

## **Access to Finance under Weak Market Governance: Evidence from Albania's Medicinal and Aromatic Plant Sector**

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### **Abstract**

This article examines how small farmers' access to finance in Albania's medicinal and aromatic plant sector is shaped by the interaction of insecure land tenure, administrative burdens, and weak market governance. It argues that agricultural finance should not be understood only as a matter of credit supply, but as a broader question of whether farms become legible, credible, and investable to lenders, public support schemes, and commercial actors. The analysis draws on qualitative farmer consultations in Elbasan and Berat and applies an integrated framework combining access-to-finance theory, transaction cost economics, and value chain governance. The findings indicate that financial exclusion stems less from the absence of loan products than from the cumulative effects of fragmented or rented land, burdensome documentation, permit-related frictions, limited storage and machinery, intermediary-dominated marketing, and the absence of formal contracts. Together, these constraints reduce traceability, weaken collateralization, undermine income predictability, and limit farmers' capacity to appear as reliable financial counterparts. The article contributes to the literature by shifting attention from credit exclusion alone to the institutional and market conditions that shape effective access to finance. It concludes that rural investment policies should strengthen legal, administrative, and commercial conditions alongside financial support instruments for smallholder agricultural development outcomes.

**Keywords:** access to finance; smallholders; value chain governance; medicinal and aromatic plants; Albania

## 1. Introduction

Access to finance is widely recognized as a critical condition for agricultural productivity, technological upgrading, market integration and the long-term viability of rural livelihoods. In agricultural policy and development debates, however, finance is often approached too narrowly, as though the central issue were simply whether farmers can obtain loans or subsidies. This article starts from a broader premise: before finance can be accessed and used productively, farms must become legible, credible and sufficiently predictable for lenders, public support schemes and commercial partners. Effective access to finance therefore depends on the institutional, documentary, organizational and market conditions through which production becomes visible, assessable and investable.

This broader understanding is especially important in agrarian settings dominated by smallholders and family farms. In Albania, small-scale farming remains the backbone of much rural production, and family farms continue to play a central role in employment and livelihoods in rural areas (FAO, 2020). Yet many producers operate with insecure tenure arrangements, fragmented plots, limited records, weak infrastructure and unstable market relations. Under such conditions, exclusion from finance is not only a banking problem. It is also a problem of whether farmers can demonstrate acceptable rights, reliable output, traceable transactions and sufficiently predictable returns.

For farmers, financing barriers are therefore not adequately explained by insufficient capital alone. Access to finance is shaped by the ability to demonstrate land rights, provide documentation, meet administrative requirements, preserve output, secure market channels and anticipate income streams. When these conditions are weak, the farm enterprise becomes difficult to evaluate, difficult to support and difficult to finance on reasonable terms.

At the same time, access to finance is deeply affected by market organization. Farmers in both consultations linked their inability to invest not only to falling farm-gate prices, but also to dependence on intermediaries, undocumented transactions, lack of contracts and weak bargaining power. These are not external issues separate from finance. They directly affect whether production generates the stability, traceability and enforceable commitments that financial actors and support schemes usually require.

Against this background, the article examines how farmers experience barriers to access to finance and how these barriers are connected to broader production and commercialization difficulties. It argues that limited access to finance emerges through the interaction of land insecurity, procedural burdens, missing productive assets and asymmetric value-chain relations. The article's contribution is twofold: first, it shifts attention from credit exclusion alone to the institutional and market preconditions of effective financial access; second, it shows empirically how institutional and market frictions jointly shape the credibility of smallholder production for finance, support and investment.

### *1.1 Sectoral context and economic relevance*

The medicinal and aromatic plants (MAPs) sector is one of the most dynamic and export-oriented segments of Albanian agriculture and provides an especially relevant setting for examining barriers to access to finance. Existing analyses emphasize both its export significance and its fragmented value-chain structure, involving gatherers, cultivators,

collectors, processors and exporters (Imami et al., 2015; AIDA, 2021). According to the Albanian Investment Development Agency, around 85,000 individuals are engaged in MAP-related activities, approximately one-fifth of rural households in mountainous areas derive income from the sector, and the value chain includes around 31 processing-exporting firms, 150 local collectors and more than 200 actively traded species. This combination of rural livelihood dependence and fragmented organization means that barriers to access to finance in this sector have implications well beyond individual farms.

The sector is also highly significant for Albania's external trade. Approximately 95 per cent of MAP production is exported and the sector accounts for nearly 20 per cent of agricultural exports. In 2020, exports exceeded 5.7 billion ALL, or roughly 46 million EUR, while around 70 per cent of exports were directed to European markets and the remainder largely to the United States. Albania is also listed among the leading global exporters of medicinal and aromatic plants, which underlines the macroeconomic relevance of a sector often discussed only through the lens of rural informality (AIDA, 2021).

At the same time, the sector remains characterized by limited value addition, modest processing depth and insufficient investment in storage, post-harvest handling, certification and technological upgrading. Much of the export structure still relies on raw or semi-processed products, while higher-value activities such as refined essential oils, cosmetics and industrial herbal inputs remain underdeveloped. These structural features matter directly for access to finance because they shape whether farms can generate stable margins, documented transactions and investable production plans (AIDA, 2021; Imami et al., 2015).

The MAP sector therefore offers a useful analytical paradox: it is nationally important, export connected and commercially active, yet many producers remain embedded in fragmented land relations, informal transactions and weak bargaining positions. For this reason, the Albanian MAP chain is not only an agricultural case; it is also a revealing context in which to study how sectoral growth can coexist with limited access to finance.

## **2. Literature review**

The literature on agricultural finance has long established that access to finance is a central condition for improving farm productivity, enabling technological adoption, stabilizing household income and supporting market participation. Yet an emerging body of work suggests that the relevant analytical question is not only who receives credit, but under what conditions access to finance becomes effective, sustainable and usable in practice. This shift matters because formal financial instruments often exist on paper while remaining practically unusable for farmers whose production systems do not satisfy requirements of legibility, collateralization, traceability or risk reduction.

A first major strand of the literature focuses on financial exclusion among smallholders. Small-scale farmers are frequently treated as structurally disadvantaged clients within formal financial markets because of irregular cash flow, limited assets, weather-related risk and weak documentation. Balana and Oyeyemi (2022) likewise show that agricultural credit constraints among smallholders are closely linked to asset limitations, information problems and broader structural conditions. This literature is essential, but on its own it can understate the prior issue

of whether farmers can present themselves as recognizable and credible economic actors to lenders, buyers and support institutions.

A second strand examines the specific constraints that generate exclusion. Khan et al. (2024) argue that agricultural finance constraints in developing countries are multidimensional and mutually reinforcing, involving collateral problems, information asymmetries, high service costs and institutional weakness. Read through an access-to-finance lens, these constraints matter because they reduce the visibility, verifiability and predictability of farm enterprises, thereby narrowing both formal and quasi-formal financing opportunities.

Within this debate, transaction cost theory has become especially influential. Pingali (2005) argues that commercialization exposes small farmers to new transaction costs associated with standards, coordination and market participation. From an access-to-finance perspective, such costs matter not only because they reduce income, but because they make formalization and compliance more difficult. Where farmers must navigate notarization, permits, proof of ownership, fragmented documentation and recurrent procedural requirements, the enterprise becomes expensive to formalize and harder to evaluate as an investable activity.

A closely related body of scholarship develops the concept of agricultural value chain finance. Mattern and Ramirez (2017) show that value chain relationships can reduce uncertainty and help extend finance where contracts, records, warehouse systems and buyer linkages create a stronger basis for repayment assessment. Related work emphasizes that rural credit is embedded in broader ecosystems of interlinked actors, institutions and commercial relations rather than in isolated lender-borrower transactions (Villalba et al., 2023). From a more applied perspective, the World Bank (2023) also highlights the importance of stable supply-chain relationships, documentation and commercially credible linkages when firms work with smallholders.

The literature also highlights the role of collateral and asset formalization in shaping credit access. Varangis and Saint-Geours (2017) note that in many emerging economies farmland is difficult to use as collateral when tenure rights are fragmented, informal or weakly documented. This suggests that access to finance depends not only on productive potential but also on the legal and administrative translation of assets into recognized financial guarantees.

Another important theme concerns the relationship between risk, insurance and investment behavior. Agricultural production is uniquely exposed to climate variability, disease, post-harvest losses and market volatility. Where risk management instruments are limited, financial actors face difficulty pricing exposure, and farmers face difficulty committing to investment. In this sense, access to finance depends on whether production risks can be reduced, absorbed or made more predictable through storage, contracts, insurance or stable market outlets.

The role of farmer organizations has also received growing attention. IFAD, SAFIN, and FO4ACP (2023) show that farmers' organizations often require not only working capital, but also fixed-asset loans, stronger records and institutional support in order to become credible financial counterparts. Collective organization can therefore improve access to finance by aggregating volume, stabilizing transactions, strengthening bargaining power and creating documentary histories that individual smallholders often lack.

Despite these advances, an important gap remains. Much of the literature still examines agricultural finance through separated lenses: some studies focus on credit products, others on collateral, others on market access or governance. Less attention is paid to the combined conditions that make effective access to finance possible in practice. In the Albanian MAP context specifically, Imami et al. (2015) show that the sector combines strong export orientation with fragmentation at the producer level and uneven coordination along the chain. This article addresses that gap by examining how tenure, procedures, assets and value-chain organization interact to shape access to finance.

### **3. Theoretical framework**

#### *3.1 Access-to-finance theory and the problem of effective access*

The first pillar of the framework is access-to-finance theory, which explains why many small farmers remain excluded from formal financial systems even when credit instruments formally exist. In agriculture, lenders face high monitoring costs, production risk, seasonal cash flow and information asymmetry. These features are important for the present article because they illuminate the baseline conditions under which effective access to finance becomes fragile.

Applied to this study, access-to-finance theory helps explain why farmers cultivating on rented land or under fragmented ownership arrangements face additional difficulty in accessing support and investment. Their problem is not only lower access in an abstract sense. It is that their farms often fail to satisfy the documentary and institutional conditions through which they can be treated as credible applicants or eligible investment units.

#### *3.2 Transaction cost economics*

The second pillar is transaction cost economics. Williamson (1979) defines transaction-cost economics as an approach to economic organization that focuses on the frictions involved in exchange and on the comparative costs of organizing transactions under uncertainty. Pingali (2005) applies this logic to agriculture and argues that small farmers face increasing transaction costs when they must comply with standards, contracts, information requirements and coordination demands in more complex food systems. These costs can deter market entry and reduce participation in competitive markets even where production capacity exists.

This theoretical lens is especially useful for the present article because many of the barriers described by farmers are, in effect, transaction-cost barriers that erode effective access to finance. These include the costs of notarized rental contracts, identity documents, powers of attorney, construction permits and tax-related paperwork. Such frictions do not merely delay support; they reduce the feasibility of formalization and make farming harder to present as an administratively coherent and investable activity.

#### *3.3 Value chain governance*

The third pillar is value chain governance. Gereffi et al. (2005) argue that value chains are shaped by forms of coordination and power asymmetry among actors, and that these governance patterns influence upgrading opportunities. For the present article, this perspective matters because access to finance is not produced only at the farm gate or in the bank. It is also shaped by whether transactions are documented, whether prices are predictable, whether

contracts exist and whether buyers provide stable channels through which future income can be anticipated.

In agricultural finance, this perspective is reinforced by the value-chain finance literature. Mattern and Ramirez (2017) show that contracts, transaction records, warehouse facilities and other chain-based mechanisms can reduce uncertainty and improve farmers' access to finance. The absence of these arrangements has the opposite effect: it weakens traceability, reduces confidence in repayment prospects and narrows the range of financial instruments that can be mobilized.

### *3.4 Integrated analytical position*

Taken together, these three perspectives support the article's central theoretical claim: farmers' difficulties are best understood as a problem of limited access to finance produced through the interaction of financial exclusion, high transaction costs and asymmetric value-chain governance. In other words, farmers are not simply short of finance; they operate in environments where assets, transactions and future income are insufficiently formalized, predictable and credible to support sustained investment.

## **4. Conceptual framework and research questions**

Building on the theoretical framework, this study treats access to finance as the outcome of several interrelated institutional, productive and market conditions. Access to finance is the dependent concept: it refers not only to the availability of credit, but also to the degree to which smallholder production becomes legible, predictable and supportable for lenders, buyers, investors or public support schemes. This means that access to finance is shaped not only by credit supply, but by the organizational conditions under which finance could be justified and used productively.

The conceptual model therefore proposes a cumulative sequence: land tenure insecurity, administrative burdens, weak productive assets and intermediary-dominated markets generate higher transaction costs, uncertainty and weak collateralization; these conditions reduce access to finance by weakening traceability, predictability and the ability to demonstrate secure returns; and the long-term result is underinvestment, distress sales, weak bargaining power and the reproduction of financial exclusion. This logic is strongly reflected in the consultation transcripts.

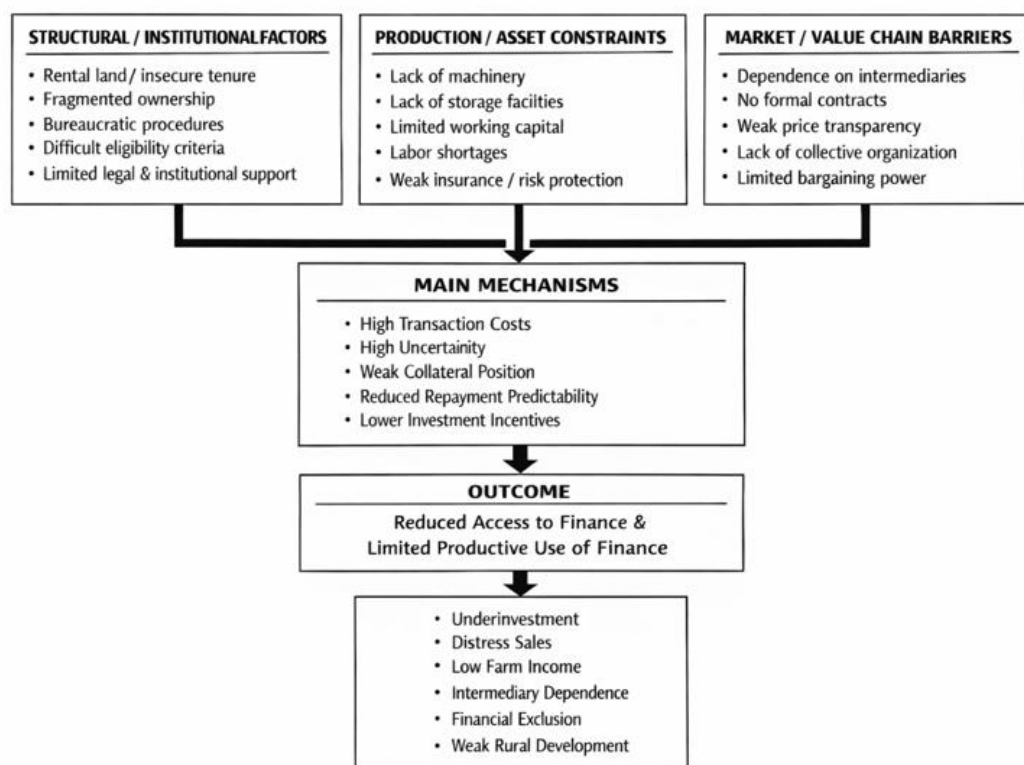


Figure 1. Conceptual framework of barriers to access to finance

The framework shows that farmers' access to finance is shaped by the interaction of institutional barriers, production constraints and market governance problems. These factors increase transaction costs, uncertainty and weak collateralization, which in turn reduce both access to finance and the effective use of finance for productive investment.

The article is guided by the following research questions:

1. *How do small farmers experience barriers to access to finance in agricultural production and marketing?*
2. *To what extent do land tenure insecurity, rental arrangements and fragmented ownership affect farmers' access to finance through credit and public support schemes?*
3. *How do administrative procedures, documentation requirements and other transaction costs limit farmers' ability to present themselves as credible financial counterparts?*
4. *In what ways do market conditions - such as dependence on intermediaries, lack of contracts and weak price transparency - shape the predictability and traceability required for better access to finance?*
5. *How do access-to-finance constraints interact with broader production challenges, including limited storage, machinery shortages, labour scarcity and risk exposure, in reproducing farmer vulnerability?*

## 5. Methodology and data

This study adopts an exploratory qualitative multiple-case design based on the analysis of two consultation focus groups with medicinal and aromatic plant farmers in Albania. A qualitative approach is appropriate because the article does not seek only to measure the prevalence of financial barriers, but to understand how farmers themselves describe, interpret and negotiate the conditions that shape their access to finance.

The empirical material consists of two moderated consultation focus groups. The first consultation was held in Elbasan and the second in Berat. Both consultations focused on medicinal and aromatic plant farmers and explored production constraints, access to public support, labor, market relations, storage, pricing and commercialization. These discussions were selected because they provide dense qualitative evidence of how farmers themselves understand their economic constraints and institutional environment.

The use of focus groups data is methodologically appropriate for three reasons. First, it captures the language of the actors themselves, allowing the analysis to identify not only formal exclusion but also perceived ineligibility, mistrust and practical frustration. Second, the consultations generated interactional data rather than isolated questionnaire responses; participants reinforced, contested and elaborated one another's accounts, which helped recurring themes emerge with clarity. Third, this evidence makes it possible to retain short verbatim quotations in the findings section, strengthening interpretive credibility and keeping the analysis close to the empirical material.

The unit of analysis is not the statistically representative individual farmer, but the theme as expressed through transcript evidence. The analysis therefore focuses on recurring problem areas emerging across the discussions, such as tenure insecurity, procedural burden, storage deficits, labour shortages, intermediary dependence and lack of contracts. These are interpreted as conditions that shape access to finance rather than as isolated production complaints.

Analytically, the study uses a hybrid deductive - inductive thematic strategy. In a first stage, both transcripts were read repeatedly to develop familiarity with the material. In a second stage, segments were coded using a framework derived from the conceptual model: land tenure and eligibility barriers, administrative and transaction-cost barriers, productive asset constraints, market and value-chain governance barriers, and vulnerability/risk. In a third stage, inductive subthemes were developed within and across these categories, including absentee landowners, powers of attorney, construction permits, missing warehouses, undocumented sales, intermediary pressure and mistrust of collective organization. Finally, the coded material was compared across the two consultations in order to identify both common patterns and locality-specific expressions of financing difficulty. This procedure follows the logic of Braun and Clarke's (2021) thematic analysis while keeping the coding closely linked to the article's research questions.

The conceptual framework was operationalized through observable indicators within the transcripts. Land tenure insecurity was identified through references to rented land, co-owned family land, absent landowners and difficulties in converting use rights into accepted administrative proof. Administrative and transaction-cost barriers were traced through references to notarization, identity documents, powers of attorney, tax obligations and permit

requirements. Productive asset constraints were identified through references to storage shortages, lack of machinery, labor scarcity and inability to preserve output or expand production. Market and value-chain governance barriers were captured through references to intermediaries, absent contracts, weak price transparency, undocumented sales and distrust in collective organization. Access to finance was therefore traced through the degree to which production appeared documentable, predictable and investable.

Because the study relies on a small number of rich qualitative cases, trustworthiness is pursued through transparency of analytical steps, repeated reading of the same material, cross-case comparison and the retention of short verbatim quotations in the findings. Following Nowell et al., (2017), the study aims for credibility and transferability through thick description rather than statistical generalization. The article does not claim representativeness for all farmers in Albania; rather, it offers a grounded and interpretive analysis of how financing barriers are experienced within two MAP-producing localities.

## 6. Findings

The findings show that farmers experience limited access to finance not as a narrow problem of credit shortage, but as a broader condition shaped by land insecurity, administrative burden, weak infrastructure and asymmetric market relations.

### 6.1 *Land tenure insecurity and reduced access to finance*

A first major finding is that access to support and finance is strongly conditioned by land tenure arrangements. Farmers reported cultivating rented land, often under conditions where ownership is fragmented or where the owner is absent. Although some had notarized contracts, this did not eliminate the barriers they faced in applying for support.. The obstacle, then, is not only the existence of rental land, but the difficulty of converting that rental arrangement into administratively acceptable proof for the state..

The above shows that rented land does not simply weaken collateral; it creates a chain of documentation and tax-related obligations that can block access to support altogether. One farmer summarized the sense of exclusion in blunt terms by saying that the current rules effectively tell farmers to leave rather than remain in production. Financing access is filtered through formal land recognition and bureaucratic eligibility rather than through production activity itself.

### 6.2 *Administrative procedures as a barrier to access to finance*

A second major finding is that administrative and procedural burdens are experienced as financing barriers in themselves. Support schemes were not described as entirely absent, but as increasingly difficult to access because of paperwork, notarization and institutional complexity. Farmers emphasized that the problem lies not only in whether support exists, but in whether it is realistically reachable under the conditions in which they farm. Procedures for storage and infrastructure were also described as burdensome because warehouse construction depends on building permits and ownership documentation that many farmers struggle to secure

“The state should gather information and make things easier... they do not let you build a warehouse because you need a construction permit; the permit process should be simplified.” (farmer consultation)

These remarks show that finance is obstructed long before the moment of borrowing, namely at the stage where the farmer must legalize, document and formalize productive activity. Procedural complexity is therefore not merely an administrative inconvenience; it becomes a mechanism through which farmers are prevented from accessing machinery support, storage investment and other upgrading opportunities.

### *6.3 Missing productive assets and asset-based constraints on access to finance*

A third finding is that farmers often speak about financing difficulty through missing productive assets. Limited access to machinery and storage was directly connected to production constraints. Existing storage was described as small and inadequate, while machinery was expensive and unevenly distributed. These remarks suggest that the financing problem is not abstract, but tied to the inability to invest in the physical means of production and post-harvest handling.

“We have no warehouses... around 20 per cent of the product is lost because people have nowhere to dry it and nowhere to store it.”

Labor scarcity was another recurrent problem tied to financial vulnerability. Farmers explained that finding workers is very difficult and that most production relies on family labor. In Berat, participants used even stronger language, saying that there are no workers anymore and that they are close to abandoning production altogether. Financing difficulties are thus compounded by the inability to secure labour at critical moments, which raises production risk and weakens incentives to invest.

### *6.4 Intermediary dependence and weak market governance*

A fourth and especially strong finding is that limited access to finance is deeply connected to the way markets are organized. Farmers described a highly informal and intermediary-driven system of commercialization. One of the clearest illustrations was the observation that someone arrives, asks how many kilograms are available, takes the product and leaves without any documents. Farmers clarified that these actors are not genuine collectors, but brokers or 'middlemen' who capture value between the producer and the larger buyer.

“Someone comes and asks how many kilos you have, takes it and leaves—no documents, nothing... They are brokers.”

The same asymmetry was expressed even more clearly when farmers were asked whether they had any alternative to the price offered by intermediaries. The answer was immediate: whatever the broker says is the price they must accept. This short exchange is analytically powerful because it shows that access to finance is inseparable from market agency. Farmers cannot become credible investment subjects when they have no control over prices, no guaranteed outlet and no formalized transaction structure.

Farmers linked falling prices, weak bargaining power and lack of new markets to a broader governance failure. One participant summarized the situation by saying that the market is monopolized and that producers have no ability to change their prices. This situation reveals that farmers see themselves as trapped in an unequal market structure where they bear production risk but have little influence over the terms of exchange.

### *6.5 Absence of contracts and reduced access to finance*

A fifth major finding is that the absence of contracts is perceived as a structural weakness in the value chain. This appeared through the repeated description of undocumented transactions. When asked why contracts are not used, one farmer replied simply that they are not in the interest of the traders. Another elaborated that contracts make actors responsible, and that to avoid obligations traders prefer to buy on the black market, meaning without contracts.

“Contracts make you responsible. To avoid obligations, traders prefer to buy on the black market... which here means buying without contracts.” ( farmer consultation)

These statements are central to the article’s argument. The absence of contracts does not merely expose farmers to unfair behaviour; it also reduces predictability, weakens trust and makes future income harder to anticipate. Farmers valued contracts not only as legal instruments, but as mechanisms that could stabilize production, sales and investment decisions by guaranteeing quantity, price and timing. Their absence therefore directly undermines access to finance.

### *6.6 Limited access to finance and the reproduction of vulnerability*

Taken together, the findings show that financing barriers reinforce a broader condition of structural vulnerability. Farmers continue to produce, but often under conditions in which production appears increasingly detached from secure returns. In Elbasan, this was captured in the statement that farmers are compelled to keep working because they still need to feed themselves.

Overall, the results confirm the conceptual framework of the article. Access-to-finance constraints emerge through three mutually reinforcing channels: insecure land relations and eligibility barriers, high transaction costs generated by administrative procedures, and weak market governance characterized by intermediaries, lack of contracts and low price transparency. The consequence is not simply reduced access to credit, but a broader inability to make production legible, investable and development-oriented.

## **7. Discussion**

The discussion sharpens the article’s core claim: access to finance is not equivalent to the mere availability of loans, but to the extent to which a farm becomes institutionally legible, operationally investable and commercially credible. The evidence from Elbasan and Berat shows that these three dimensions are jointly produced. Farmers struggle to access finance not only because credit markets are imperfect, but because insecure tenure, procedural frictions, weak assets and informal exchange relations prevent their production from appearing as a reliable object of investment.

This interpretation deepens access-to-finance theory. Existing literature correctly emphasizes collateral problems, lender risk and informational asymmetry, but the consultations suggest that exclusion begins even earlier, at the stage of eligibility and documentary recognition. Rented plots, fragmented ownership, powers of attorney, tax-related requirements and permit obstacles reduce farmers’ ability to prove control over land and to present coherent investment projects. In this sense, the problem is not simply that lenders refuse risky farmers; it

is that many farmers cannot be institutionally recognized as credible financial counterparts in the first place.

The findings also align strongly with transaction cost economics. What farmers describe as administrative hassle, repeated office visits, permit delays, labor search, ad hoc storage solutions and post-harvest losses can be interpreted as transaction costs that erode both profitability and predictability. These costs reduce disposable income, shorten planning horizons and make productive activity harder to formalize. The contribution of the present study is to show that transaction costs are not external irritants around finance; they are constitutive of effective access to finance because they directly shape whether an investment opportunity appears viable, monitorable and worth supporting.

At the level of value chain governance, the two consultations show that intermediary-dominated markets and undocumented transactions undermine access to finance in a particularly direct way. When products are sold through informal spot transactions, without contracts, invoices or stable purchasing relations, farmers cannot produce the records that lenders, support schemes or downstream commercial partners use to assess performance and repayment capacity. The governance structure of the chain therefore enters the financial sphere through traceability. Power asymmetry does not only depress prices; it also deprives farmers of the documentary history and commercial predictability through which farms become more creditworthy in formal financial terms.

This point helps connect the paper more explicitly to value-chain finance. Scholarship in this area has shown that contracts, warehouse receipts, digital records and buyer relationships can substitute for conventional collateral by making transactions more transparent and enforceable (Villalba et al., 2023; World Bank, 2023). The Albanian MAP case demonstrates the inverse mechanism: where contracts are absent, storage is weak and marketing is mediated by brokers, these substitutive devices do not emerge. Access to finance is therefore relational rather than purely farm-internal. It depends not only on what the farmer owns, but also on how the chain is organized, recorded and governed.

The empirical-theoretical contribution of the article lies precisely here. Rather than treating land tenure, administrative burden, missing productive assets and weak market governance as separate problems, the analysis shows how they accumulate into one access-to-finance trap. Institutional illegibility reduces access to support; weak support and infrastructure limit investment; low investment reinforces dependence on intermediaries; and intermediary dependence keeps transactions informal and incomes volatile. The result is a circular process in which farms remain active but do not become sufficiently documented, predictable or scalable to attract formal finance on meaningful terms.

Seen from this perspective, policy interventions aimed only at expanding rural credit are unlikely to transform outcomes on their own. More effective strategies would need to combine simplified procedural access, more workable rules for rented and co-owned land, investment in warehousing and post-harvest infrastructure, standardized contractual arrangements, and producer organization capable of generating collective records and bargaining power. Such measures would not merely increase the supply of finance; they would improve the underlying conditions that make finance usable and developmentally effective.

## 8. Conclusion

This article examined access to finance in Albania's medicinal and aromatic plants sector by moving beyond the narrow view that agricultural finance is principally a matter of loan availability. Drawing on qualitative evidence from farmer consultations in Elbasan and Berat, it argued that access to finance depends on whether farms become institutionally legible, asset-supported and commercially traceable. In the MAP sector, these conditions remain weak despite the sector's national export relevance and its importance for rural livelihoods.

The analysis showed that insecure tenure and rental arrangements weaken documentary eligibility; administrative complexity raises the cost of formalization; limited storage, machinery and labor reduce productive resilience; and intermediary-dominated markets without contracts undermine traceability and predictable revenue streams. Taken together, these factors do not simply coexist: they reinforce one another and produce a cumulative deficit in access to finance. The article's main contribution is therefore to conceptualize limited access to finance as a relational and cumulative outcome of institutional, productive and governance conditions.

This interpretation also helps differentiate the present article from more conventional studies of credit constraints. The central issue is not only whether financial products are available, but whether the surrounding rules, records and market relationships allow farmers to appear as credible recipients of finance. In that sense, improving access to finance requires changes both on the farm and in the chain: clearer procedural access, more realistic treatment of rented land, stronger post-harvest infrastructure, better contractual practices and stronger forms of collective organization.

The study remains limited by its qualitative scope and by its reliance on two consultation cases, which do not support statistical generalization. Even so, the evidence is valuable precisely because it reveals how farmers themselves perceive the institutional and commercial conditions that shape investment possibilities. Future research could test the analytical framework developed here across other agricultural value chains, compare subsectors with different governance structures and investigate whether improvements in traceability, contracting and producer organization measurably alter farmers' access to formal finance over time.

Ultimately, the Albanian MAP sector shows that a commercially important agricultural chain can grow in export significance while many of its producers continue to face limited access to finance. Recognizing and addressing that gap is essential if rural finance is to support not just isolated transactions, but broader and more inclusive structural transformation.

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