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

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

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Rural tourism – definitions and scopes

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

- “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.
Rural tourism – definitions and scopes (continuing…)

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

• “Sustainable tourism”, means that kind of tourism meeting the needs of tourists, hosting communities, tourist entrepreneurship, local and central decision-makers, by managing tourism resources, and by preserving the constant economic, social, cultural and environmental assets so as they remain as attractive as they were in the past and establish possibilities for tourism development in the future.
Rural tourism & its place in rural economy of Albania

Rural tourism is viewed as a new component of the Albanian supply of tourism, providing opportunities for rural regions of the country.

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

- However, the proportion of small guesthouses in rural regions, and an increased number of agro tourism activities is a good indicator of the relative significance of regional tourism’s development.
The National Strategy for Sustainable Development of Tourism 2019-2023

Vision

"Albania, a welcoming, attractive and authentic destination, for sustainable development of the country's economic, natural and social potentials".

Mission

- Development of destinations, areas, products and diversification of the tourist offer
- Increasing the added value of tourist potentials for the country's economic and social development

Subsectors

- **COASTAL**
  1. Coastal
  2. Maritime (Nautical)
- **NATURE**
  3. Mountainous Tourism
  4. Ecotourism (Flora/ Fauna)
  5. Waterside
- **THEMATIC**
  6. Cultural
  7. Agrotourism
  8. MICE
  9. Enogastronomy
  10. Medical

Objectives

- Create new poles and industries of development as well as consolidate the tourist offer
- Growth in added value and sector impact in economy and employment
- Develop new products and services in tourism, as well as improve their quality
- Improve the country's image and promote local products
Legal framework for rural tourism in Albania

Tourism sector:

The Law No. 93 / 2015 “On Tourism” gives the main definitions for tourism, rural tourism, agro tourism, sustainable tourism, etc.

The DCM No 730, date 20.10.2016 approved the Regulation “On the Conditions, Criteria, Tariffs, Terms and Procedures for Classification of the Accommodation Structures”

- “Guest house”;
- “Hostel”;
- “Camping site”;
- “Hotel”;
- “Motel”;
- “Resort”;
- “Health and Spa”;
- “Bed and Breakfast” (B&B);
Legal framework for rural tourism in Albania

The DCM No 22, date 12.1.2018 defines the criteria for certification of agro tourism activities. Agro tourism, as an activity, could take place on farms that meet the following criteria:

- The farm must have at least 1 ha of cultivated land or, at a minimum, 0.5 hectares of greenhouses; - The livestock farm must have, at a minimum, 10 head of cattle or 100 head of sheep / goat or 200 head of poultry. Dairy farms are also classified as stables; - Fishing / aquaculture farms.

- Agricultural units, which are active in the processing of agricultural, livestock, fishery and aquaculture products which are suitable for the development of agro tourism activities.

- Entities conducting host activities classified as "agro tourism" shall, as a minimum, provide one of the following services: a) Accommodation; b) Food and drink; c) Recreational/recreational activities, related to the farm or the surrounding environment.
Legal framework for rural tourism in Albania (continuing …)

- Agro-tourism entities that provide accommodation must have a capacity of 6 to 30 rooms.
- The structure ….. shall comply with the urban and other criteria in force for construction laid down in the general local plans. Where possible, buildings should respect local building traditions.
- Accommodation may also be provided in the form of camping, with facilities for the placement of tents or camping machines. In these cases, the agro tourism entity guarantees minimum hygienic-sanitary conditions (such as toilets, potable water, waste collection points, electricity connection) for a maximum capacity of 15 camping machines.
- Food and beverages shall be provided in suitable premises that meet the applicable norms for food and sanitary conditions. The host structure, where food and drink is provided, should have a minimum of 6 to 60, but no more, tables.
Legal framework for rural tourism in Albania (continuing…)

- Food and beverages offered to the tourist must be of farm origin (produced or processed on the farm / agricultural unit), at a minimum of 30% of their quantity. From 30% to 70% of food / beverage products are allowed to be of local origin, manufactured or processed by local producers, operating in the municipality where the agro tourism is based.

- Agro tourism units offer / enable visitors and tourists entertaining / recreational activities related to the farm (such as but not limited to planting / harvesting agricultural products, animal-related activities, craft fishing, tasting of products etc.) or off-farm (such as, but not limited to, horse riding, mountaineering, hiking, etc.)
Legal framework for rural tourism in Albania

Agriculture and Rural Development:
The legal framework regulating the programming of the agriculture policy is defined in the Law on Agriculture and Rural Development, No 9817, adopted in 2007.

This law determines the objectives, the means and the programming of policies measures for agriculture and rural development.

The national financing schemes in agriculture and rural development in Albania are also defined by:

Law “On Budget” for respective year

DCM “On the definition of basic criteria, of the sectors to be supported and on the financial measures from the Agriculture and Rural Development fund …” for respective year.
Spatial plans & rural tourism

Pursuant to Law No 107/2014, “On territorial planning and development”, as amended, and DCM No 427, dated 08/06/2016 “On the organization and functioning of the National Territorial Planning Agency”, NTPA is the authority responsible for:

1. Coordinating, in general, the process for the development of territorial planning documents, undertaken by the local and central planning authorities;

2. Ensuring that the development of the territorial planning documents, whether at central or local level, are in compliance with the legal provisions on territorial planning and development, by providing technical assistance to the authorities responsible for territorial planning;

3. Coordinating the conformity assessment of the planning documents under consideration with the GNP and other national plans, based on the principle of planning documents hierarchy and checking them against basic electronic data and the planning technical norms.
Cross-cutting issues and other legislation of relevance for rural tourism

There are several laws and by-laws regulating the environment, natural and cultural heritage conservation, like:

- Law "On Energy Efficiency"
- Law "On promoting the use of energy from renewable sources”
- Law “On integrated waste management”
- Law "On Protected Area"
- Law "On Biodiversity conservation”, etc.

Law No.107/2014 “On Territorial Planning and Development” and its amendments in 2015 and 2017 reshaped the mechanisms, terms and procedures in the area of territorial planning and development

Food safety & quality standards: The principal conditions for food safety are regulated by the Law on Food.

Law on Quality schemes has also been recently approved.
Cross-cutting issues and other legislation of relevance for rural tourism

*Education system* is regulated by the Law on Secondary Education the Law on Higher Education and the Law on Vocational education and training in the Republic of Albania.

- The courses on tourism management (University of Tirana, Vlora, Shkodra and Korca).
- The courses with profiles related to tourism as Hotel-Restaurant Management, Archaeological Tourism, and Management of Cultural Tourism. (University of Durres)
- *The only one focused on the rural tourism is the Rural Tourism Management Department*, at the Agriculture University of Tirana.

There are also several vocational schools offering hotel- and tourism training in Albania like: Hotel and Tourism School Tirana, Tourism School Saranda, Hotel School Durres.
Institutional set-up for managing/supporting rural tourism

**National/territory level:**
- Ministry of Agriculture and Rural Development
- Ministry of Tourism & Environment
- Ministry of Infrastructure and Energy
- Ministry of Culture
- Ministry of Finance and Economy
- Ministry of Education

**Other key institutions:**
- The Agricultural and Rural Development Agency – ARDA
- Albanian National Tourism Agency (NTA)
- Institute of Statistics (INSTAT)
- Albanian Development Fund (ADF)
- Albanian Investment Development Agency (AIDA)
- Institute of Monuments of Culture
- Albanian Network for Rural Development (ANRD)
- The Albanian Tourism Association (ATA) and Tourist Guide Association
- DMO Albania
Institutional set-up for managing/supporting rural tourism

Regional level:
- 4 Agencies for Regional Development (ARD) were established with DCM No. 961, dated 2.12.2015, in Tirana, Shkodra, Korca and Vlora. (In 2018, the CoM has decided to transfer under the Albanian Development Fund (ADF).
- The only Destination Management Organizations (DMO) at regional level has been DMO Korca, was established in 2008 with support of UNWTO, ST-EP Foundation and SNV.
- There are also some Albanian and foreign NGOs implementing different regional projects related to diversification of rural development with focus in rural tourism, like RASP (Rural Association Support Programme), ADAD-malore, Pro-Permet, CESVI, VIS-Albania, etc.

Local level:
- Municipalities (offices responsible for tourism)
## Actions and measures

### Financial support for 2018

<table>
<thead>
<tr>
<th>No</th>
<th>Supported measures</th>
<th>No of applications</th>
<th>Allocated budget (disbursed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Support for the establishment or reconstruction of rural tourism</td>
<td>4</td>
<td>5,611,494 ALL (app. 44,890 EUR)</td>
</tr>
<tr>
<td>2</td>
<td>Support for investment in agro-tourism</td>
<td>13</td>
<td>75,332,861 ALL (app. 602,662 EUR)</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>17</td>
<td>80,944,355 ALL (app. 647,555 EUR)</td>
</tr>
</tbody>
</table>

*Source: Ministry of Agriculture and Rural Development*
Actions and measures

Financial support

- The same scheme for 2019 has also allocated a small fund (20,000,000 ALL or app. 160,000 EUR) to support investments in guesthouses (bujtina) and agro tourism.

- The main scheme to support rural/farm tourism in Albania is the IPARD Programme 2014-2020 through the Measure 7, “Farm Diversification and Business Development” (Nature and rural tourism sector). Funds available for this measure are 14,666,667 EUR.

- There are also several International implementing agencies and organizations active in tourism, regional and local development such as Italian Cooperation, GIZ, UNDP, USAID, Austrian Development Agency, SIDA, Swiss Agencies, IFAD, etc. The support has been oriented in guesthouses renovation, instalment of the necessary tourist signage, etc.
## SWOT Analyses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary landscape for rural tourism</td>
<td>Low financial resources for investments leads to low quality of production/services</td>
</tr>
<tr>
<td>The rich cultural and historical heritage</td>
<td>Lack of environmental awareness</td>
</tr>
<tr>
<td>Traditional rural hospitality</td>
<td>Underdeveloped infrastructure</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Inadequate waste treatment</td>
</tr>
<tr>
<td>Traditional products</td>
<td>Migration of population from rural areas</td>
</tr>
<tr>
<td>Strong private initiative in agro – tourism</td>
<td>Low educational level and lack of qualified labour force</td>
</tr>
<tr>
<td>Foreign language skills due to extensive experience of work abroad</td>
<td>Lack of knowledge in standards</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic diversification</td>
<td>Land title ownership not resolved</td>
</tr>
<tr>
<td>Organic and traditionally prepared food</td>
<td>Competition in the domestic and regional market</td>
</tr>
<tr>
<td>Cross-border cooperation projects</td>
<td>Informality</td>
</tr>
<tr>
<td>IPARD funds</td>
<td>Inadequate use of natural resources / environmental damage</td>
</tr>
<tr>
<td>National schemes/financial support</td>
<td>Low level of food safety and hygiene standards</td>
</tr>
<tr>
<td>Upcoming credit facilitation schemes</td>
<td>Insufficient availability of financial resources</td>
</tr>
<tr>
<td>Increased national and international demand for rural tourism</td>
<td>Low access to grant schemes for small farmers (mainly located in the mountain and remote rural area) because of complicated procedure</td>
</tr>
</tbody>
</table>
Conclusion: *Rural tourism development status*

- The definition of *rural tourism* provided by the Law On Tourism (tourism activity performed in a rural environment and is oriented towards the use of local tourism resources) is in line with UNWTO definitions.
- Rural tourism is viewed as the most important element of diversification of rural economy contributing to a general socioeconomic development of rural areas. It is also a new component of the Albanian supply of tourism, providing opportunities for little villages and rural regions of the country.
- Cultural, nature and rural activities in many cases are very well combined.
- Rural tourism with a strong link to cultural heritage and other related activities has good potential for development both for domestic and foreign markets.
Conclusion: Rural tourism development status (continuing…)

- The main focus of rural tourism development in Albania is directed towards the promotion of rural areas’ natural and cultural values for tourism purposes.

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

- There is still need for qualified labour force in rural areas, especially in rural tourism, better oriented vocational training, higher level of hygiene and food safety standards and better entrepreneurial skills for the development and management of tourism products / infrastructure.
Conclusion: legal, institutional and policy gaps

Although Albania has basic legal framework in compliance with EU regulations, and a large number of policy documents, it faces challenges associated with lack of coordination, planning and undisciplined development of the rural tourism (develop a dialogue between stakeholders in different ministries, departments, agencies, academic institutions, the private sector, civil society organizations, and the donor community).

The 100 Villages Programme lacks a detailed planning in terms of investments activities and funding for these selected villages. While municipalities are strongly involved, their financial capacities in these villages badly affected by internal and external migration are limited. d undisciplined development of the rural tourism.
Perspective and Recommendations

Identifying different categories of potential visitors (e.g. families, youth, active tourists, tourists with special interests, etc.) plays a key role in the formation of an adequate offer. Each of these categories of visitors have different preferences, interests and requirements, so it is necessary to form different offers and services for each of these segments in rural tourism.

Interventions to improve and connect the existing individual offers of services (accommodation, restoration, leisure services) and local products (handicraft and food products) in order to offer more options to potential tourists can have a significant and synergetic impact on all private actors and communities in general.
Perspective and Recommendations (continuing …)

Upgrading policy and legislation:

- It is necessary to review carefully the legislation related to agriculture and rural development, and ensure realistic transitory periods are in place, while on the other hand, to step up effort to raise awareness, provide funding and Technical Assistance for compliance with regulations.

- Regional organizations, such as DMO and LAGs should integrate general provisions into regional level, standards for tourists’ security and safety, management, marketing, and the branding of rural tourism in close cooperation with local entrepreneurs, farmers, regional municipalities, and nongovernment organizations.

- It is also crucial to perfect the certification system and standards in order to increase the quality, as well as human capacity building to improve tourism services; improve the climate business and encourage private investment.

- Increasing the support of sustainable agriculture and diversification could motivate farmers to expand their activities and link the agricultural production with rural tourism.
Perspective and Recommendations (continuing …)

- INSTAT and other statistical units should organize data collection and analysis on rural tourism, at local, regional and national level according to international standards.

- The extension service and relevant institutions should be more active, in terms of giving information related to rural tourism and training. This would bring an awareness of farmers and the rural population about economic importance and opportunities that come from the rural tourism development.

- With regards to Cross-Border Cooperation, more consultations have to be done for the identification of strategic projects ideas that depend on whether the CBC beneficiaries could prove to have a genuine interest in addressing common strategic objectives and entailing a clear cross-border impact.
Thank You!