



2nd Interim Meeting:
**“National policy instruments and EU Approximation process:
Effects on farm holdings in the Western Balkan countries
(EUEWB)”**

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Kolashin, Montenegro

Country presentations

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- Country background
- Objectives
- Strategies and programming documents of agricultural policy
- Agricultural policy development in the country
- Assessment of implementation of agricultural policy documents
- Key findings



- Since 2014, candidate status
- The agriculture policy is of multi-dimensional importance
- Achieve economically viable farming, improved food security and sustainable rural livelihood.
- Required policy monitoring and evidence based policy formulation



Objectives

- Key trends in agricultural budgetary transfers in Albania
- Analyse national direct payments policy
- summarise the new agricultural policy's strategic and programming documents
- asses how are the strategic and programming documents implemented
- provide policy recommendation

Methodology

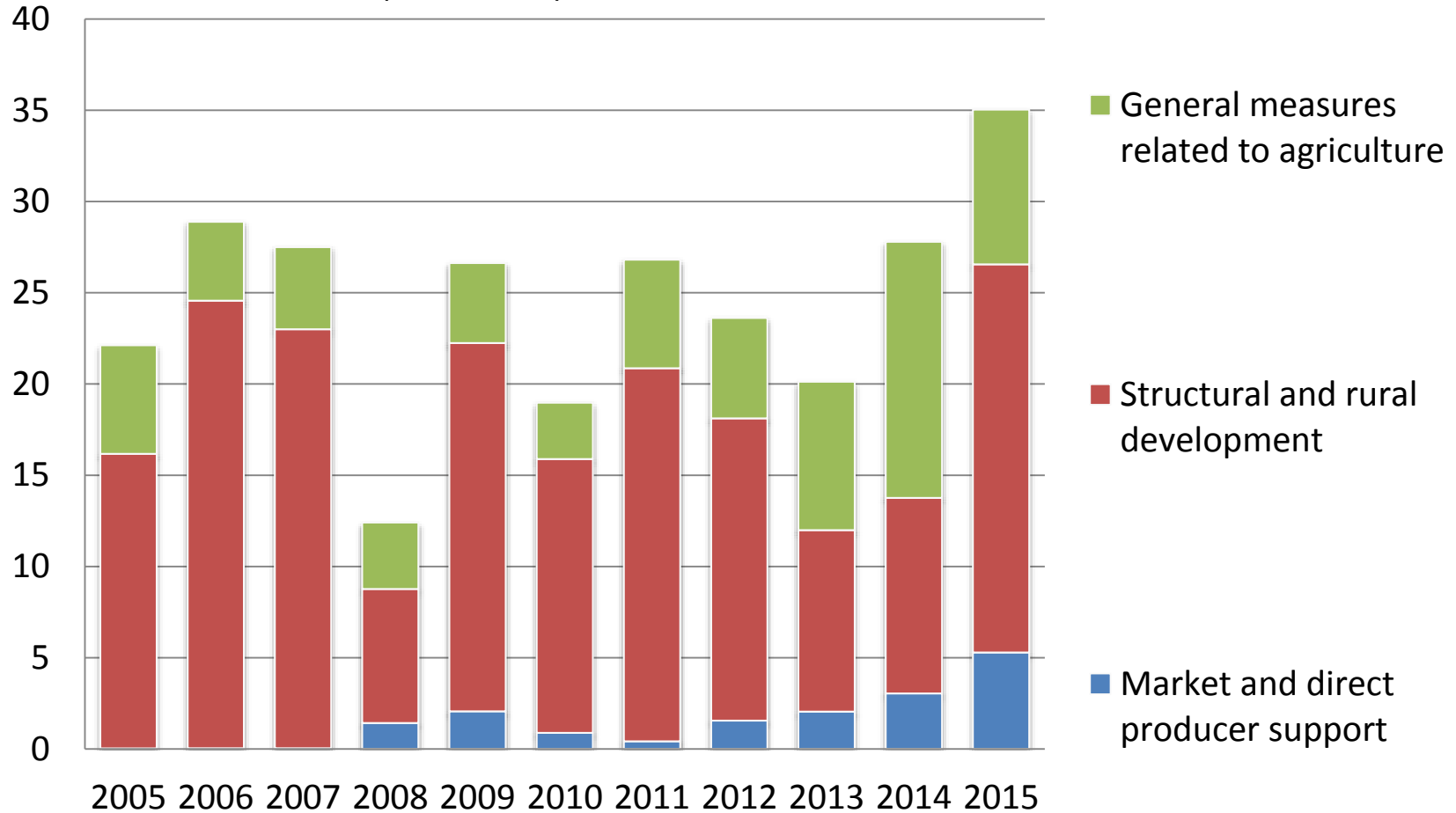
- APM tool –comparative analysis
- policy documents analysis



- Inter-sectoral Strategy for Agriculture and Rural Development (ISARD) 2014-2020
- National Plan for European Integration 2016-2020.
- ISARD National Action Plan 2014-2020 and an update for 2016-2018.
- Detailed in a yearly action plan.
- MARDWA yearly action plans are reported to the Council of Ministers Department for Monitoring of Legislation and Programmes.

- MARDWA action plan is recorded, coded, assigned to a responsible body and aligned to a determined paragraph of National Plan for European Integration 2016-2020.
- National support schemes are set out annually in the National Action Plan.
- Determined by an annual budgeting program and enforced by the Decisions of the Council of Ministers.

BUDGETARY EXPENDITURE FOR AGRI-FOOD SECTOR AND RURAL AREAS (Mill EUR)



Budgetary support to agriculture during the period 2005-2015 in Albania

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Budgetary support (mill Eur)	22	29	27	12	27	19	27	24	20	28	35
GVA in agriculture (mill Eur)	1,220	1,257	1,338	1,484	1,461	1,535	1,612	1,765	1,914	2,024	2,052
Share of support to agriculture GVA (%)	1.81	2.30	2.05	0.84	1.82	1.24	1.66	1.34	1.05	1.37	1.70

Budgetary support for the improvement of the competitiveness during the period 2010-2015 (Mill EUR)

	2010	2011	2012	2013	2014	2015
Improving the competitiveness of the agricultural sector	15.0	20.4	16.6	9.9	10.7	21.3
On farm restructuring support	6.6	4.9	4.8	4.2	1.0	1.1
Agri-food restructuring support	8.4	15.5	11.7	5.7	9.7	20.2
Forestry support	0.0	0.0	0.0	0.0	0.0	0.0

- **The on farm restructuring support decrease**
 - Continuous support in plantation
 - More support on drip irrigation
 - Support to farm equipment on 60% of investments
 - Greenhouse with central heating
- **The food processing industry gain importance**
 - subsidies with 70% of interest rate
 - Support up to 50% of the investment value on packaging, storing, etc

Direct producer support for the period 2010-2015 (Mill EUR)

	2010	2011	2012	2013	2014	2015
Direct payments based on output (price aids)	0.4	0.2	0.0	0.4	0.2	0.6
Direct payments based on current area/animal	0.5	0.2	1.5	1.5	2.1	3.9
Direct payments based on fixed criteria (decoupled)	0.0	0.0	0.0	0.0	0.0	0.0
Variable input subsidies	0.0	0.0	0.0	0.1	0.8	0.8

- The direct producer support measures 15 % of total budgetary.
- In 2015 this support is 2.5 times higher as compared to the average of the last 7 years
- Major part of direct payments, supporting the livestock sector, generally for payment per animal (major focus on small ruminants) or dairy premium.
- New focus on collection and processing of F&V (formalisation)
- The subsidies for variable inputs are very modest-measure for pest protection of olive groves and plastic sheets

GENERAL MEASURES RELATED TO AGRICULTURE (in Mill Euro)

	2010	2011	2012	2013	2014	2015
Research, development, advisory and expert services	1.9	1.6	1.7	1.5	1.7	2.1
Food safety and quality control	1.2	4.3	3.8	6.6	6.0	3.5
Other general support measures	0.0	0.0	0.0	0.0	6.4	2.9

- Government budget for agriculture and rural development is expected to increase 5-folds
- Reduction of National Funds and inclusion of IPARD funds (71 million Euros till 2020)
- The targets determined by ISARD 2014-2020 differ from the Government Program 2013-2017.
- Low gap between ISARD planned and realised expenditures both in terms of support to agriculture and rural development and in overall amount to Budget (5% in average)

- The number of support schemes is still deemed too high (10 measures with 17 sub-measures)
- Changing frequently-One-time/year appearance of some schemes (such as meat or skin delivery to the slaughterhouses).
- Schemes survive for 3 years and then vanish (such as the case of direct producer support for chestnuts).
- Schemes not used at all (rabbit breeding or equinae breeding)
- Some measures not developed due to weak legal system

Support measure	Action plan measure	Time	Status of achievement
Investments in physical assets of agricultural holdings.	National scheme and IPARD II	2016	Yes
Investment in physical assets concerning processing and marketing of agricultural and fishery products.	National scheme and IPARD II	2016	Yes
Measure for farm diversification and business development.	Measures are ready to be Implemented under IPARD II	2016	Yes
Develop schemes complementing IPARD II measures for small farmers producing for the market	(GIZ-DANIDA) support	2014	Yes
Measure for Agri-environment and organic farming	Organic farming and quality policy to be designed	2016	No
Measure on quality policy support scheme for agricultural products and foodstuff not ready.	Quality policy legislation implementing structures for the alignment and enforcement with Acquis	2016	No
Measure for supporting the cooperation of farmers and associations	Establishment of producer groups and Associations	2016	No
Measure for establishment and protection of forests	Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.	2017	No
Measure for preparation and implementation of local rural development strategies- Leader approach.	No local structured (LAG)	2017	No
Measure for public investments in rural areas development and infrastructures	MARDWA investments carried in water and drainage.	2017	No
Improve training and strengthen capacities of advisory services	Being carried through capacity building projects (donor support)	2017	No
Review/amend Law for Agriculture and Rural development to provide for compulsory registration of farmers to be eligible for support	Registration of farmers in the farm register and other relevant registers (Animal register, LPIS etc.)	2016	No
Develop measures for access to credit	Under the IPA 2012 Project Establishment of the Rural Credit Guarantee Fund will be supported.	2016	No
Actions to support transfer of land and land consolidation	Legislation and pilot prepared by FAO	2016	No

- Successful to prepare the implementation of IPARD II-accreditation is stalled.
- Preparation of the legal bases (e.g. Law on Organic Farming, Community Market Organisations legal base, Law on Cooperatives, Land Consolidation Strategy and Law, etc) is taking time
- Subsequent legal and institutional changes due to the new territorial reform.

Conclusion

- Policy address structural problems
- Overall funding for agriculture and rural development has increased
- Structural and rural development measures (second pillar) has expanded, gaining 60% of the overall support funds.
- Direct support measures also are increasing
- Other measures suffer the establishment of the legal base
- Not much gap between realised and planned expenditures
- Assuring coherence and coordination among ISARD 2014-2020, IPARD II and yearly action plan with the schemes of National Support