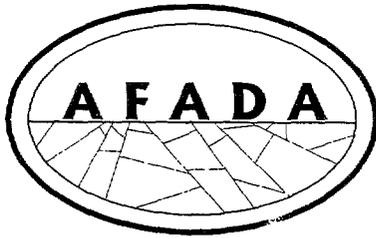
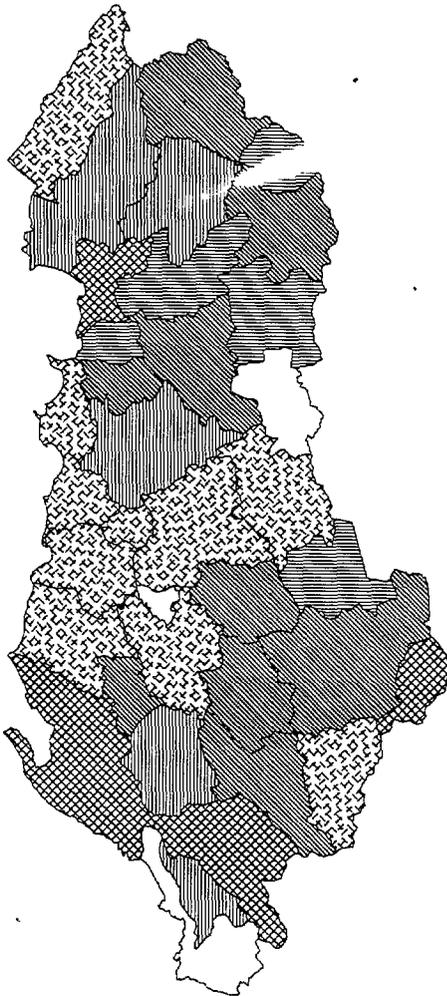


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**The Work of the  
International Fertilizer  
Development Center  
in Albania:  
1991 Through March 1996**



**The International Fertilizer  
Development Center  
and  
The Albanian Fertilizer and  
Agri-Input Dealers Association**

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Funded by  
The United States Agency for International Development  
Current Grant: EPE-0046-G-00-5114-00

**A Chronology of Significant Events During  
the USAID-IFDC Work in Albania  
1991- March 1996**

October 1991	Baseline assessment of the supply, distribution, and marketing of fertilizers in Albania completed.
February 1992	Analysis and recommendations for reforming the Albanian fertilizer market completed.
March 1992	Development of a market information system begins.
March-June 1992	20,000 mt of urea fertilizer imported, auctioned, and distributed to 125 private dealers.
April-June 1992	Area sampling frame designed and crop area and production surveys completed.
April-June 1992	National socioeconomic agricultural surveys begin.
April-June 1992	National surveys of retail farm produce prices begin.
June 1992	Counterpart fund from the sale of urea fertilizer reaches the equivalent of US \$500,000.
September 1992	Media campaign for the sale of diammonium phosphate (DAP) fertilizer begins.
September 1992	10,000 mt DAP fertilizer shipment arrives and sales begin.
October 1992	Agreement between IFDC and GOA signed to recognize IFDC as a public non-profit international organization.
November 1992	DAP field demonstrations for wheat established by IFDC and dealers.
December 1992	80 private fertilizer dealers attend a national orientation conference on IFDC marketing policy.
December 1992	Albanian nitrogen fertilizer factory initiates disbursement of mercantile credit as part of a factory marketing policy recommended by IFDC.
January 1993	1993 fertilizer demand survey completed.
March 1993	The Albanian Fertilizer and Agricultural Inputs Dealers' Association (AFADA) is registered formally with the Government of Albania.

4'

April 1993	First issue of an agriculture business newsletter, <i>Biznesi Bujqësor</i> , for agri-input dealers published.
May 1993	Technical-economic evaluation of the Fier Nitrogen Fertilizer Factory (FNFF) completed by IFDC.
June 1993	Study tour to the United States for 10 AFADA members completed.
July 1993	First AFADA Annual General Meeting and election .
July 1993	Study tour to the United States for 14 Albanian bankers completed.
September 1993	The equivalent of US \$1,900,000 (186 million Leks at 98 Leks/US \$) in fertilizer credit disbursed by banks and factories for fertilizer purchases.
August 1993	Final sales of DAP completed by IFDC.
August 1993	Survey of retail prices of farm products is institutionalized in Statistical Services Directorate of the Ministry of Agriculture and Food.
October 1993	AFADA sponsors an IFDC seminar on crop modeling simulation for private fertilizer dealers.
November 1993	IFDC contributes to public education by participating in an eight-part television series on agricultural marketing.
December 1993	A technical-economic evaluation of the superphosphate fertilizer factory at Lac completed by IFDC.
January 1994	Customs tax on imported nitrogen fertilizer decreased from 30% to 5%.
February 1994	Study tour to the United States on statistics and Market Information System for 5 Albanian professionals completed.
February 1994	AFADA sponsors a 2-day national conference, "Agri-Industrial Sector - Privatization of Small and Medium Enterprises."
March 1994	The first private commercial import of 5,000 mt of nitrogen fertilizer completed.
April 1994	Study tour for 8 bankers, dealers, and government officials to the United States, Thailand, and Bangladesh on international procurement procedures and import financing completed.

June 1994	International contacts for fertilizer dealers expanded to Italy, Bulgaria, and Romania and joint ventures in agro-processing explored.
July 1994	Second AFADA Annual General Meeting and election.
August 1994	Third study tour for 15 AFADA members to the United States completed.
September 1994	Environmental assessment of FNFF completed by IFDC.
September 1994	Crop modeling training program completed for 25 Albanian professionals.
October 1994	Monthly regional meetings for AFADA commence.
October-December 1994	AFADA, in collaboration with IFDC, and Volunteers in Overseas Cooperative Assistance (VOCA) sponsor leadership training seminars.
November 1994	IFDC establishes wheat model validation experiments with two research institutions to support applicability of computer simulation efforts.
November 1994	IFDC and dealers cosponsor wheat variety field demonstrations established.
December 1994	USAID transferred the fertilizer counterpart fund of approximately US \$2,000,000 (188 million Leks at 94 Leks/US \$) to the Government of Albania.
December 1994	28 trucks, originally imported by IFDC for emergency transportation assistance, are granted to the Government of Albania.
December 1994	First private sector import of DAP fertilizer completed.
December 1994	Private sector imports of fertilizer reach 36,000 mt since March 1994.
January 1995	First AFADA trade mission to Italy.
March 1995	First AFADA trade mission to Romania and Bulgaria.
March 1995	IFDC and dealers establish 17 maize demonstrations based on local and imported improved varieties.
April 1995	IFDC conducts bulk blending seminar for AFADA dealers.
April 1995	IFDC and AFADA lobby successfully to remove the turnover (sales) tax on fertilizer.

April 1995	First AFADA imports of quality seed from Italy and Bulgaria.
April 1995	IFDC establishes maize model validation experiments with four research institutions to support applicability of computer simulation efforts.
April 1995	IFDC drafts Fertilizer Control Legislation for MOAF.
April 1995	AFADA dominates auction of crop protection chemicals supplied by donors.
May 1995	Second AFADA Trade Mission to Italy for Agro-processing and quality seed.
June 1995	Second AFADA banker and dealer study tour to the United States.
June 1995	IFDC moves statistical work from the SARA project to MOAF.
July 1995	Third AFADA Annual General Meeting and election of officers.
September 1995	First AFADA Trade Mission to USA. Participation in International Investment Conference on Albania sponsored by the Albanian-American Trade Association.
September 1995	First AFADA dealer diversifies into the milk processing.
September 1995	IFDC participates in the World Fertilizer Conference of the Fertilizer Institute highlighting its work in Albania.
October 1995	IFDC and AFADA participate in the National Agricultural and Food Fair in Tirana.
October 1995	IFDC conduct 14 wheat variety trials and 12 demonstrations of wheat response to fertilizer.
November 1995	Second AFADA trade mission to Bulgaria for vegetable and potato seed.
November 1995	Third AFADA trade mission to Italy for ag-machinery, agro-processing, and wheat seed.
November 1995	First private sector import of improved wheat seed for multiplication.
December 1995	Private sector imports of fertilizer reach 36,000 mt since January 1995.

January 1996 Assessment of requirements for reestablishment of a laboratory for analyses of soil, fertilizer, plant material, and water.

January 1996 AFADA members recognize and honor the accomplishments of IFDC in Albania between 1991-1995.

February 1996 Third AFADA trade mission to Bulgaria to obtain potato and vegetable seeds.

February 1996 AFADA represented at Agrotica International Agricultural Fair, Greece.

February 1996 Study tour for management of National Seed Institute and National Seed Inspection Laboratory completed.

March 1996 First AFADA Biannual Membership Meeting.

March 1996 IFDC seed sector specialist assesses private market for quality seed in Albania.

March 1996 Production of hybrid maize commences by the private sector.

March 1996 Refurbishing of National Seed Inspection Laboratory completed.

March 1996 IFDC completed an investment analysis and assessment of privatization potential for use of naphtha as feedstock at the Fier Nitrogen Fertilizer Factory.

March 1996 IFDC obtained first trade credit for AFADA importers from an international fertilizer supplier.

March 1996 About 14,000 mt of fertilizer imported during the first quarter of 1996.

## Table of Contents

Chronology of Significant Events	
Acknowledgements	
Introduction . . . . .	1
Achievements . . . . .	3
Privatization and Market Development . . . . .	3
Procurement assistance . . . . .	5
Credit . . . . .	5
Financial assistance . . . . .	6
Training . . . . .	7
Policy Reform . . . . .	9
Market Information System . . . . .	10
Use of Albanian Media . . . . .	11
Technical, Economic, and Environmental Assessments of Fertilizer Production Units . . . . .	12
Environmental Impact of Fertilizer and Crop Protection Chemical (CPC) Marketing and Use . . . . .	13
Directions for Future IFDC Work in Albania . . . . .	14
Appendix	

## Acknowledgments

IFDC acknowledges the enthusiastic support and guidance of the USAID staff in Tirana and in Washington, D.C. during the period 1991 through 1996. The attitude of Government of Albania toward developing a free market economy provided an atmosphere which was favorable to the success of the project and transforming the agricultural sector. Equally important is the cooperation and assistance that was afforded to IFDC by the Ministries of Agriculture and Food, Finance, and Mineral and Energy Resources. The Albanian bankers that have developed a vision of free-market lending for the purchase of fertilizers also contributed directly to reform of the agricultural sector. The Albanian media are also acknowledged for cooperation in informing the public about the nature and promise of market economics.

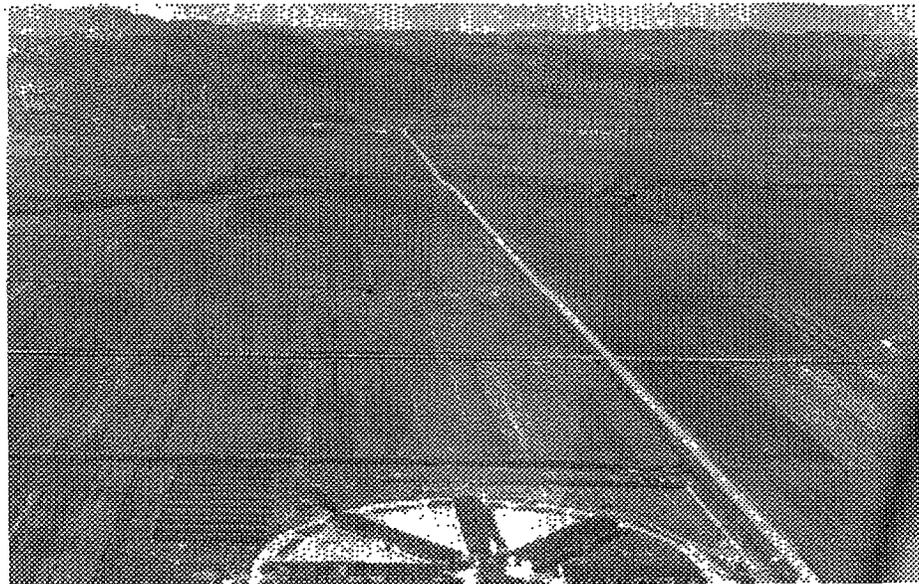
The national staff, numbering over 200 during the life of the project, were sincere, hard working, and diligent. Their work went beyond that of the project and contributed to a vision of a democratic, free, and prosperous Albania. IFDC is also deeply indebted to the Albanian business community that not only made the transition possible but will be charged with the responsibility to sustain the initiative.

# The Work of the International Fertilizer Development Center in Albania 1991 Through March 1996

## Introduction

During the last half of the 20th century, the nature and character of agriculture in Albania have changed rapidly. In 1950, 92% of the agricultural land was owned privately with 8% owned by cooperatives or the state. In 1989, no agricultural land was privately owned. In two generations the legalities of land ownership were radically altered. In 1991-1992, agricultural land owned by cooperatives was distributed to families for private use, and most land from state farms was distributed in 1993. Redistribution of land in Albania was one of the most effective initiatives in the central and eastern European countries. By 1996, about 98% of agricultural land was used privately; however, relatively few land titles have been awarded.

The development and prosperity of Albanian agriculture depend fundamentally on market reforms and privatization. Agricultural inputs and production must be purchased and sold privately without stifling government regulations that characterized the former

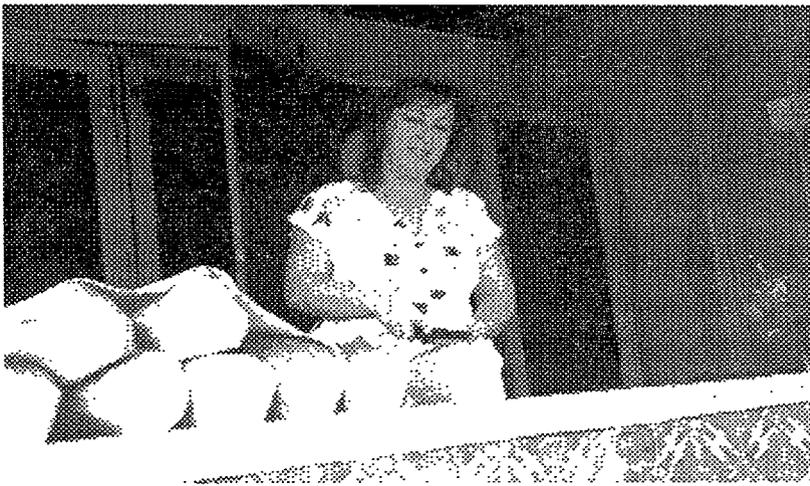


*Agricultural land is intensively cultivated in Albania and fertilizers are an essential requirement.*

centrally planned economy. The intention of the *Albanian Agriculture Adjustment Project* funded by the United States Agency for International Development (USAID) was to promote and enhance the development of a competitive market for agriculture inputs. The International Fertilizer Development

Center (IFDC) accepted this challenge and began working in Albania in 1991 to develop and cultivate a private agricultural input sector that would be worthy of emulation by other governments in Eastern Europe, Russia, and the Commonwealth of Independent States.

By the spring of 1992, there was an agricultural crisis in Albania that required immediate attention by the international community. The population of Albania was increasing by 2% annually, faster than in any country in eastern and southern Europe, and the entire agricultural sector was in a state of anarchy. Domestic food production was declining, food imports were increasing, domestic



*The sale of bread is an important small business activity in Albania.*

fertilizer production ceased, collective farms were destroyed, and the principles of private and competitive agriculture were unknown in Albania. The crisis was exacerbated further because there were no private dealers for agricultural inputs, and banks had virtually no experience or interest in

making commercial loans for agricultural business. Survey research, data collection, and analysis without state political bias were deficient; there was no procedure or experience in collecting and publishing the prices of agricultural products or disseminating reliable agricultural information. There was no experience in individual or family farming. The media were not used to educate and inform the public in general and farmers in particular about the potential and promise of private economic pursuits. There was clearly a practical challenge to mitigate these problems in Albania and thereby provide a demonstration for the Balkans in general. The USAID project reflected a moral obligation to demonstrate the benefits of free-market economics as a viable alternative to the defunct command economies of the region.



*Women often cultivate fields and apply fertilizer in Albania.*

### **Achievements**

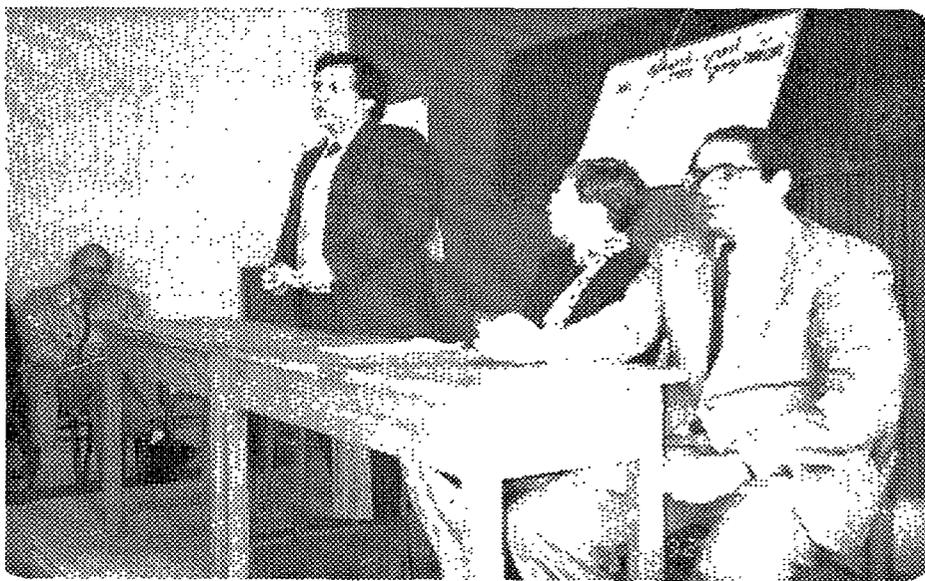
Between 1991 and early 1996, the work of USAID and IFDC in Albania has made an exemplary contribution to the development, prosperity, and sustainability of agriculture in particular and the broader economy in general. The project made wise and prudent use of USAID funds to achieve numerous beneficial changes in the agricultural sector, and these changes are a basis for future work that will benefit further the people of Albania and the economic interests of the United States. A discussion of these achievements follows.

### **Privatization and Market Development**

The initial efforts of USAID and IFDC to privatize the fertilizer sector in Albania began with the importation and auction of 20,000 mt of urea fertilizer between March and June of 1992. A counterpart fund equivalent to about US \$500,000 was created from the sale of urea. Although this represents only about 25% of market value, 125 private fertilizer dealers were created and a national dealer network was established. The urea sales were followed by the successful sale of 10,000 mt of diammonium phosphate fertilizer (DAP) to private dealers at near market prices. These sales increased the counterpart fund to about US \$2,000,000. DAP, a highly concentrated source of phosphate fertilizer containing 18% N and 46%  $P_2O_5$ , was an entirely new fertilizer product to Albanian farmers who were using less concentrated single superphosphate (SSP containing about 15%  $P_2O_5$ ) as a source of phosphate.

Privatization was achieved in a remarkably short time, and the marketing of fertilizers and crop protection chemicals (CPCs) is now totally under the auspices and control of private dealers. Indeed, by the end of the first quarter of 1996, private dealers had imported about 82,000 mt of nitrogenous fertilizer and 4,250 mt of phosphatic fertilizer, bearing all costs with the assistance of commercial credit from Albanian banks. These achievements were a result of developing a market structure comprising importers, distributors, wholesalers, and retailers. The introduction of marketing policies by the two domestic fertilizer factories, including a variable pricing system, seasonal and volume discounts, and mercantile credit, contributed significantly to the development of the fertilizer market. Market development was enhanced further by leadership training and other technical assistance provided to the Albanian Fertilizer and Agricultural Inputs Dealers' Association (AFADA). IFDC also assisted AFADA further by facilitating dealers' contacts with international suppliers of agricultural inputs and aiding dealer diversification into other rural business activities.

As further assistance in market development IFDC is establishing a national seed testing laboratory to ensure the availability of quality seed and restoring an analytical laboratory to test fertilizer and soil to benefit Albanian farmers. Another measure of achievement is that



*Orfea Dhuci, Chief Executive, Bank of Agriculture and Development; Ms. Dianne Blane, USAID; and Claude C. Freeman, III, IFDC/Albania Marketing Specialist, explain fertilizer auction procedures.*

AFADA, a national trade association created by the project, has sponsored training programs, seminars, and conferences. The institutionalization of AFADA is evident in that monthly meetings are regularly convened in six regions of the country and an active lobbying agenda is pursued. The USAID/IFDC program helped the Albanians help themselves. This is an outstanding example of sound development aid that was used wisely.

## Procurement Assistance

IFDC launched a new initiative in the first quarter of 1996 to assist AFADA dealers in the import and export of agricultural products and services. Although this aspect of activities is in the formative stages, it is proving to be a worthwhile venture.

Fifteen dealers have requested assistance to import commodities such as fertilizer, seed, pesticide, and animal feed. Others are branching out into agribusiness processing. Recent requests have included greenhouse structures and supplies, seed cleaning equipment, chemicals for leather processing, dairy equipment, poultry, and fertilizer blending.

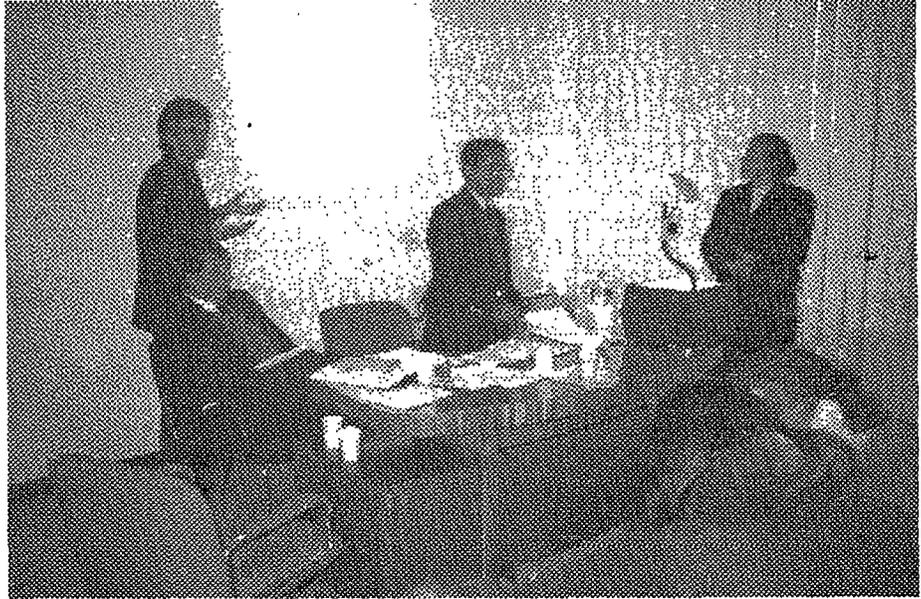
A procurement library listing agriculture products and services is being assembled. More than 300 publications are now ready for classification, a computer data base is being designed and an Albanian counterpart is being trained in applications, data input, and retrieval. A manual on import procedures is being prepared to serve as a guide for Albanian agribusiness entrepreneurs, and a seminar on these procedures is planned for the near future.



*Imported fertilizer served as a basis to develop a network of private traders in Albania.*

## Financial Assistance

IFDC has played a crucial role in the development of credit financing to the agricultural sector and was instrumental in developing credit procedures and convincing bankers to make loans for agricultural inputs. This is a significant achievement in a country that had no private economic activity



*N. H. Majumder, IFDC/Albania Credit/Finance Specialist (right); and Teodor Gedeshi, IFDC/Albania Credit/Finance Advisor, explain banking and credit procedures to Albanian fertilizer traders.*

for a half century under the communist reign.

Credit to the public and private sectors was tight in 1994 and 1995 due to the lending ceilings imposed on the three state banks by the Central Bank. Currently, the Central Bank of Albania continues to set minimum deposit rates and provides guidelines on lending rates to maintain a positive interest rate in real terms. In 1994, the twelve month guideline deposit rate was reduced from 25% to 16.5%; and in 1995 lowered to 12%. At present, actual rates vary from 4% to 12%, depending on the amount of money and length of time funds are left on deposit. Reports from the three state banks indicate that the level of deposits, both lek and U.S. dollar, continues to increase.

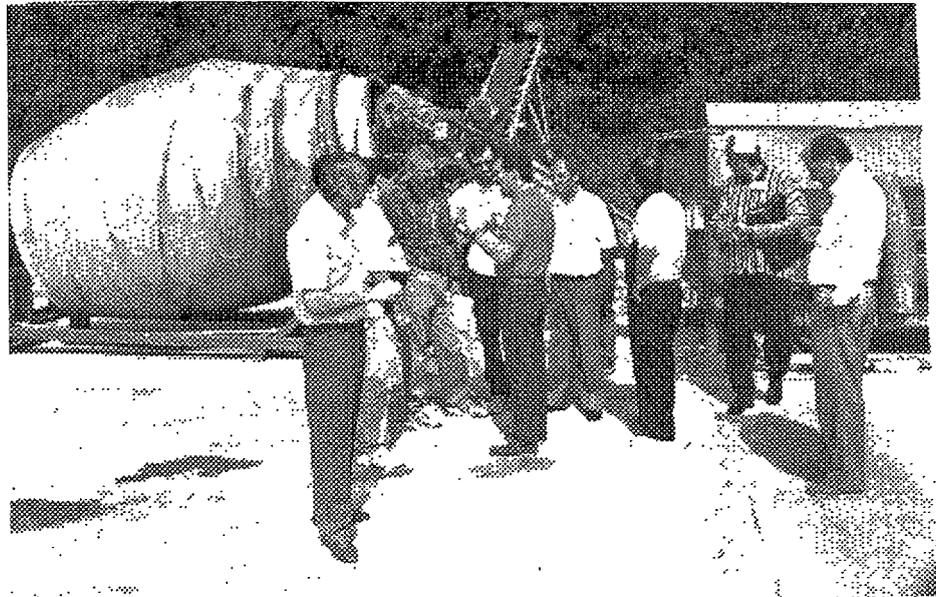
Also in 1994, the twelve month lending rate dropped 10 percentage points, from 30% to 20%. During 1995, the Savings Bank was charging 18% p.a. on one year loans (lek only); Rural Commercial Bank was lending at 19% p.a. for the same period, and the National Commercial Bank was offering lek loans for 12 months at 21% p.a., and U.S. dollar loans for the same period, at 15% p.a. These rates are expected to decline further in 1996.

Total disbursement of bank credit for fertilizer purchases from December 1992 through March 1996 has been 551,244,433 leks, (\$5.5 million) and total recovery is 396,996,433 leks, (approximately \$4.0 million) or 72% of total disbursed credit. Past due credit as a percentage of outstanding credit decreased from 4.4% to 2.9% during the 1st quarter 1996. Identification of an additional source of credit funds was developed and pursued during the first three months of 1996. The funds recovered from repayments of KfW's Procurement/Credit Program became available for general lending at 12% per year.

In addition to institutional credit, the project also worked with the two Albanian fertilizer factories to grant mercantile credit in the equivalent amount of 320,579,385 leks (\$3.2 million) during the same period; only 10% of these loans were past due at the end of the 1st quarter 1996. A new source of trade credit was realized during the quarter - one U.S. and one European based supplier extended favorable trade credit payment terms to several importers.

### Training

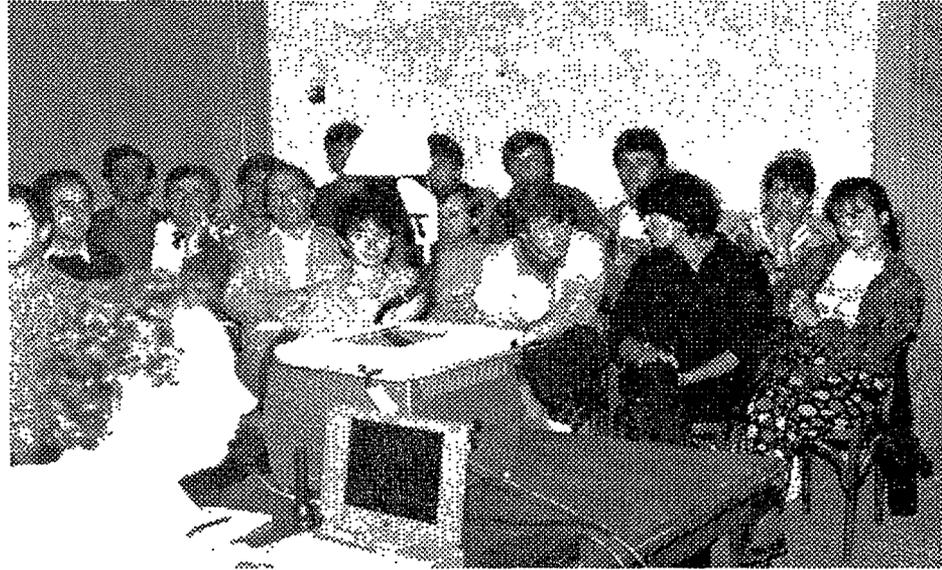
Training is an integral part of the work of the USAID/IFDC program in Albania. Between 1991 and March 1996 five training programs on banking and finance were held in Albania. Among the 440 participants in these programs were 346 bankers, 82 fertilizer dealers, and 12 fertilizer factory



*IFDC is working to develop fertilizer bulk blending in Albania. A group of Albanian fertilizer dealers learned about bulk blending during a U.S. study tour.*

managers. During the same period IFDC sponsored 3 international study tours on credit finance, business planning, and procurement. Among the 32 participants in these international programs were 18 bankers, 12 fertilizer dealers, an official of MOAF, and a financial officer of an Albanian

fertilizer factory. An additional 30 Albanian professionals received training in technical workshops.



*P. K. Thornton, IFDC Systems Modeler/Economist, conducts a workshop on crop simulation and modeling that were integral parts of IFDC's training initiative in Albania.*



*A group of Albanian farmers attending one of the many field days organized by IFDC/USAID.*

Domestic training was more extensive and covered topics in the areas of fertilizer dealer and factory development for a total of about 1,400 persons. About 500 persons benefited from training in the area of banking, finance, and credit, while about 700 persons received training in the areas of data

collection and analysis, geographic information systems (GIS), area sampling and survey research,

and crop modeling. Finally, 29 IFDC/Albania staff members received training on subjects such as accounting, small business operations, secretarial skills, computer operations, time management, basic marketing, and agronomy.

### **Policy Reform**

Reform of government policies and procedures was also an important part of the initiative of USAID and IFDC. The most notable achievements in this area, involving collaboration with the Albanian Government, were (1) liberalizing fertilizer prices, (2) decreasing the customs tax on fertilizer imports from 30% to 5%, and (3) removing the 15% (circulation) turnover tax on fertilizer.<sup>1,2</sup> IFDC and AFADA worked together with many government agencies to implement these changes in policy. These achievements show that the Government of Albania is committed to a relatively liberal policy environment to allow a competitive market to develop and prosper.



*Ray B. Diamond, IFDC/Albania Chief of Party, Myslym Osmani, Deputy Minister of Agriculture and Food, N.H. Majumder IFDC/Albania Finance/Credit Specialist, and Engjell Jazxhi, fertilizer dealer, attending a session on policy reform.*

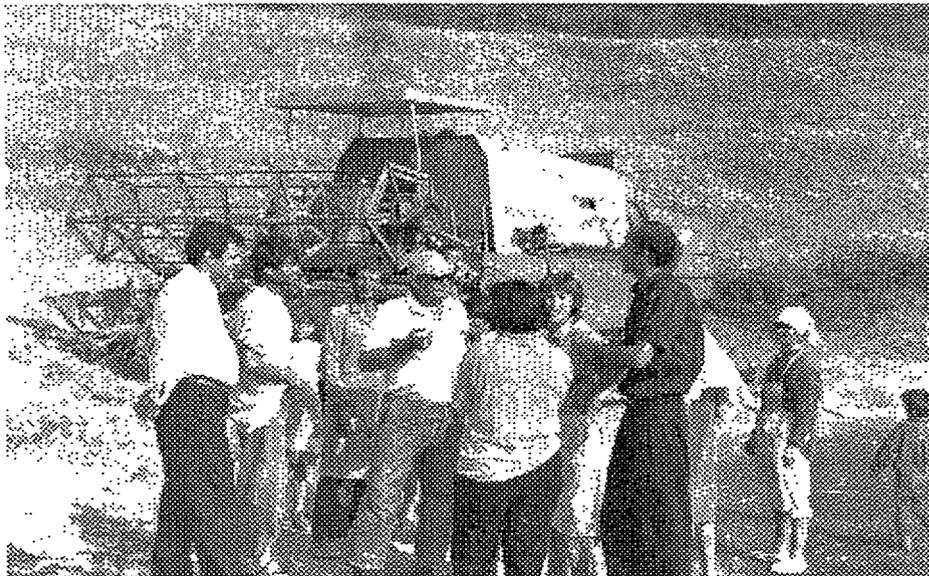
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<sup>1</sup>The import duty on all fertilizers was established at 7% of the c.i.f. value effective July 1, 1995.

<sup>2</sup>The 15% turnover tax on imported fertilizers was fully removed effective April 15, 1995.

### **Market Information System**

To develop a sound information base to guide agricultural management and policy decisions, the USAID/IFDC program trained Albanians to collect, store, and analyze data on product prices and provide timely and useful reports to the Ministry of Agriculture and Food and USAID. The development and implementation of baseline and longitudinal agronomic and socioeconomic surveys, area sampling frames, digitized maps, and surveys of retail prices of farm products taught useful skills to the Albanian staff and provided trustworthy information to those committed to reform. Computer simulation and crop modeling, in the absence of a national agricultural research capability, were also used by the project to forecast production and make fertilizer use recommendations. This is an important point in Albania; for about 50 years, agricultural data and statistics were based often on political considerations, but now the government policymakers and private sector managers have information that can be trusted and serve as a basis for informed decisions. Succinctly, the information represents basic and fundamental change in Albania that was welcomed enthusiastically by the Ministry of Agriculture and Food and other government authorities and private sector managers.



*Field interviews were conducted by IFDC staff to obtain data on a wide range of socio-economic variables from Albanian farmers.*

*Private land holdings in Albania are small and family farms are very important.*



### **Use of Albanian Media**

Another important and beneficial achievement of the USAID/IFDC program concerns public awareness and the distribution of information about the development of a competitive market. The Albanian media were very supportive of the efforts of IFDC, USAID, and the Government of Albania. Television, radio, and newspapers were used initially to inform the public about the IFDC fertilizer auctions in particular and competitive, free-market economics in general. The response to these efforts brought forth aspirant fertilizer dealers who, by 1996, with the assistance of IFDC, developed mass media advertisements for their fertilizer products. IFDC participated in an eight-part television series on marketing and contributed to television spots on fertilizer use recommendations that were viewed throughout Albania. AFADA has become active in developing generic mass media advertising not only for fertilizer but also for improved varieties of seed.

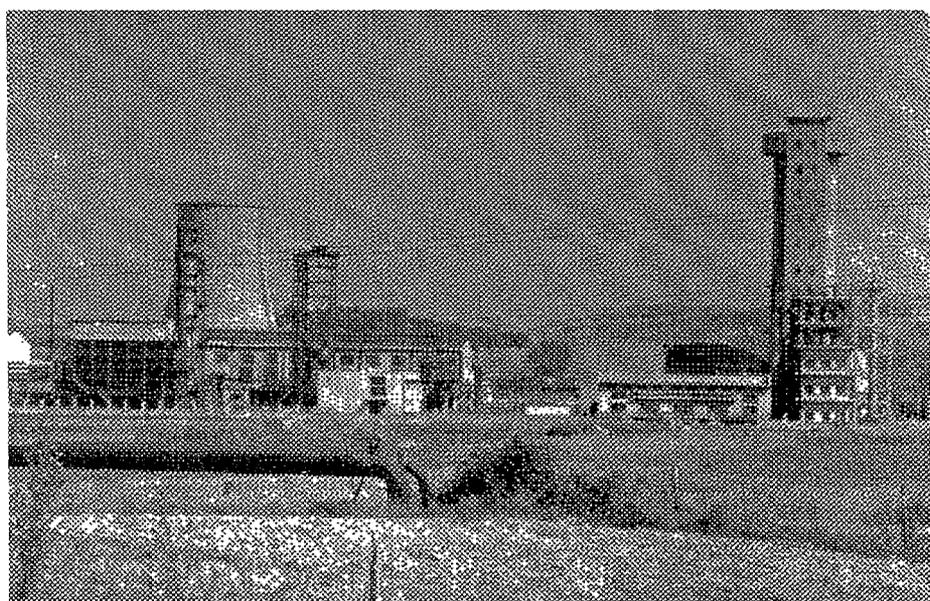
IFDC was also instrumental in creating the preeminent agriculture business newsletter, *Biznesi Bujqesor*. As of March 1996, 26 issues in English and Albanian were published and distributed. The newsletter focuses on current agricultural events, agricultural issues, fertilizer supply and prices, agricultural output prices, crop protection chemicals and use practices, research results, agribusiness strategies and tips, fertilizer demand, marketing, and related topics. The circulation is 3,000 copies

in Albanian and 500 in English for parliamentarians, national and district government officials, agricultural universities, bankers, farmers, AFADA members, and managers of other projects.

### **Technical, Economic, and Environmental Assessments of Fertilizer Production**

Extensive technical, economic, and environmental assessments of the Fier Nitrogen Fertilizer Factory and the Lac Superphosphate Factory were conducted by IFDC.

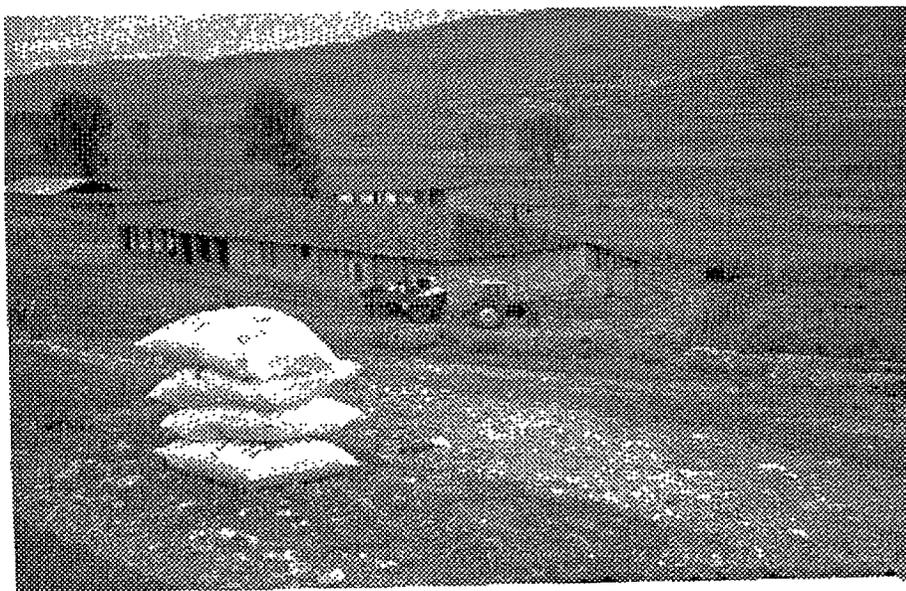
The most important issues facing the Fier Nitrogen Fertilizer Factory (FNFF), the only one of its kind in Albania, are the lack of a reliable supply of natural gas, insufficient funds for spare parts, frequent production interruptions due to inadequate maintenance, and the control of process effluents.



*The nitrogen fertilizer factory at Fier was evaluated by IFDC: The facility can be made profitable and environmentally safe.*

The most important conclusion of the IFDC assessment is that, with a minimal investment, the FNFF can be profitable and environmentally safe provided the natural gas supply issue can be resolved. During the last half of 1995, IFDC prepared and distributed business planning information for FNFF and the natural gas industry, to attract private investment. Two of the three responses to the tenders of the state petroleum company for proposals for development of Delvina gas reservoir came from IFDC contacts. In early 1996 IFDC completed an investment analysis and assessment of privatization potential for use of naphtha as feedstock for producing ammonia. Capital investment for converting the factory to use naphtha, upgrading safety and environmental standards and procuring spare parts could be economically viable if the GOA would agree to lease the facilities at a nominal fee for 5 to 10 years.

The single superphosphate (SSP) factory at Lac, the only phosphate production facility in Albania, has one aged plant and another with a design flaw. A complete restoration of the factory is estimated to cost US \$24 million. Because of this great cost, IFDC recommended that domestic phosphate fertilizer production continue until the inventory of imported phosphate rock is consumed. The domestic source of phosphate rock is of very poor quality and is not suitable for use in the Lac factory. Continued production of fertilizer based on domestically produced sulfuric acid and imported phosphate rock may be feasible in the future only if the cost of imported DAP is in excess of about US \$250/mt product and estimated to remain at that level for at least 10 years. In early 1996 the factory has produced SSP intermittently with imported sulfuric acid and inventoried rock for the domestic market, but imported phosphate rock for exported SSP.



*The availability of agricultural inputs is critical for the small farmers of Albania.*

### **Environmental Impact of Fertilizer and Crop Protection Chemical (CPC) Marketing and Use**

During the course of this initiative, the private importers were assisted and trained by IFDC fertilizer specialists in the safe and efficient handling, transport, and storage of fertilizer. This was in an effort to decrease losses that would adversely affect the environment and the economics of business activity. Likewise, IFDC agronomists and scientists provided substantial training and assistance to the agricultural university and research community in Albania to promote the efficient

use of fertilizer and minimize the loss of nutrients to the environment. The future work of IFDC in Albania will continue to address the environmental issues of fertilizer and CPC use, erosion control, water management, and on-farm management practices.

### **Directions for Future IFDC Work in Albania**

With additional funding assistance from USAID through 1997, IFDC anticipates continuation of its work to enhance the ability of private Albanian dealers to import and market fertilizer and other agricultural inputs. It is also anticipated that one or more fertilizer bulk blending facilities can become operational and thus offer Albanian farmers additional fertilizer products that more closely match crop and soil needs. Also important in the area of fertilizer production is the development and rehabilitation of a natural gas supply for FNFF or attract private investment to modify the facilities to use another hydrocarbon for producing ammonia. IFDC shall also focus on legislation concerning the quality, packaging, and labeling of fertilizer and provide support for enforcement by installing a chemical analytical laboratory. Finally, the importation, multiplication, distribution and sale of high quality seed shall receive the attention of the project, including the establishment of a modern seed inspection laboratory.

Other anticipated future work includes training on the safe use of CPCs and related environmental matters. Serious attention will be given to creating a private and competitive market for seeds. Future training and education efforts shall involve additional business trips and study tours for Albanian entrepreneurs to develop business contacts and training in agro-processing and marketing of agricultural products. Much of this work will be in collaboration with the AFADA and other private business parties. IFDC will continue its collaboration with the media to promote public education and technology transfer.

IFDC anticipates the opportunity to enhance the capabilities of the Albanian agricultural research institutes in providing analytical services to support a program for soil and environmental monitoring and assessment. Through contacts with U.S. counterparts, IFDC also envisages providing opportunities for Albanian scientists to enhance their capabilities. Collaboratively, data bases will be developed and supporting field experiments conducted to allow evaluation using GIS and simulation modeling. Other capabilities to be institutionalized include soil and fertilizer management

recommendations, use of crop protection chemicals, and spatial and temporal assessments of environmental constraints. The experience and data bases will be valuable for making informed policy decisions regarding managing the environment and ensuring a sustainable agriculture. IFDC will also endeavor to strengthen and institutionalize the new Agricultural Input Supply Information Unit within AFADA.

The success of the USAID-IFDC initiative in Albania is strongly attributed to a strategy to achieve full market privatization at the outset rather than to accumulate interim solutions. From the outset, commercial credit was of fundamental importance to economic development in Albania, and active collaboration with bankers remains critical. The timing of the interventions was optimal because an alternative to the failed command economy was needed. With the collaboration of about 200 Albanian staff members, the help of the national media, and the unselfish support and appreciation of the Government of Albania and USAID, IFDC offered its entire organizational capacity, experience, and resources to restructure Albanian agriculture. The work of IFDC in Albania represents time and resources spent well for the benefit of American foreign policy and the citizens of Albania who directly benefited from about 62,000 days of direct employment with the IFDC project and gained valuable experience in free-market economics.



*In March 1996 entrepreneurs selling fruit and vegetables are common and demonstrate market development for agricultural products.*

**Appendix**  
**IFDC Reports and Publications Prepared for the**  
**Albania Agriculture Adjustment Project, 1991-March 1996**

1. "Supply, Distribution, and Marketing of Fertilizer and Other Key Agricultural Inputs" (October 1991).
2. "Fertilizers in Albania: Situation, Analysis, and Recommendations" (February 1992).
3. "Summary Report – Area Sampling Frame Survey in Albania" (March 26-June 25, 1992).
4. "Albania – USAID/IFDC Emergency Fertilizer Import Program, April-June 1992."
5. *The Socioeconomic Dimensions of Agricultural Production in Albania: A National Survey* (December 1992).
6. "Finance, Credit, Auction Sales, and Environmental Impact Phase One – Emergency Supply of Fertilizer to Albania" (December 1992).
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24

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