

The background image shows a rustic wooden table with various fresh vegetables including cauliflower, leafy greens, and a potato. A wooden crate filled with more produce is visible on the right. A small wooden-framed chalkboard leans against the table. A large yellow circle is overlaid on the right side of the image, containing the title and subtitle text.

# **A learning farm**

Sustainability  
scenarios

PEMA

May 2020

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## The future of agricultural education

For many years, agricultural education has aimed to increase farmers' knowledge. However, over the past two decades, the agri-food sector – which consists of regional and global value chains and networks – has been restructured. As a result, the role of specialists has changed and different types of skills have become necessary, including entrepreneurship, customer orientation, sustainability, and innovation. Agricultural education institutes are no longer exclusively geared towards farms and horticulture. They also focus on land use, gardening, nature conservation, environmental protection, hospitality, geographic information systems and the promotion of biodiversity, among other things<sup>1</sup>.

Agricultural high school graduates should still represent an indispensable human resource for the development of the various areas of the national agricultural and food sector. They should hold an intermediate position in that sector as competent agricultural entrepreneurs able to compete with other production sectors. This is especially true considering that agricultural schools have attached farms which serve as real open-air workshops where students can complete their training and improve their professional skills<sup>2</sup>.

This report seeks to project the extensive expertise of European and Italian agricultural schools in the context of international cooperation and development.

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<sup>1</sup> See Kupper and Mulder, *The Future of Agricultural Education: The Case of the Netherlands*, The Journal of Agricultural Education and Extension, Competence for Rural Innovation and Transformation, 12, 2006

<sup>2</sup> See "Terra e Vita" magazine, Speciale Istruzione agraria, January 2017.

The knowledge provided by school-managed farms is of primary importance for professional training in the agricultural and food sector.

Emilia-Romagna – as well as other Italian regions – boasts a consolidated experience in the field of agricultural education and school farms. In each province of the region there is an agricultural secondary school with an attached farm. The estimated total extension of these farms in Emilia-Romagna is over 250 hectares, with heterogeneous extensions per province and school<sup>3</sup>.

### *Over 250 hectares: the estimated total extension of school farms in Emilia-Romagna*

Italy has adapted to European education strategies by implementing new laws. Law 107/2015 for example focuses on a number of priorities such as educational innovation, the use of new technologies, teaching foreign languages and a strategic renovation of work placement projects for students (“Alternanza Scuola-Lavoro”). The work placement system plays a key role in the adjustment of school education to the professional world.

Farm regulations have undergone several changes since 2017. One of particular importance is Decree no. 129 of 28 August 2018, pursuant to Article 1, paragraph 143, of Law no. 107 of 13 July 2015. The decree contains general instructions on the administrative and accounting management of schools. Article 25 states that:

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<sup>3</sup> Data processing by Pema based on Edagricole and RENISA data.

- Schools may be provided with agricultural holdings or special farms with no legal autonomy and no legal personality of their own, for educational and training purposes pursued through practical and demonstrative activities [...]
- The management of the farms must be conducted according to criteria of economic performance, effectiveness, efficiency and cost-effectiveness [...]

*School farms have educational and training purposes, pursued through practical and demonstrative activities*

As regulations for company budgets have become much stricter in recent years, a crucial phase of strategic rethinking is opening up for agricultural holdings.

This report provides not only cognitive elements for the development of agricultural school farms in Albania, but also elements of universal validity in the field of agricultural education.

***This report deals in particular with these four questions:***

- *How can we bring up the future generation of agriculture and farming experts with a greater awareness of the land and of the proximity system on which agriculture is based, and thus with a greater awareness of crop and livestock planning, without ignoring the fact that agriculture is now also part of wider networks and has to face global competitiveness?*
- *How can we address both the need for new specialists in modern agriculture and the need for the development of local communities and of the quality of life in marginal and low-income areas?*

- *How can we combine a broad vision on the future of agriculture and farm specialists with the pervasiveness of digital technologies, which are now crucial also for agricultural production and efficiency?*
- *How can an educational institution grow to the point of becoming a territorial point of reference for the development of skills and the employability of the younger generations?*

The scenarios outlined in this report, therefore, not only propose a way of adapting a “European education model” to a country racing to become a full member of the European Union. In fact, they also draw a trajectory of school development in a period which is crucial both at European and at global level.

In the coming years, facing the consequences of the coronavirus pandemic will require institutional resilience and the ability to make courageous choices concerning the state budgets. Schools must play a key role in this reprogramming phase.

Agricultural schools can become a new landing place for young people in terms of new skills for sustainability, food safety and quality, territorial planning, strategic use of primary resources, sustainable hospitality, and many other needs and requirements.

The role of farms, in this perspective, will be crucial in orienting more and more students towards sustainability related careers, by showing them the variety of skills required, products that can be obtained and technologies that can be used. School farms will be workshops for a sustainable future and a showcase for the future of agricultural careers.

For all these reasons, it is important to explore the farms’ scope of feasibility.

## School farms in Emilia-Romagna

School	City	Didactic activities	ha	Specialisations
<b>Istituto Tecnico Agrario “Arrigo Serpieri” (part of IIS Serpieri)</b>	Bologna	production and processing; environmental and land management; viticulture and oenology	15	Horticulture and floriculture
<b>Istituto Tecnico Agrario “Scarabelli” (part of Istituto Tecnico Agrario Chimico “Scarabelli Ghini”)</b>	Imola	production and processing; environmental and land management; viticulture and oenology	26	Fruit-tree culture
<b>Istituto Tecnico Agrario “L. Spallanzani” (part of IIS L. Spallanzani)</b>	Castel Franco Emilia	production and processing	103	Fruit production, experimental fields and forage areas (indispensable for the sustenance of livestock). Within the farm there is also a small but efficient Parmigiano Reggiano cheese factory, as the school is member of the consortium. Cooked must for balsamic vinegar, cherry-tree culture, experimental olive culture, harvesting and processing of medicinal herbs, manufacturing of cosmetic products
<b>Istituto Tecnico Agrario “Navarra” (part of IIS Vergani, MALBORGHETTO, and Navarra, OSTELLATO)</b>	Ferrara	environmental and land management; viticulture and oenology	6	Local vineyards and traditional wine-making processes in the cellar workshop
<b>Istituto Tecnico Agrario “G. Garibaldi” (part of IT Garibaldi-Da Vinci)</b>	Cesena	production and processing; environmental and land management; viticulture and oenology	60	Fruit and wine production in a modern greenhouse. The farm’s fruit products are regularly sold on the farm itself.



<b>Istituto Tecnico Agrario “I. Calvi” (part of Istituto Tecnico Statale “I. Calvi”)</b>	Finale Emilia	environmental and land management; viticulture and oenology		The products obtained from the farm activities are delivered to cooperatives (Italfrutta, Apora, Caip Emilia, Cantine Riunite) or directly sold (greenhouse products)
<b>Polo agroindustriale “Galilei Bocchialini Solari”</b>	San Secondo (PR)	production and processing; environmental and land management; viticulture and oenology	3	Orchard; ornamental plants; cereals; native plants
<b>Istituto Tecnico Agrario “L. Perdisa” (part of IT “Morigia Perdisa”)</b>	Ravenna	production and processing; environmental and land management	9	Orchard; vineyard; arable crops
<b>Istituto Tecnico Agrario “G. Raineri” (part of Campus Agroalimentare di Piacenza)</b>	Piacenza	production and processing; environmental and land management; viticulture and oenology	26	Cereals and forage; loose cattle housing shed with milking parlour. The shed houses 60-70 dairy cows. Orchard; wine
<b>Istituto Tecnico Agrario “A. Zanelli” (part of IIS Zanelli)</b>	Reggio Emilia	production and processing; environmental and land management; viticulture and oenology	20	Apple, pear and drupe trees; grapevine; loose cattle housing shed for the farming of cattle breed Reggiana; cheese factory with maturing facilities for the production of Parmigiano Reggiano cheese

## Examples of sustainable school farms: the *Istituto Vergani-Navarra* in Ferrara and the *Istituto Garibaldi-Da Vinci* in Cesena

### Budget separation between the school and the farm

The farm's accountancy records are kept separate from those of the rest of the school. The farm's accounts must be kept in double-entry, as in the case of private companies. The management of the farm constitutes a specific activity of the annual programme. In a financial statement within the programme are indicated the farm's revenue and expenditure.

- The farm's proceeds and payments are managed, together with those of the school, on a single bank account for the cash service and through a single special treasury account. At internal accounting level, the school's and the farm's accountancy records are kept separated.
- In the farm's balance sheet, revenue and expenditure must be at least at break-even point. Any profits from the economic management must be reinvested in farm activities or set aside to cover any future losses. Only in case of an economic deficit can the school intervene by withdrawing money from its own administrative surplus. This must be approved by the school board.
- In case the farm's operating loss is due to permanent causes or causes that cannot be removed within three financial years and a structural downsizing of the farm itself is not possible, the school board must order the closure of the farm and the farm's manager must liquidate the assets and allocate any remaining activities for educational and training purposes.
- The relevant legislation does not establish that any of the farm's profits can be used for the school, except for being reinvested in the farm itself.

- The farm is considered a school activity. In the balance sheet there is a specific entry for it, similar to a project entry. The teachers usually propose an explanatory sheet for the farm's activities, which is then assessed for financial compatibility.
- The decree states that all revenue must be used to cover costs; any profits must be allocated to the balance sheet fund; the school farm is not intended to work as a business; any profits are intended to cover any operating losses or to improve the teaching equipment on the farm, f.i. building a new greenhouse or purchasing new farm equipment; however, the main aim is to keep a balanced budget; teaching activities are considered an expenditure.
- If the budget fund is not sufficient to cover the losses, a withdrawal can be made from the administration surplus; however, this can only be a one-off withdrawal; if the loss is due to permanent causes, the school has three financial years to break even; if this does not happen, the school board is responsible for the closure of the farm; the auditor is responsible for control.

## Revenue and expenditure of the farm

- The determination of the highest revenue and expenditure of a farm varies considerably according to the specialisation of the farm itself.
- The farm's revenue is determined by the sale of the farm's products, the production of which depends on the nature of the products themselves.
- For the same amount of invested land, arable crops (such as wheat, corn, and soy) produce a much lower revenue than fruit crops and ornamental plants.
- Selling the products directly on the land can often generate more revenue, but this requires the constant employment of staff and the use of fiscal cash registers.
- School farms – as well as private farms – can also receive funding through Community agricultural aid (CAP).
- Expenditure varies considerably depending on the size and specialisation of the farm. For farms that need to employ external labour, the cost of labour is among the most substantial expenses. On the other hand, for farms which only need to rely on internal staff, the main cost item is the purchase of raw materials (pesticides, seeds, fertilisers, soil, machine fuels, etc.).
- Another significant cost item is amortisation. Expenses for the purchase of capital goods can be spread over several years, depending on the nature of the goods themselves. These may include the installation of an orchard, the purchase of mechanical equipment and agricultural machinery, or extraordinary maintenance.
- Small farms often do not have the economic capacity to make investments to increase the profitability of the farm itself.
- Expenditures: The students' labour is not sufficient. The farm needs to employ paid workers as well. Materials are needed for

activities on the farm. Machinery maintenance is also needed, as well as occasional purchase of new machinery and professional technical advice on payrolls.

## Farm management

The school's headmaster is the responsible person for the economic management of the farm. The headmaster may be flanked by teachers in charge. The farm's management is, however, shared among the teaching staff and the school board. Who manages the farm on a daily basis? The figures working on the farm are:

Teachers of agricultural subjects

Teachers of practical and technical subjects

Technical assistants

Technical farm staff ("Bidelli di campagna")

Operation planning is carried out weekly based on the farm's specialisation. The teacher responsible for the farm's management is in charge of coordinating the various tasks. He or she:

- organises, together with the Director of General and Administrative Services (DGAS), the tasks of the technical farm staff;
- coordinates the tasks of teachers of practical and technical subjects for each activity on the farm or associated with it;
- organises the management of technical equipment and vehicles;
- coordinates the tasks of teachers and technical assistants for an effective and efficient use of the school's goods and resources;
- organises product sale and tax documentation, and reports the proceeds;
- fills in the register of processing operations ("Quaderno di Campagna") together with the technical

assistants. The register contains a record of all the phytosanitary treatments carried out on the farm (phytosanitary products and adjuvants of phytosanitary products).

The farm's manager is responsible for the safety on the farm. This includes both the work activities of the school staff and the workshop activities of the students. The farm's manager's functions are provided for by Legislative Decree 81/2008.

He or she also:

- arranges the purchasing plan aimed at achieving the educational and production goals;
- arranges the plan of activities based on the users' requests. This includes proposals for the employment of staff and of technical and financial resources;
- drafts, together with the DGAS, the balance sheet and other accounting documents associated with the economic and financial management of the farm.

How many people work on the farm?

- Normally, 3 technical assistants and 3 technical farm staff are employed in the farm.

## Example of a 6-hectare farm

In this report we illustrate the example of the 6-hectare school farm attached to the *Istituto Vergani-Navarra* in Ferrara. Because of its size, this school farm is comparable to the one that could be built in Fier. Out of the total annual revenue, 45% is generated by the sale of greenhouse plants, 24% by the sale of fruit and 13% by the sale of wine. In terms of productivity (euros per 100 kg), wine sale is the activity with the highest added value, followed by vegetable sale.

This leads to the following conclusions:

- a farm's specialisations depend on the characteristics of the territory, on the skills gained by the school, and on the investments made over the years;
- there are crops and activities with different levels of profitability. The profitability is not necessarily related to the availability of land, but rather to the quality of the production and to the potential market of the products.

	Revenue (in Euros) (last available year)	% on the total
Sale of greenhouse plants	12.575	44.65%
Wine	3.828	13.59%
Vegetables	500	1.78%
Fruit	7.000	24.86%
Soft wheat	2.600	9.23%
Other revenue	1.660	5.89%
<b>Total</b>	<b>28.163</b>	

	Production (100 kg)	Average productivity (euros/100 kg)	Required land (ha)
Soft wheat	130	20	2.71
Apple tree	95	43.37	0.47

<b>Pear tree</b>	14	40	0.08
<b>Vegetable garden</b>	5	50	0.13
<b>Wine</b>	19	201.47	0.25

## Necessary investments: examples of investments for the school farm in Ferrara

It is reasonable to assume that a farm's need for investments depends largely on the type of crops and products it is intended to grow.

For instance, in the case of the Ferrara farm, the following investments have been made in recent years:

- purchase of ebb and flow aluminium pallets for the greenhouses;
- interventions to bring agricultural machinery up to standard;
- replacement of greenhouses' coverage;
- installation of a new vineyard;
- purchase of the necessary equipment to set up a new cellar.

The capital expenditure (capex) of a farm appears therefore to be strongly linked to the farm's productivity and aimed at maintaining that productivity. The balance sheet of the school farm in Ferrara shows that its capex equals about 25% of the annual expenditure.

## The customers of the farm

Plants, fruit, honey, wine etc. are sold in retail sale to private individuals, school employees or school pupils. Arable crops and large amounts of fruit are sold via organised structures such as agricultural cooperatives or consortia.



## The role of the farm in the school curriculum

How does the farm fit into the three-year school curriculum in terms of teachings and workshop activities?

- The coordination between the farm and the school is determined by the Annual Programme, by the Cultivation Plan, by the planning and monitoring in the Technical Department, and by the planning in the Department of Technical and Practical Teachers.
- The Annual Programme is the financial management plan. It contains the expense plan, which is based on the activities and projects provided for in the cultivation plan and in the educational syllabus.
- The Cultivation Plan is the calendar of activities. It is planned according to the characteristics of the crops on the farm's land (fruit, vegetables, arable crops) and seasonality.
- The Technical Department is the school's control room. It includes the farm's manager, the supervisor, the contact person of the business department of the school in Ostellato, the two fiduciary teachers of the schools in Malborghetto and Ostellato, and the Director of General Administrative Services.
- The Department of Technical and Practical Teachers includes the whole teaching staff of technical and practical subjects. They have a primary role in the workshops and in the farm.

What are the percentages of curricular and extra-curricular teaching activities in the farm?

- The teaching activities in the farm are mainly curricular (90%). In the summer they become extracurricular, i.e. projects for the teaching of transversal skills and

orientation (PCTO, formerly “Alternanza Scuola-Lavoro”) or internships.

How does your farm specialise in certain products? How is it coordinated with the current training offer?

- The farm’s specialisation depends on the particular agricultural tradition of this territory, which is particularly suited for the cultivation of apple and pear trees.

Who is responsible for teaching on the farm?

- Every teacher working on the farm is responsible for the teaching carried out on the farm itself. Teachers must comply with the programme approved by the Technical Department, by the Department of Technical and Practical Teachers and by the Class Council.

## Difficulties and opportunities of a school farm in the reforming of vocational training in Albania: the case of the “Rakip Kryeziu” school in Fier

The “Rakip Kryeziu” school in Fier owns about 7 ha of land that could be made available to the farm.

In the discussion about the future of Fier’s school, it was found that:

- There is a need to understand how to overcome the current main organisational limits of Albanian schools, i.e. the impossibility of making investments, since those schools are only allowed to manage annual budgets for current expenses;
- There is a need to understand how to overcome the risk of crossing the boundaries of market operations, which are subject to restrictions in terms of “fair competition”;
- A discussion with the Ministry in February 2020 revealed that there is a need to understand whether the hypothesis of “social enterprise” (Albanian Law 65/2016) as a scenario of operational management of the farm could allow at the same time management autonomy, connection with the school management, exclusively educational purposes, and investment possibilities.

In the case of Albanian school farms, the scenario hypothesis is to combine the Italian management autonomy model with the social enterprise opportunity of Law 65/2016.

On the one hand, the idea of a social enterprise connected to a school but autonomous in its management could guarantee non-profit purposes of educational nature, and at the same time make it possible to overcome the current investment limits (see next

section for a critical examination of Law 65). On the other hand, however, the risk of this management hypothesis is that it may not solve the main problem of the limited Albanian educational autonomy, i.e. the impossibility of planning capital investments on the basis of the proceeds to improve the farm's productivity. The hypothesis must therefore be carefully evaluated.

According to the balance sheet data of the Rakip Kryeziu Institute, 95% of the school's revenue comes from the government and 5% comes from the school's workshop activities. Expenditure: a) Staff costs, b) Services, c) Office equipment.

The revenue from workshop activities (cattle sheds and farmland) currently covers ordinary activities and services, as well as extraordinary interventions. Workshop activities generate a maximum of € 7,000.00 per year, which cannot cover the costs. These revenues are differentiated from the school's annual budget.

It is therefore essential to place the scenario of Fier's future school farm in the regional agricultural context. Preliminary research has made it possible to hypothesize an extension of some farm activities, among which:

- dairy production and milk processing (currently guaranteed a daily production of 50 litres)
- a small greenhouse for vegetables and plants
- chicken farming

**Italian farms' experience shows that production can only be improved through annual investments in infrastructure, machinery and dedicated staff for the farm's management. A farm the size of the one in Fier could generate four times the current revenue. However, this would only be possible through annual margins on the school's budget or through a level of profitability that in 4-5 years would allow to invest in workshop and greenhouse equipment.**

*The future of the school farm in Fier:*  
*Dairy production and milk processing*  
*Greenhouse for vegetables and plants*  
*Chicken farming*

## Possible investments needed for the school in Fier

With a view to a requalification and expansion of the school in Fier and of its farm workshop facilities, it is possible to make some hypotheses about the investments needed for the future equipment of the farm<sup>4</sup>.

The school in Fier has so far developed two educational branches, focused respectively on food technology and social and health subjects, as well as an educational and demonstrative branch focused on zootechnics. The current structure available for this purpose is a 70-square-metre cattle shed dedicated to the farming of two dairy cows.

The zootechnical branch can be diversified through the introduction of chicken farming (including an incubator), while cultivation can be improved by installing a greenhouse. This will require changes in the space organisation and investments for an infrastructural improvement of the workshops.

*PEMA is a project that operates on education and training within a wide cooperation programme between Italy and Albania. The programme provides for the infrastructural upgrading of the schools in Fier and Lushnje.*

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<sup>4</sup> These hypotheses are the result of a dialogue with the headmaster of the school in Fier about the expectations for the renovation of the farm. Some of the investment hypotheses have been proposed by Gianluca Bagnara, representative for Italy at the European innovation partnership for agricultural productivity and sustainability (EIP-AGRI) promoted by the EU DG Agriculture.

It is reasonable to assume that the infrastructural requalification can take place at the same time as – or even before – the improvement of the educational and training curricula.

The link between workshops and theoretical teachings is considered crucial for the renewal of this future centre of excellence.

The aim is to be able to teach the management of a “farming cycle”. Through this knowledge, the future agricultural experts will possess both farming skills and economic skills for the management of a small farm.

It is also necessary to be aware that the activities of a farm can be divided into “short cycle activities” and “medium to long cycle activities”. Among the former we can certainly count the *protected crops* which can be grown in greenhouses (horticulture, floriculture, horticultural nursery, fruit growing)<sup>5</sup>, among the latter the farming of cattle and poultry.

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<sup>5</sup> Protected crops are an agroecosystem. As all ecosystems, it has inputs and outputs. Inputs are: natural resources (water, air, soil, landscape) and human resources (seeds/bulbs, energy, fertilisers, pesticides, roofing materials and labour). The outputs are agricultural products and waste.

## The law on social enterprises in Albania

Law 65/2016 defines the framework of social enterprises in Albania.

This section analyses the opportunities made available by Law 65 considering also the European experience in the field of social enterprise<sup>6</sup>.

According to the European Commission, social enterprises are:

- “those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation”
- “those whose profits are mainly reinvested to achieve this social objective”
- “those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice”

Social enterprises are perceived as hybrid entities that combine not-for-profit focus on social values and business practices in relation to the management and use of economic resources.

This duality is called “double bottom line”. Social enterprises are divided into two types of organisational forms: non-profit and for-profit.

There are two schools of thought which include the concept of social enterprise. Both originate from the United States. The first one is the school of thought on “earned income”, which has implemented a strategy for organisations to generate revenue to support their social mission. This approach was subsequently extended to include for-profit organisations with a social purpose. The concept of social enterprise is part of this school of thought.

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<sup>6</sup> For further examination, see: *Analysis of the Legal Framework on Social Enterprises in Albania, 2019*



According to Yunus (2010), a social enterprise is a company without shares of profit and without losses, designed to address a social problem. The second school of thought – “Social Innovation” – emphasises the central role of the social innovation dynamics, driven mainly by the social entrepreneur, who has the necessary characteristics to follow a social mission with dynamism, creativity and leadership.

The approach of the Albanian legal framework focuses entirely on the social enterprise model of labour integration. According to the law, social enterprises are non-profit organisations providing goods and services in the fields of local community development, social services, health promotion, education services, culture and cultural heritage, tourism promotion, environmental protection, employment mediation and youth employment.

## FOCUS: The implementation process of Law 65 in Albania

- Decision No. 16/2018 “On the approval of the list of activities exercised by social enterprises”;
- Decision No. 56/2018 “On determining specific categories of disadvantaged groups”;
- Instruction No. 607/2018 “On the procedures and documentation required for recognition status of social enterprise”;
- Decision No. 16/2017 “On determining the procedures for the inspection of the activity of social enterprises”;
- Instruction No. 677/2018 “On determining the forms, deadlines and ways of periodic reporting, for activities exercised and categories of employed persons from social enterprises”;
- Decision No. 789/2018 “On the establishment of the fund for support of social enterprises and support forms through subsidiaries for social enterprises”;
- Order No. 638/2018 “On the approval of the regulation on social enterprises functioning”;
- Instruction No. 2/2019 “On creating the register of social enterprises and the rules of its maintenance”.

The legal framework recognises as social organisations only non-profit organisations that integrate marginalised groups (according to the WISE – Work Integration Social Enterprise – model), as well as providing social and educational services exclusively to these target groups (Article 11, letter c, and Article 11, paragraph 1).

According to some reporters, the distinctiveness of the Albanian law within the European legislation lies in the fact that it combines two different types of organisations (those that in Italy, for example, are categorised as Type A and Type B cooperatives) within the same entity<sup>7</sup>.

In terms of economic criteria, according to Law 65, social enterprises must employ a minimum number of full-time employees (at least 3) and at the same time establish a mandatory revenue percentage from economic activity, at least 20% for the second year and 30% for the third year (Article 8, paragraphs 2 and 3).

As stated by law, despite the fact that social enterprises are obliged to use “profit entirely for the expansion and development of their business” (Article 17, paragraph 2), “social enterprises are taxed for the profit generated, under income tax legislation” (Article 17, paragraph 1). In that case, there is a counterbalance between missing tax benefits and the non-distribution of profits. The law leaves no room for the social enterprise to use the profit in different forms of investment or as bonuses and salaries for employees (Article 17, paragraphs 3 and 4).

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<sup>7</sup> In EU countries, these categories are generally divided into two types: a) social enterprises providing social, educational, cultural services, etc. b) social enterprises producing a wide range of goods and offering various services, employing people from marginalised groups.

In EU countries, social enterprises may allocate a certain percentage of the profit to the expansion of the business as an investment, employee bonuses, reserve fund, etc. Social entrepreneurs and members can keep a certain percentage of the profit. Consequently, no reinvested profit is subject to taxation.

From this first analysis, it appears that applying Law 65 for the improvement of professional training in Albania could facilitate a more rapid integration of business organisation skills in schools. However, it also makes it necessary to clarify some aspects of business management (who are stakeholders?) and it may not completely solve the crucial problem of lack of capital investment in school endowments.

**This is also very relevant for the Pema project, which will necessarily have to work with the Albanian Government for constant coordination of the line of infrastructural investments provided for by the Italian-Albanian Programme for the creation of a pole of educational excellence in Fier.**

**However, we ought to add an important remark: implementing the law on social enterprise involves a risk of not facilitating what we in fact aim to make more fluid, namely the investment expenditure of educational farms. However, we should keep in mind that giving the school more management autonomy (as in the Italian model) requires the implementation of a complex set of laws. This would include at least 10 steps of decrees, as estimated on the basis of the adoption of the law on social enterprise. The decision of opting for the path of autonomy should be made in the awareness of that complex legislative process. That decision should be however strengthened by the purpose of giving the national school system a benchmark of future increased capacity to generate value.**

## The sustainability scenarios for the school farm in Fier

In the light of the above, we draw four possible scenarios for Fier's school farm.

These are four projections, based on the currently available knowledge, exploring alternative solutions in relation to a) the school's organisational model, b) the sustainability model in terms of revenue and expenditure.

The **organisational model** is based on the hypothesis of a choice between entrusting the farm's management to the school and creating a social enterprise.

The **sustainability model** is based on the hypothesis of a choice between a market model that generates annual profit margins and a break-even model in which only the coverage of expenses is assured.

Scenario D represents the current situation: the farm is managed by the school and the annual budget is balanced. We know that this scenario causes considerable economic disadvantages because it does not allow capital investment.

Scenario A involves the introduction of a social enterprise. According to Law 65, the new business organisation would increase production and generate sales margins. However, the current legislation would penalise the generation of profits through the application of taxes.

Scenario C would allow for an enhancement of the current management by providing it with additional resources and releasing the management of the farm from the annual budget of the school, which would allow for investments. This scenario requires a dedicated process of legislative translation of the 2017 law on vocational training. Elements of school autonomy should be included in said law.

Scenario B provides for a special application of the law on social enterprise, exempting schools from taxes.

Scenario diagram for the Fier school farm. It is necessary to find the best management positioning within the quadrants A, B, C and D.

<b>Organisational model</b>	Social enterprise	<b>A</b> Investment opportunities	<b>B</b> Tax exemption
	School management	<b>C</b> Review of the national legislation	<b>D</b> <b>current situation</b>
		Market for profit	Break-even
		<b>Sustainability model</b>	