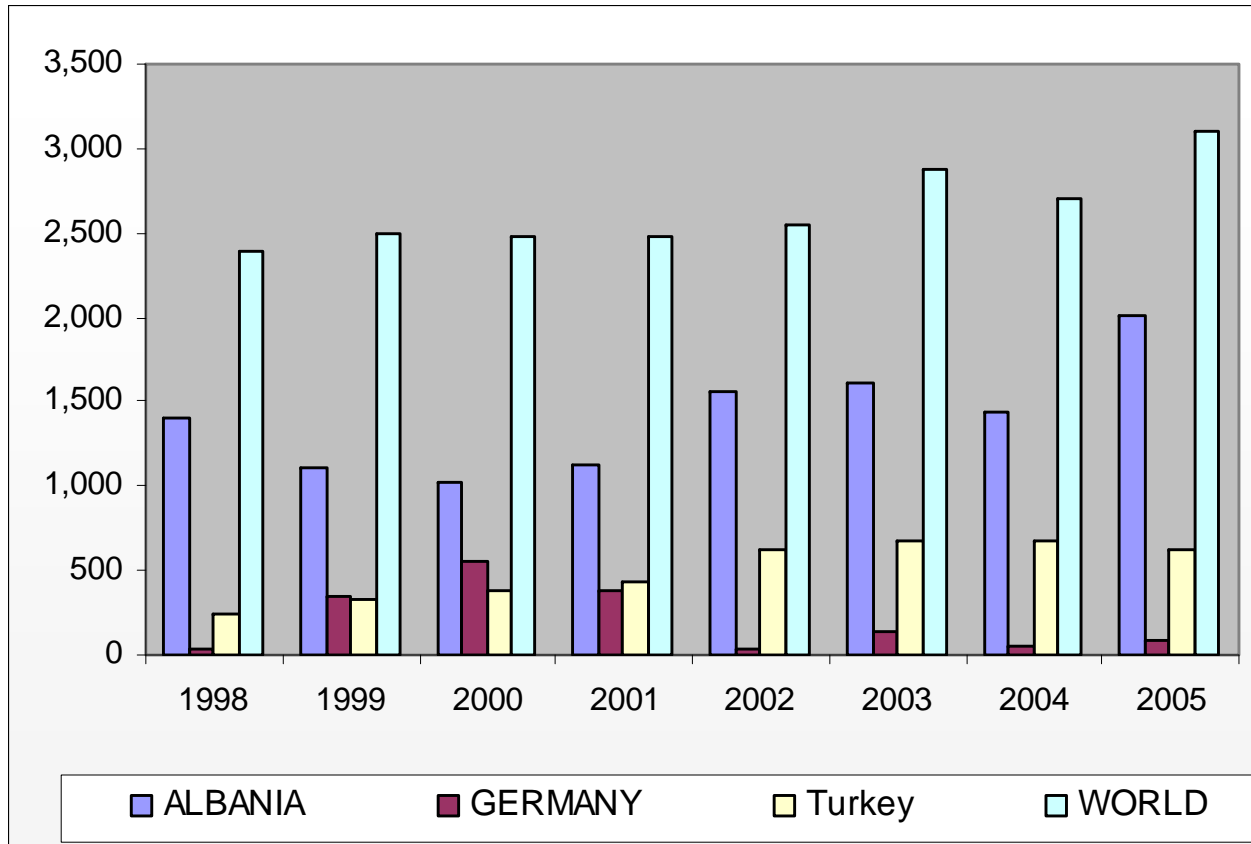
- MAPs collection involves about 100,000 people, thus being the forestry sub-sector generating more widespread incomes and jobs.
- Revenues from MAPs collection may account for 17% of the northern Albania households' income; sage may generate about 10% of the family income
- In some rural remote areas, 80% of the farmers are involved to some extent in MAPs harvesting and collection, and 1/3 rely primarily on MAPs.
- One person can collect yearly the equivalent of 2,000 USD during 3-4 months of the harvesting time. This figure is similar to the minimal wage in Albania.

MAP Value Chain Map



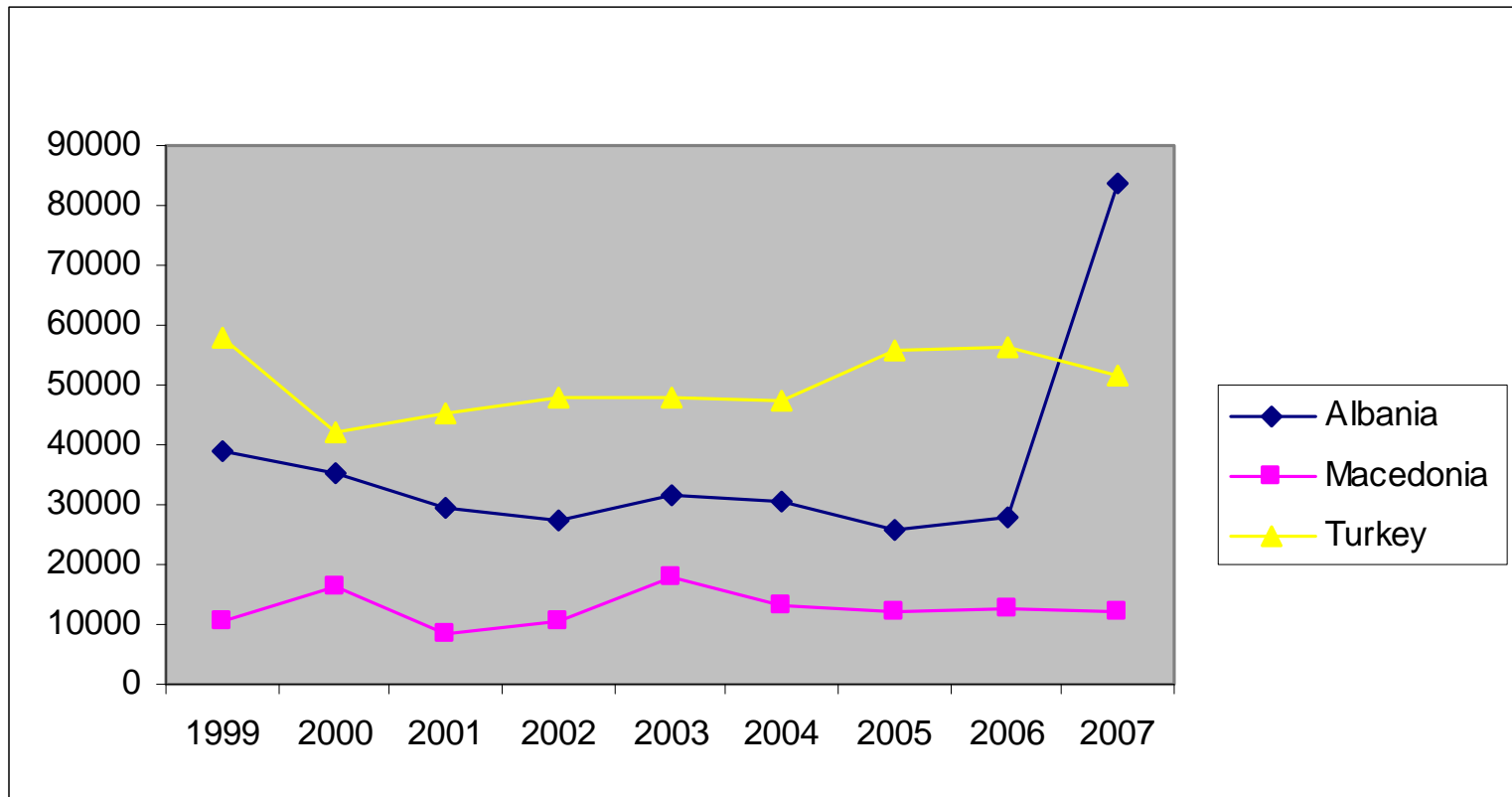
Albania – important international player

USA imports of MAPs from main supplying countries

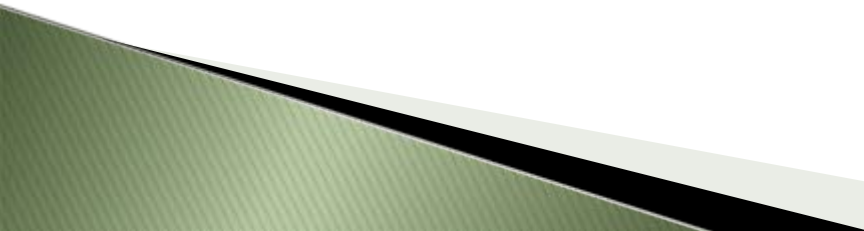


Albania – important international player

EU imports of MAPs from main regional supplying countries

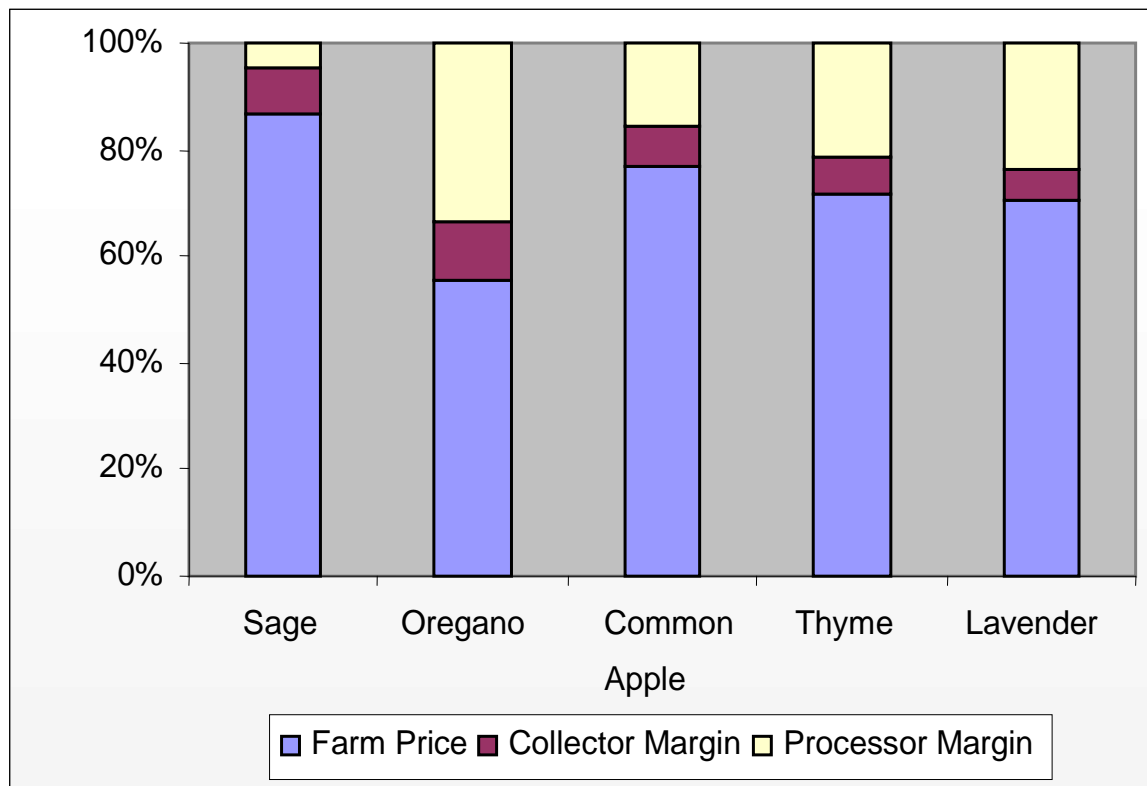


Recent sector development

- Continuous increase of international market demand for some MAPs, especially sage
 - Up to early early 2000' a quasi-monopolist exporter was controlling most of the Albanian export of MAPs. Since then, new large and medium size operators started to directly compete for international markets.
 - Partial depopulization in some remote rural areas.
 - As a result, stronger competition in the market for the raw MAPs, increasing investments for processing activities, and cultivation.
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Recent sector development

Price margins of farmers, collectors and processor



Recent sector development

- Traders margins on sage decrease because of competition among many collectors and processors.
- Higher share of final value is remaining to farmers. Farmers currently obtain about 20% higher prices for sage compared to 2-3 years ago.
- Increasing added value and prices (of sage) = higher income for rural households.

Conclusions

- Increasing competition in the downstream value chain of MAP translated more into stronger competition for procuring raw material than in downstream pressure on sale prices.
- Inelastic supply of wild MAPs, combined with increasing/stable demand and prices in the international market and increasing competition between traders led to higher income for rural households, contributing to poverty reduction and rural development, in many areas where MAP collection is one the few/main economic activities.

Elements for discussion

- Why we have not a similar outcome in other food chains?
 - What are the factors preventing new suppliers to overcome the rigidity of supply?
 - When globalisation of markets does not translate into lower prices to producers and maximisation of profit by information-holders?
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