

THE CONTRIBUTION OF GEOGRAPHICAL INDICATIONS IN SUSTAINABLE RURAL DEVELOPMENT (EVIDENCE FROM NORTHERN ALBANIA)

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ABSTRACT

Geographical indications (GIs) are a form of protective labeling used to indicate the origin of food and agricultural products. The role of protected geographical indicators as a promising sustainable rural development tool is the basis for this paper. The protection of geographical indications is a new practice and much research is still required for both sides of the debate. The focus of this debate is: Can a Geographical Indication (GI) which indicates that a certain product originates from a certain region with a given quality being attributable to its place of origin, become a tool to promote socio-economic livelihoods of rural communities? The research method employed for this study is a qualitative research approach. Two potential GI products are used to investigate the benefits brought to rural areas through the protection of GIs. The case studies include the GIs Chestnut and chestnut honey in two geographical Albanian areas, Tropoja and Reç of M. Madhe areas. Twenty-five in-depth interviews were conducted in 2016 for this study. The study identifies predominantly indirect links between GIs and sustainable rural development (SRD), through economic and social benefits brought to rural areas by the GIs investigated. This finding suggests that GIs are worthwhile for implementation in Albania as a rural development tool. The initiative for development of GI products was undertaken by BiodivBalkan Project, implemented in the North Albania, aiming to link biodiversity with development of quality signs (GIs) in order to support rural development and poverty reduction in the poorest areas of Albania.

Keywords: Geographical Indications, Agrobiodiversity, Rural development, BiodivBalkan Project.

INTRODUCTION

This paper is intended to present the contribution given by development of geographical indications of some unique products, originating from specific geographical areas in sustainable rural development of these areas.

A geographical indication (GI) is a form of protection highlighted in the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization (WTO). It protects intangible economic assets such as the quality and reputation of a product through market differentiation (Vandecandelaere, E., F. Arfini, G. Belletti and A. Marescotti (eds.) (2010).

It is considered a promising tool at the international level to maintain multi functionality in rural landscapes and involve local populations in biodiversity management and conservation. Using the examples of creating GI for “Chestnuts” and “Chestnut Honey”, we discuss how a

GI can be successfully used by local producers and what conditions are needed for it to have a positive impact on the rural development and its associated biodiversity.

GIs, in a general sense, are signs placed on products that have a clearly established origin and poses qualities and reputation derived from its place of origin. GI provides a relevant tool to protect and promote or enhance biodiversity (Larson Guerra, 2004). It is important therefore not to only consider the biological characteristics of a geographical area, but also the local knowledge and practices involved (Bérard and Marchenay, 2006) in order to achieve biodiversity benefits.

It is generally agreed that GIs promote sustainable rural development because they:

- Help producers obtain premium prices for their products whilst guaranteeing safety and quality to consumers;
- Improve redistribution of the added value to the actors (producers, processors etc) throughout the production chain;
- Bring added value to the region of origin;
- Increase production, create local jobs and prevent rural exodus;
- Preserve landscapes, traditional knowledge and biodiversity;

Giovannucci et al., (2009) emphasizes that even with originality of a potential GI product, the benefits will not accrue to the actors without the support of the legal and institutional frameworks. Other factors that support GIs registration of products include; collective action, prices and market for the product, specificity and reputation of product, support from other actors along the value chain, production methods and link of a product characteristics to history or tradition of the geographical area (Bramley and Biénabe, 2013).

There is much reference in economic and agrofood literature to the contribution of geographical indications to rural development. This reference is predominantly theoretical, signifying that there is a need for more empirical evidence demonstrating that geographical indications promote rural development. Furthermore, there are many forms of geographical indications each possibly impacting rural development differently (Barham, 2003). There is far less literature specifically concentrating on the influence of GIs on sustainable rural development than there is on origin labeled products in general. However from the many researches done it is generally believed (Babcock & Clemens, 2004; Barham, 2002; O'Connor and company, 2005; Rangnekar, 2004) that GIs do promote sustainable rural development.

GIs serve also as a marketing tool that can add economic value to agricultural products by conveying a cultural identity using the region of origin, acknowledging the value of specific human skills and natural resources in the production process, and creating a unique identity for the products (Babcock and Clemens, 2004).

GIs as promoters of rural development

Studies have shown that when the name of a product obtains a protection as a geographical indication, there is a positive socio-economic impact on local communities. This is because GIs:

- increase production, create local jobs and prevent rural exodus;
- help producers to obtain a premium price for their products in exchange for guarantees offered to consumers on production methods and quality;
- allow for a better redistribution of the added value in the production chain;

- bring value to the land of origin;
- have other indirect positive effects, such as on tourism (O'Connor and Company, 2005).

Chestnut and chestnut honeys in northern area of Albania are two potential GI products.

Chestnut. The chestnut (*Castanea sativa* Miller.) production in northern Albania (Tropoja and Reçi regions) is one of the most important economic activities, providing good incomes for the local population, which is considered as the poorest areas in Albanian. On the other hand many stories aspects are related with this specie and could be considered as a logo for both Reçi and Tropoja regions. There are a lot of traditional foods prepared by the chestnuts.

The forest stands are managed traditionally by the local population for timber production, fruit production, shelter and recreate properties (MADA). Chestnut stands are an important component of the Balkan Alps, which together with Spruce forests (*Picea excelsa* (Lam) Link.), Beech forests (*Fagus sylvatica* L.), Oaks and Hornbeam forests (traditionally managed mostly assilvo-pastoral systems), Mediterranean evergreen shrubs (dominated by Pomegranate-*Punicagranatum* L.) as well as alpine grass and dwarf vegetation, where Blueberry (*Vaccinium myrtillus* L.) takes place, but not only; represent a beautiful diversified landscape, much preferred for the tourists and high potential for the economic development and poverty eradication.

Biological points of view, all the chestnut stands are natural or naturally regenerated, which locally isolated, represent, we think, a specific genetic patrimony.

Chestnut honey is one of the most a favorite honey varieties. It is not just unique flavor, not very sweet and with an almost bitter aftertaste, that stimulates the taste bud that makes it so special. Chestnut honey is also one of the healthiest honeys. It is rich in, mineral salts and tannin, with a high proportion of fructose that resists crystallization and a relatively low acidity, dark in color, ranging from yellowish brown to almost black. Of all the varieties of honey, he has the most pronounced antimicrobial, antibacterial and antiseptic properties, and therefore applies not only inside but also outside in the treatment of wounds, ulcers and sore throat (MARDWA, 2012).

Due to this characteristics chestnut honey is much requested and its price is higher than most of the other honey varieties. The chestnut honey produced in both regions (Tropoja and Reçi) is well known. Perceptions on chestnut and chestnut honey reputation and quality by the producers and consumers of these products have identified as potential for GI registration in Albania, which have been attributed to the geographical area where the products are produced and the initiatives by the stakeholders.

The honey has a unique taste and a white color which is attributed to specific floral plants where bees obtain their nectar (Blakeney et al., 2012). Apart from increasing monetary value and employment creation, this honey has promoted forest and biodiversity conservation through a number of programs that include reforesting degraded areas (Bainkong, 2014) for sustainable production.

MATERIALS AND METHODS

The study was conducted in northern area of Albania aiming to assess how production of the potential GI chestnut and chestnut honey can contribute to rural development of these areas (MADA, 2012).

In the framework of BiodivBalkan Project–Sustainable Rural Development, a comprehensive inventory of the various local traditional products suitable for GIs development scheme has been drawn up in 2013, through focused interviews with expert, farmers and other stakeholders related to the traditional products. Based on this inventory, a typology of stakeholders was prepared, comprising production practices and unique and typical characteristics associated to the local production. This typology has been used in gathering quantitative and qualitative data through structured interviews. Two questionnaires were designed and prepared.

A questionnaire was prepared with different sections aiming at identifying the characteristics of chestnut farms and production, chestnuts distribution and sale, technology used for production; problems faced by chestnut and chestnuts honey producing farms. The areas included in the study are Tropoja region and Malesia e Madhe region (Reç County). Face to face interview with representatives of two chestnut and chestnut honey producers association was conducted.

These areas have already seen the development of two GIs products (chestnut and chestnut honey), which are official registered at Patents and Marks Office in Albania in 2016 and their brand names are in use by their associations established in each areas.

The other questionnaire was used to assess the changes and implications of geographical indications in rural development of respective areas (MADA, 2016). Twenty-five interviews were conducted in both areas in late 2016, 11 stakeholders for each case study and a further 3 large retailers who were questioned about both products. The interviews for both case studies were chosen from almost the same list of stakeholders directly involved in producing and/or marketing of products.

The research method employed for this study was a qualitative research approach. The interviews were conducted to the primary producers, collectors, processors and enterprises. Than a comparison analysis of data between two periods, the inventory and data collected in 2013 and the data and results from interviews of 2016 was done.

The study identifies also predominantly indirect links between GIs and sustainable rural development (SRD), through economic and social benefits brought to rural areas by the GIs. This finding suggests that GIs are worthwhile for implementation in Albania as a rural development tool. In this paper are described main results on the chestnut and chestnut honey products, after their development as GIs product and their implications on economic, social and environment aspects.

RESULTS AND DISCUSSION

Results from both questionnaires indicate that the GIs products (chestnut and chestnut honey) are considered as very important contributors to the yearly income of farming family. In general, all families interviewed admitted they are in better economic conditions after their chestnut and chesnut honey production was launched in market with a brand new name and with quality signs (GI indications).

The table below gives some information about the surface, number of trees, number of beehives and total production for both products, in two regions in two periods.

Table 1: General situation of Chestnut and honey in Tropoja and Reçi

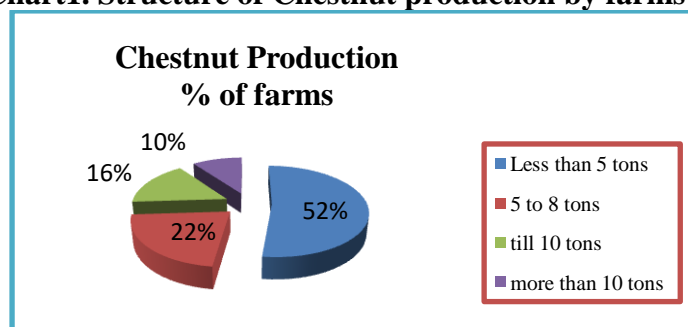
No	Description of products	Unit	2013		2016	
			Reçi Area	Tropoja Area	Reçi Area	Tropoja Area
Chestnut						
1	Total surface	ha	600	2000-2400	600	2000-2400
2	Total number of trees	no	33 000	188600	33 000	188600
3	Total chestnut production	tons	350	1500	500	1680
Chestnut Honey						
1	Number of Beekeepers	no	125	400	130	420
2	Number of Beehives	no	2500	6550	2650	7100
3	Total of Chestnut honey produced	tons	24	60	27	70

Changes on productivity

Compared with the productivity of 2013 the productivity of chestnut and chestnut honey is increased. The total chestnut production in Reçi area was increased by 150 tons, while in Tropoja area by 180 tons. The increase in production was due to more people were involved in harvesting of chestnuts.

The same increase was noticed in the productivity of chestnut honey. The quantity of chestnut honey produced in Tropoja area in 2016 was 10 tons higher than in 2013, while in Reçi was 3 tons higher 2016 compared with 2013.

Taking in account the total of chestnut production of two regions, the majority of farmers (52 %) produce less than 5 tons, about 22 % of farmers produce 5-8 tons, 16 % produce about 10 tons and 10 % of farmers produce more than 10 tons.

Chart1. Structure of Chestnut production by farms

Prices

The chestnut prices have been increasing every year despite the production increase. Actually the price of fresh chestnut in both areas is almost the same. It varies from 100 ALL/kg to 130 ALL/kg and depends on the season. Compared to the 2013, the price of chestnut was increased by 20-30 ALL/kg.

The superior quality chestnut was sold in Reçi with 280 ALL/kg. From the data gathered, the price of Tropoja and Reçi chestnut is 20% higher than the chestnut coming from other regions of Albania, although the origin of the product sold in the market is not always clear.

Regarding chestnut honey, due to its higher antiseptic and antioxidant properties, it is considered as a natural medicament. These characteristics increase the price of chestnut honey which actually is almost 30% higher than the price of mixed flower honey. Actually the price of 1 kg of chestnut honey is 1500-2000 ALL, which is triple higher compared to 2013. There is a high demand in the internal and international market for chestnut honey, which is promising for high prices even in the situation of a possible increase of the production. Since the price of the chestnut honey is very much related to its chemical and organo-leptical characteristics, an improvement in logo and labeling, where these characteristics are easily noticed by customers, has contributed in increasing the prices.

Marketing channels

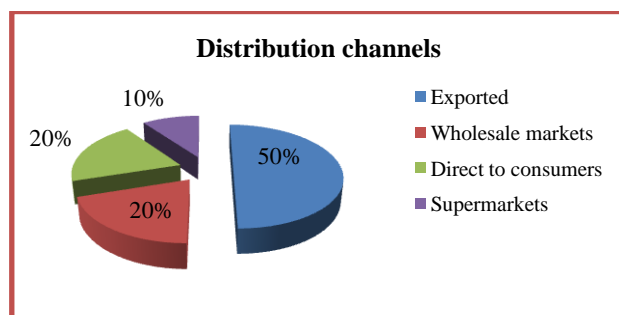
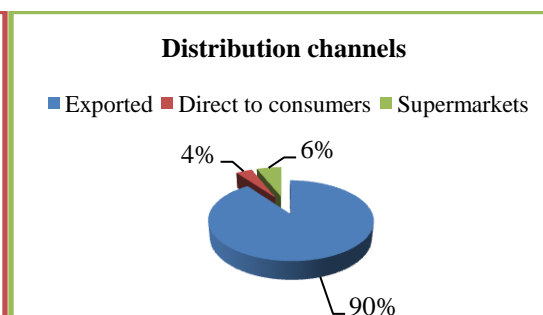
In 2013 the chestnut commercialization was not everywhere well organized. In most prominent chestnut production areas in Albania (Reç and Tropoja areas) there were collectors and wholesale traders that deal exclusively and continuously with fresh chestnuts, while in other areas commercialization was performed sporadically by traders that deal mainly with other agricultural products.

Based on the data of 2013, the most important chestnut collector and trader entity in Tropoja was “AMLA Company”. In 2013 “AMLA” has collected, processed and traded almost 500-600 tons of chestnut which was almost 45% of the total amount traded in the Tropoja area. The other chestnut percentage (65 %) was sold direct by producers to local shops or consumers.

Based on the data of 2016 the structure of marketing has changes. A high quantity of chestnut was exported in Kosovo. The price was decided through negotiations between the farmers and traders. The price of the chestnut was around 100-120 ALL/ kg. Since there is no selecting process, the price is unique for whole production quantity. It changes only according to the season. At the beginning of the harvestin period it is higher and it falls to 100 ALL/kg in November-December.

During the last year, 50% of chestnut produced in Tropoja has been exported to Kosovo. Due to the short distance many farmers invented themselves as traders and started to export chestnuts. These traders sell the collected product also in the local market, mainly in Tirana and Shkodra. Based on the assessment made by the Project, small traders collected last year almost 1500 tons, half of it was sold in Kosovo and half in the internal market.

The main chestnut trader’s entity is the Cooperative “**Reçi Prodhimtar**”. They sold last year more than 500 tons of chestnut. Almost 90% of the product was exported. The largest quantity is exported in Italy, where the cooperative has established good business linkages. Smaller volumes of the product are sold to Kosovo traders. The main Albanian market is the area between Tirana and Durrës, but part of the product is sold also in Shkodra and other Albanian important cities.

**Chart 2. Main distribution channels -Tropoja region
-Reçi region****Chart3. Distribution channels**

Compared to some other fruits and agriculture products, producers of chestnut do not have problems with the chestnut sale. Since there is no selecting process and standardization of the product, the price is unique for whole production quantity. It changes only according to the season.

The marketing of chestnut honey in general and in particular in Tropoja and Reçi village is moderately organized. Each beekeeper sells its own honey to occasional buyers or different mediators. No defined marketing channels exist or are used for honey. Since the chestnut honey product has a logo and label the price increased and no market problems were faced. In fact the demand for this product is high. For this reason the producers have not yet face any difficulties in marketing it.

Incomes

Most of the chestnut and chestnut honey producers confirmed that their incomes by both products have been increased during 3 last years. Based on their responses their incomes have been increase by about 30-35 %.

They admitted that the biggest incremental income share is dedicated to the increase in chestnut production, considering two reasons, productivity and prices increase.

CONCLUSIONS

Literature indicates many positive effects of GIs on sustainable rural development, very simply these can be categorized into ecological, economic and social effects. The two products investigated do not have profound direct links to all of these elements, however many indirect links were found. The Geographical Indications evaluated were least strongly tied to ecological benefits, with stronger ties to economic and social values.

The rural development of the Northern Albania can be improved through the creation of value added marketing channels for typical products, and GIs are a possible means towards that and where products have particularities and a preferential position in markets.

Both products have: (i) better price in the market compared with similar production produced in the other areas of the country; (ii) their specificities and characteristics have strong links with their geographical area (territory); (iii) there is a high demand for these products in the domestic and regional markets; (v) these products have a strong link with biodiversity.

In both areas the local stakeholders (farmers, processors and traders) have a satisfactory level of organization, which should be strengthened. “Reçi Prodhimtar” and “AMLA Company” are two structures that can keep around them most of the farmers engaged in this sector. On the other hand there is willingness for collaboration between the local actors.

There is enough evidence to show that the GIs investigated in this study are linked to more than just economic benefits and are therefore trending toward Sustainable Rural Development; however these links alone are not strong enough to say that GIs promote sustainable rural development. A promising finding of the study was that although many of the links between the GIs investigated and Sustainable Rural Development were indirect all stakeholders agreed that GIs promote Sustainable Rural Development.

Protection of GIs could help to sustain economic activities and settlement in rural areas and increase the life standards of the residents. Rural population is the prime beneficiaries of these kinds of products in terms of income and employment generation. Moreover, under an effective protection and marketing process, the economic activities in rural areas could increase further not only by the growth of GI production but also by developments in the other sector as well. While it is hard to obtain a competitive advantage based on technology in rural areas and that advertisement costs are high for the local producers, GIs provide important alternative advantages for the rural development by sending direct signal to the consumer that the product is originated from a specific region with a certain quality not requiring big investments on technology and advertisement.

Acknowledgements

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The idea was to produce an inventory of the products arising from the biodiversity of the Northern Albanian Mountains and study the commodity chains for these products. The chestnut and chestnut honey products were pre-selected as two potential products, whose characteristics and their quality is so linked with their territory. An additional objective was to have the analysis of changes and improvements after the development of two GIs products, focusing on their economic, social and ecological effects.

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