

Introduction

- Developing/transition countries typically face serious challenges related to food safety due to poor performance of public institutions leading to higher prevalence of endemic infectious animal diseases and low food safety (Zillima et al., 2015).

—

- While many argue that 'market failure' is endemic and public intervention justified in ensuring food safety (Swinbank, 1993), free market mechanisms may be considered either as an alternative or as complementary to public intervention.

Introduction

- The paper explores the potential role of agricultural cooperatives in attaining value chain coordination which is necessary to improve food safety standards in the case of Albania, post-communist transition economy.
- In Albania there are serious concerns related to food safety standards compliance, particularly in the case of livestock products (Gjeci et al, 2015; Vercuni et al, 2013).
- Single case study design of two cases (in the milk and vegetables sectors), based on indepth interviews has been opted for in this study.

Case study 1: Cooperation between Erzeni Dairy Processing Company and Myqeqeja Farm

The parties in the cooperation agreement

- This case study casts light upon the relations between one of the leading dairy processors in Albania, Erzeni company, and one of the rare cases of functional agriculture cooperatives in Albania, Myzeqeja Farm.

The justification and set-up of cooperation

- Low milk safety standards, expressed in various forms such as high microbe content and antibiotic presence, remain a great challenge for Erzeni company.
- Erzeni has had written contracts with Myzeqeja Farm which include prices, payment terms and standards that the raw milk should have.
- Being supplied by a cooperative enables higher milk safety standards as well as higher volumes and lower transaction costs.

Case study 1: Cooperation between Erzeni Dairy Processing Company and Myqeqeja Farm

Food safety as a motive for cooperation between parties

- Erzeni has supported the cooperative to establish a new modern milk collection center and provides training and advice through its own veterinary service. The newly established collection center is equipped with basic laboratory equipment to assess milk standards and with cooling tanks to maintain milk quality until it is collected by Erzeni.
- “It is easier to train farmers who are part of a group. Members who are part of the group are less likely to make deliberate mistakes because of the peer pressure. The impact of discussion and opinion (reputation) is greater in groups than individually”, stated EB, representative of Erzeni.
- “Erzeni assists other collection points which are private enterprises, but prioritizes us, the cooperative”, stated PJ, Myzeqeja Farm Executive Director. EB highlighted that cooperation among farmers is the best way to make progress including milk safety standards, considering the small farm size.
- The cooperative has been very strict with its members regarding the standards of the delivered milk. Whenever problems arise, they meet to discuss and identify the source of the problem and raise awareness of the members.

Case study 2: Cooperation between Doni Fruits and a farmer group

The parties in cooperation agreement

- This case study analyzes the relations between one of the major exporters of the horticulture products, Doni Fruits, and one supplying farmer group located in Divjaka.

The justification and set-up of cooperation

- Considering the small farm size in Albania, the most feasible way to achieve large volumes and standards required by export markets, is through cooperation.
- Doni Fruits has made efforts to cluster farmers in groups specializing in specific products. The leader is usually the biggest farmer who represents the farmer group.
- GlobalGAP group certification has been another major driver of group formation by Doni Fruits.

Case study 2: Cooperation between Doni Fruits and a farmer group

Food safety as a motive for interaction between buyer and the group of farmers

- Doni Fruits aims to increase its presence in higher end markets, e.g. northern EU markets which offer more attractive prices but also have very demanding food safety standards. Considering also the food safety situation in Albania, internationally recognized certification, such as GlobalGAP, are essential to target the demanding EU market.
- Recently, the company has cooperated with 58 farmers who were certified for the first time under GlobalGAP group certification, with the support of RisiAlbania. RisiAlbania, through hiring specialized experts and service providers, provided training and information and covered the initial certification cost, according to GO, RisiAlbania.

Case study 2: Cooperation between Doni Fruits and a farmer group

Food safety as a motive for interaction between buyer and the group of farmers

- “We chose the best farmers who were willing to cooperate and who demonstrated to be the best in relation with us (Doni Fruits) from our experience ..”, said PR, Doni Fruits Representative.
- Although the purpose of cooperation was initially focused on joint certification, cooperation among farmers extended also to joint inputs purchase, enabling lower purchase prices.
- The starting point was Doni Fruit (buyer). They knew each other but first and foremost had trust in the buyer. The buyer brought them together, for the certification process and during this collaboration, the trust kept growing within the group, according to FI, the leader of one of the farmers groups.

Conclusions

- In transition and developing countries, development gaps in the areas of food safety, animal welfare, and environmental protection are calling for stronger vertical coordination within the agrifood value chains.
- The case studies show that the horizontal cooperation between farmers is helping to achieve the vertical coordination in the agrifood value chain and to enforce the food safety standards.
- This cooperation contributes toward the building of new social capital while helping the farmers to participate in the value chain.

Conclusions (cont.)

- The research findings show that the very development of some Albanian agricultural cooperatives is induced by the need to advance vertical coordination.
- These cooperatives not only potentially generate their own social capital but even draw support from the agribusiness agents who are normally opposed to their countervailing power effect.

Other relevant aspects

- Consumer preferences, behavior and perceptions about food safety – importance!!!

Selected references

- Bijman, J., Iliopoulos, C., Poppe, K.J., Gijssels, C., Hagedorn, K., Hanish, M., van der Slangen, G. (2012), Support for Farmers' Co-Operatives: Final Report, European Commission, Brussels.
- Flyvbjerg, B. (2006), "Five misunderstandings about case-study research", *Qualitative Inquiry*, Vol. 12 No. 2, pp. 219-245.
- Iliopoulos, C., Valentinov, V. (2017), "Member preference heterogeneity and system-lifeworld dichotomy in cooperatives", *Journal of Organizational Change Management*, Vol. 30 No. 7, pp. 1063-1080.
- Imami, D., Rama, K., Polese, A. (2020), "Informality and access to finance during socialism and transition – the case of the rotating savings and credit schemes", *Journal of Evolutionary Economics*
- Swinbank, A. (1993), "The economics of food safety", *Food Policy*, Vol. 18 No. 2, pp. 83-94.
- Valentinov, V. (2004), "Toward a social capital theory of cooperative organisation", *Journal of Cooperative Studies*, Vol. 37 No. 3, pp. 5-20.
- Zhllima, E., Imami, D., Canavari, M. (2015), "Consumer perceptions of food safety risk: Evidence from a segmentation study in Albania", *Journal of Integrative Agriculture*, Vol. 14 No. 6, pp. 1142-1152.
- Yin, R. (2014), *Case Study Research: Design and Methods* (5th ed.), Sage Publications, Thousand Oaks, CA.