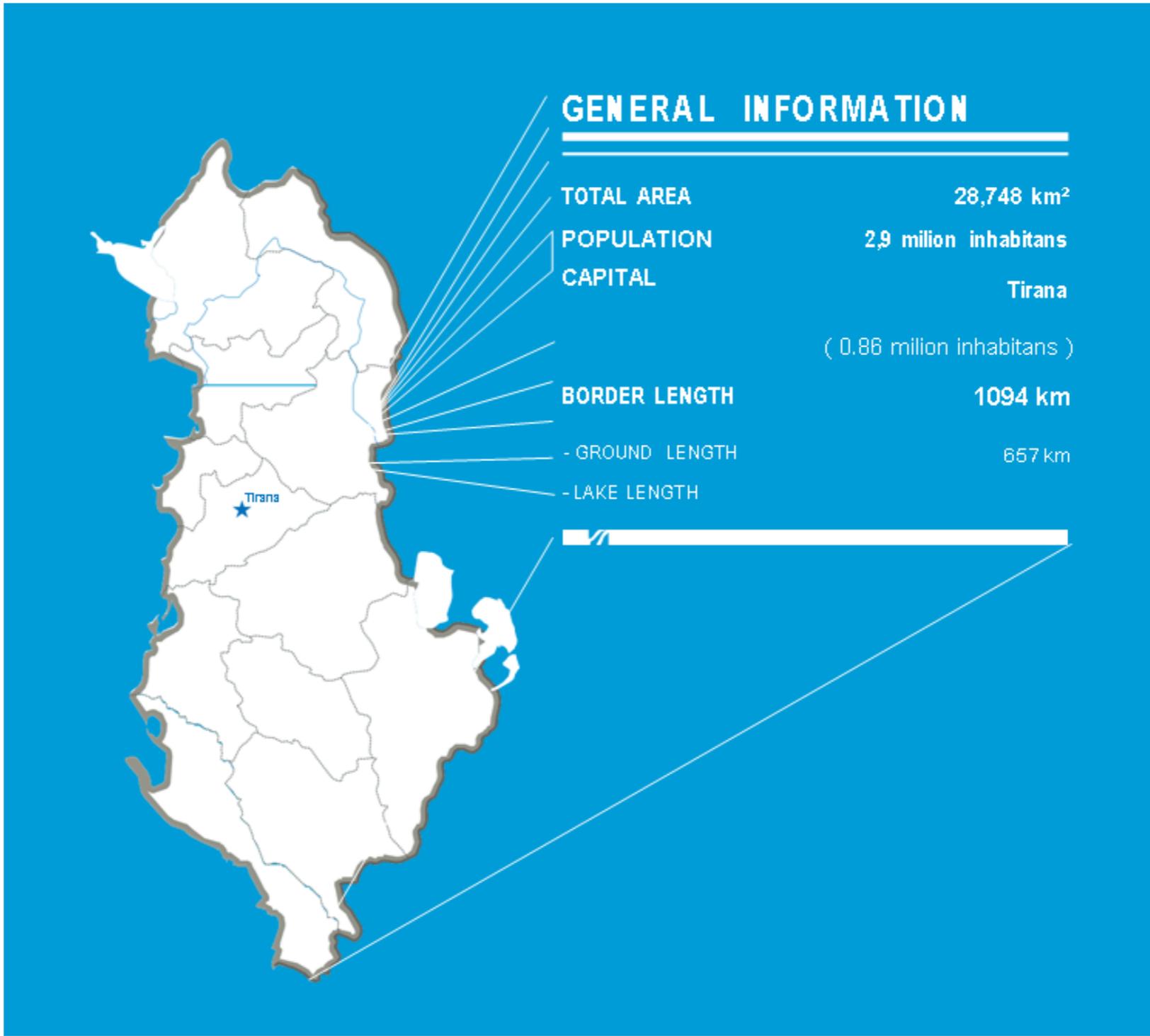




OVERVIEW OF THE ECONOMIC DIVERSIFICATION POLICIES (FOCUS ON RURAL TOURISM) IN ALBANIA

REGIONAL EXPERT ADVISORY WORKING GROUP (REAWG) ON ECONOMIC DIVERSIFICATION THROUGH RURAL TOURISM (ED-RT)

***23 – 25 JANUARY 2019
SKOPJE, MACEDONIA***



National Strategy for Development and Integration 2015-2020

 According to the content in the agriculture and rural development subchapter the challenges in this sector include:

- enhance competitiveness of agriculture and agro-processing in national, regional and global markets;
- enhance farm size through land consolidation and land market development;
- improve the technology and innovation transfer system;
- further improve infrastructure in agriculture towards sustainable use and management of natural resources and mitigation of climate change;
- improve basic and recreational services, and diversify the activities that generate income in rural areas.

- The main policy document for agriculture and rural development is the *Inter-sectoral Strategy for Agriculture and Rural Development* (ISARD) prepared by MARDWA for 2014-2020.

 One of the priorities:

Balanced territorial development of rural areas promoting social inclusion, poverty reduction and balanced economic development in rural areas. The objective is to achieve a balanced territorial development of rural areas by fostering diversification of economic activities, job creation and social inclusion, and improving living conditions in rural areas.

Strategy of Tourism Development in Albania 2014-2020

According to the strategic direction of nature and rural tourism 2014-2020,

The main economic objectives

- Increase the contribution of nature and rural tourism in economic impact;
- The nature and rural tourism contributes to poverty reduction and revenue growth in different destinations of the country.

Regarding the abovementioned strategies, their aim is to sustain and develop sustainable agriculture and rural tourism, to develop necessary infrastructure as well as to widen the supply of tourism services

The definition of farm and rural tourism versus mainstream tourism

According to the Law 93/2015 “On Tourism”:

- *"Tourism" means the totality of the activities of persons traveling and staying for less than 1 year in places outside their normal environment for business, leisure or other personal purposes, that are not related to the practice of any paid activity at the place to be visited.*
- *“Rural tourism” is the tourism activity performed in a rural environment and is oriented towards the use of local tourism resources.*
- *“Agro tourism” is the hosting activity performed in a farm or some other agricultural entity, with the aim of attracting visitors, often by enabling them to participate in agricultural activities or other aiding activities performed in that agricultural environment. Agro tourism supports the sustainable development of rural areas through the protection of environment, conservation of traditions and promotion of the most typical products of that area*



*In order to see the increasingly important role of tourism in Albania, some national statistics need to be shown, though **statistics about rural tourism are not available.***

- there has been a sharp increase in the number of foreign citizens over the last 15 years from 3 17.000 to 4.131.000.
- Studies have shown that looking at the numbers regarding the arrivals to the country and the data about the arrivals in hotels, we can see that only approx. 10% of the total arrivals stayed in hotels in 2015, while the rate in 2000 was nearly 50%. It means that alternative accommodations, e.g. rural accommodations have been getting more and more importance.

Strengths:

- *High diversity and attractiveness of landscape and nature;*
- *Plenty of natural resources and favourable conditions for MAPs, apiculture, aquaculture, tourism;*
- *Sufficient resources for renewable energy production solar, hydro, residuals of waste, thermal;*
- *Large share of young population in rural areas;*
- *Strong motivation to improve quality of life and income;*
- *Strong sense of hospitality;*
- *Developed private initiative in food provision and accommodation;*
- *Increased number of international tourist in the country;*
- *Consumer preferences for local products on the domestic market*
- *Increasing demand for alternative tourism - rural, adventurous tourism and “green” tourism;*
- *Very good natural conditions / early season production /long cropping season for fruits and vegetables.*

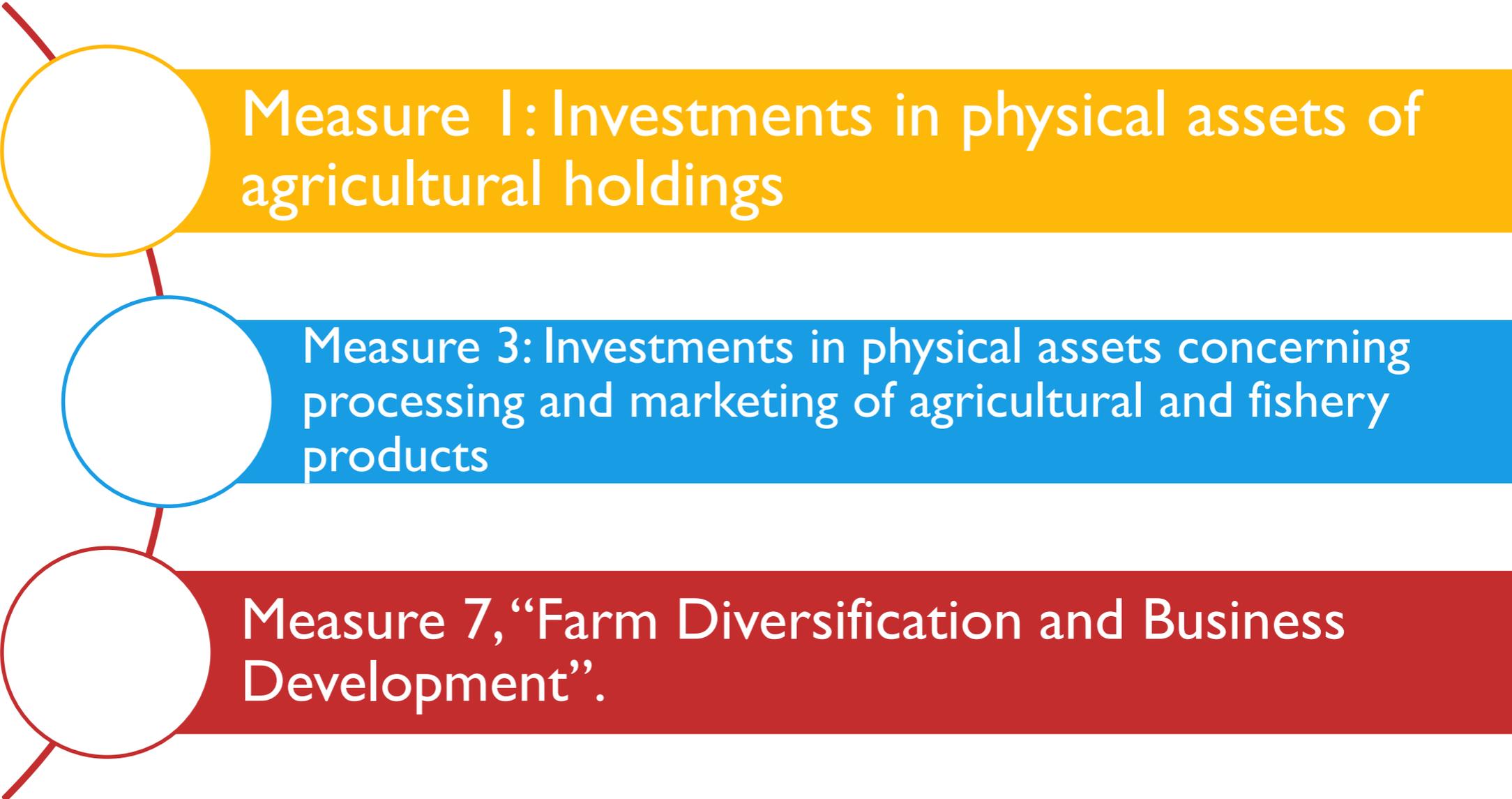


Weaknesses:

- *Environmental damages (e.g. erosion and existing pollution (litter, water) harm country image and negatively affect potential (tourism, MAPs, apiculture, aquaculture), low environmental awareness;*
- *Low demand for labour/limited job opportunities in rural areas;*
- *Limited internal financial resources to support investments in quality and new technologies (difficult access to credit /high cost of credit);*
- *Limited access to external expertise to farmers and SMEs;*
- *Low traceability hindering promotion of local and regional products;*
- *Underdeveloped rural infrastructure, roads, communication lines, business services;*
- *Climate change with negative impact on agriculture, forests and biodiversity.*
- *Outdated technologies, lack of on-farm mechanisation;*
- *Lack of traditions for cooperation and community involvement at local level;*
- *Consolidation of food distribution, favouring large producers and imported products.*

IPARD Programme 2014-2020

The main scheme to support rural/farm tourism in Albania is the IPARD Programme 2014-2020



Measure 1: Investments in physical assets of agricultural holdings

Measure 3: Investments in physical assets concerning processing and marketing of agricultural and fishery products

Measure 7, “Farm Diversification and Business Development”.

Measure 7: Farm Diversification and Business Development

The general objective of the measure is to foster employment by creation of new and maintaining the existing jobs through the development of business activities, thus raising the economic activity level of rural areas, increasing directly the farming households' income and reversing rural depopulation and contributing to a better territorial balance, both in economic and social terms.

The specific objectives of the measure are to encourage creation, diversification and development of rural activities through support for investments in farm diversification and development of non-agricultural activities in the following sectors:

Measure 7: continuing...

→ **Eligible expenditures**

minimum amount: EUR 10,000

maximum amount: EUR 400,000

→ **Aid intensity** is up to 65% of the total eligible cost of the investment.

→ **Recipients**

Farmers, co-operatives, non-agricultural private micro and small-sized enterprises.

Measure 7: continuing...

Eligible sectors:

- *Production of MAPs, mushrooms, honey, ornamental plants and snails*
- *On-farm processing and direct marketing of agricultural products*
- *Processing and marketing of wild or cultivated MAPs, mushrooms and honey*
- *Aquaculture*
- ***Nature and rural tourism***
- *Services for rural population and business*
- *Handcrafts and manufacturing industry*
- *Renewable energy production*

For the Nature and Rural tourism:

Construction and /or reconstruction of houses and buildings in traditional style to be used for tourism-related activities and for serving as touristic attractions and related equipment;

Construction and/ or reconstruction of facilities and supply of equipment for sport and other recreational activities.

Measure 7: continuing...

Requirements/ criteria's for investments:

Must be located in rural areas, must be compliant with the relevant national standards, and must be compliant with the requirements of the management plans of nature or cultural heritage protected areas.

Investments in rural tourism—regarding the public health standards. A pre-assessment at application stage would be needed in case of constructions, to prevent issues in case there are specific requirements to be taken into account in the design which cannot be modified later on.

For nature and rural tourism sector:

*Investments in accommodation facilities are limited to **up to 40 beds** in total.*

*Investments in tourist accommodation are limited to construction and/or reconstruction of houses and buildings **in a traditional style**.*

*Investments in rural tourism accommodation facilities the **national standards for public health** will be confirmed by the relevant technical body, in case food is prepared and served in these facilities.*

"Integrated Rural Development Program – 100 Villages Program"

- In the Cross-cutting Strategy for Rural and Agricultural Development 2014-2020, the following additions are added (2018):

3.6 Integrated Program for the Rural Development (IPRD)- The program of 100 villages.

Managing authorities.

For the management of the “Integrated Rural Development Program -The program of 100 villages”, an Inter-Ministerial Committee is established and it is composed by the Minister of Agriculture and Rural Development, Minister of Tourism and Environment, Minister of Infrastructure and Energy and the Minister of Culture.



The INTEGRATED RURAL DEVELOPMENT PROGRAM will coordinate the interventions through integrated investments projects within the defined 100 village area through three objectives:

- **Improvement of public infrastructure-** (Increase the support of the rural roads infrastructure, revitalize public/urban spaces, community and environmental infrastructure, rehabilitation of natural environment, establishment of multifunctional community centres, etc.).
- **Economic Development through diversified economic activities-** (Improvement and utilization of touristic potentials, improve agritourism business facilities, rural tourism, increase investments for the small scale production infrastructure (incubators) of traditional products, support branding and marketing business activities, improve the financial and trade services supplies to the farmers, support local/rural fair and recreational activities, etc).
- **Development of human and social capital-** (Support for the development of rural networks, local action groups, civil society in rural areas, provide support for the preservation of cultural heritage, different vocational training for women and youth and promotion of rural lifestyle and traditions, etc).

3 strategic projects:

- **Establishment of the Albanian agri-tourism network.**

The financial and fiscal support for the creation of an agritourism farms network that meet the appropriate standards. More employment opportunities in rural areas, the establishment of a destination and an exclusive "brand" of agritourism in Albania, along with other touristic offers as well as the preservation of the cultural heritage and the traditional Albanian village.

100 village program will also try to give support for approximately 27 agritourism farms and 150 guest-houses and will receive support for the improvement of farms and livestock houses which will lead to improved agritourism and rural tourism.

- **Incubator networks for traditional products.**

Will serve as ready-made infrastructure for the whole value chain, including storage facilities and production equipment, packaging and marketing networks, standardization and certification support and appropriate retail sale space.

- **Markets and retail store networks of Albanian traditional products.**

In relation to the last chain of the whole value chain (sales) the purpose of

Uka Farm



Sotira Farm