



# Agricultural policy developments, situation of the agri-food sector and economic context in Albania

Dr. Edvin Zhllima

Agricultural University of Tirana

# Structure

- Policy framework
- Measures and budgetary support of agriculture and rural development
- Covid 19
- Greener policies
- EU approximation
- Final remarks



# Policy framework

- The agricultural sector in Albania is the largest in terms of importance to overall economy
- The main challenges for the Albanian agriculture remain:
  - i. strengthening market orientation and competitiveness of the agri-food sector,
  - ii. increasing the sector's response to social demands for safe, healthy, nutritious food and animal welfare
  - iii. enhance farmers' position in the food chain,
  - iv. support climate change mitigation,
  - v. foster sustainable management of natural resources and
  - vi. guarantee community development and social capital in rural areas (MoARD, 2022).



# Key legal, strategic and programming framework

Key legal, strategic and programming document	Key goal and objectives	Notes/remarks
National Strategy for Agriculture and Rural Development 2021-2027	i.Reinforce a sustainable and competitive agri-food sector ii.environmental protection and climate actions, iii. Strengthen the socio-economic fabric of rural areas and iv. Foster sustainable maritime and aquaculture development	Under consultation process.
IPARD III programme 2021-2027	Reinforce a sustainable and competitive agri-food sector, strengthen environmental protection and climate actions and the socio-economic fabric of rural areas	In process of documentation- Programme to be launched in 2023
Albanian National Land Consolidation Strategy (2016-2028)	Assist farmers to improve farm structures by providing opportunities to reduce land fragmentation	In process of implementation. No clear indicative monitoring framework.
Law on LAGs (Local Action Groups)	Provide basic principles, criteria, responsibilities, and processes for organizing and functioning of Local Action Groups	Adopted. Preparatory work for the establishment of LAGs has started.
Integrated Water Resources Management Strategy 2018-2027	Achieve the sustainable use of water resources, the attainment of good water quality in all water resources by the year 2027.	Linked with the river basin management plans.
Smart Specialisation Platform (S3P)	Contribute to the Research and Innovation investments	Yet not strongly related with other frameworks.
Integrated Program for Rural Development-The 100+ villages initiative	Coordinate development interventions in the rural area of 100 villages	Hybernating. Program implementation and the results achieved are unclear.



# Institutional and administrative policy framework

Key institutions and administrative bodies	Key role and responsibilities	Human capacities	Human capacities competences needed upgrade	Other capacities
<b>Ministry of Agriculture and Rural Development</b>	Responsible for policy formulation, execution and monitoring.	1-2	Policy formulation	Needs in terms of logistics
<b>IPARD managing authority (within MARD)</b>	Responsible for IPARD preparation and monitoring.	1-2	Policy monitoring and assessment	Needs in terms of premisses
<b>Agriculture and Rural Development Agency</b>	Implementation of financial support measures	1-2	Quality checks and monitoring	Needs in terms of logistics and premisses
<b>Albanian National Extension Service (ANES)</b>	Provision of advisory services and assistance for the farmers on applying for budgetary transfers.	1	New technologies	Needs in terms of logistics
<b>Agriculture Technology Transfer Centers (ATTC)</b>	Transfer of technologies, research and advisory services including also farm management and climate change mitigation/adaptation	1	New technologies	Need investments in laboratorial and logistics
<b>National Food Authority (NFA)</b>	Inspection of food safety	2	New technologies	Need investments in laboratorial and logistics
<b>National Authority of Veterinary and Plant Protection (NAVPP)</b>	Inspection of veterinary and plant protection	1	New technologies	Need investments in laboratorial and logistics

# Policy cycle management

## De jure

- The SARDF 2021-2027 is planned to be transposed into the National Action Plan(for the same period), which should be detailed in the annual action plans.
- Each activity described in the yearly MoARD action plan is coded, assigned to a responsible body and aligned to a specific paragraph in the NPEI for 2021–2023.
- The annual action plan is reported by the MoARD to the Council of Ministers (CoM), Department for Monitoring of Legislation and Programmes (within CoM).
- The annual action plan, in line with the SARDF 2021 - 2027, provides the framework for setting up the ARDPF and the yearly support measures.

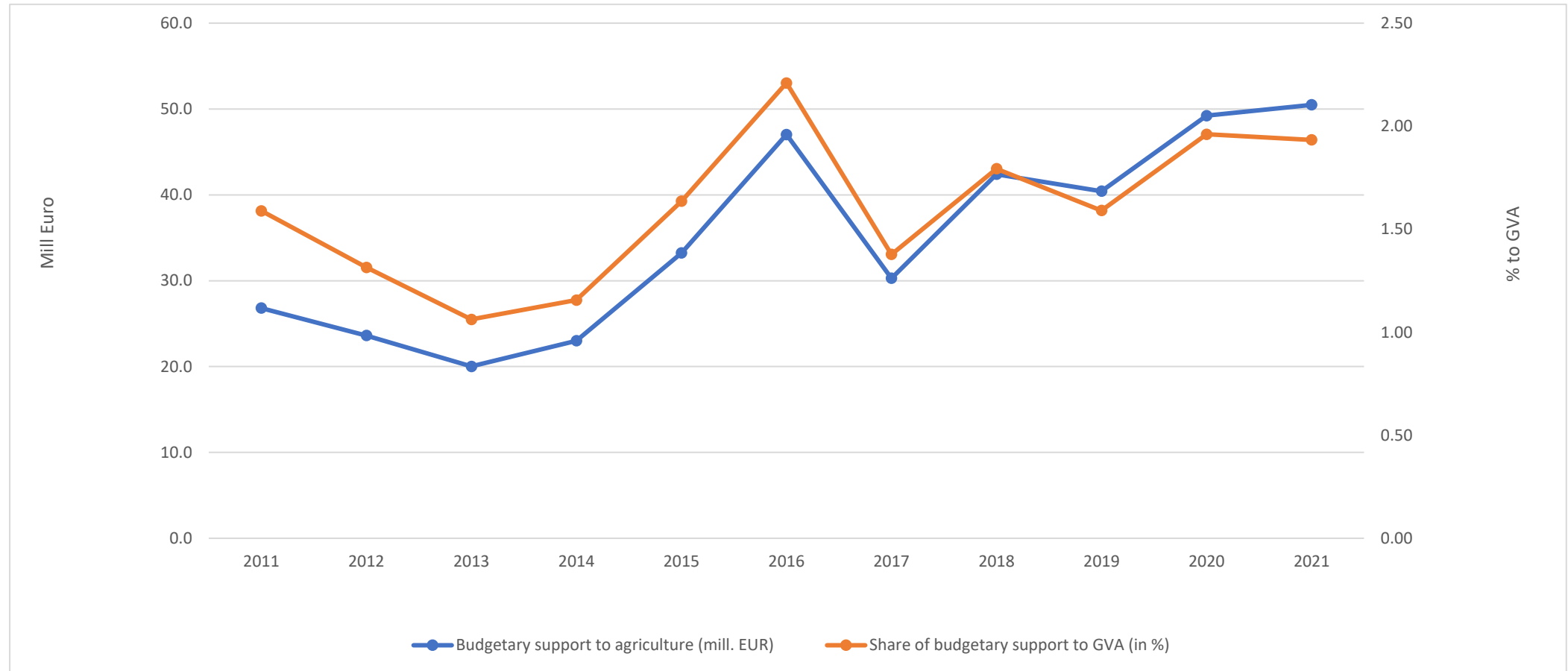
## De facto

- Gaps between policy formulation and its implementation, monitoring and evaluation during the period 2020 and 2021 yet not properly function.
- Weak level of capacities to monitor and adjust the policy design and implementation.
- No economic analyses unit within MARD
- Agriculture information systems and statistics in agriculture and rural development are “in crisis”



- Measures and budgetary support of agriculture and rural development

# Level of budgetary support for the agri-food sector in Albania during the period 2011–2021

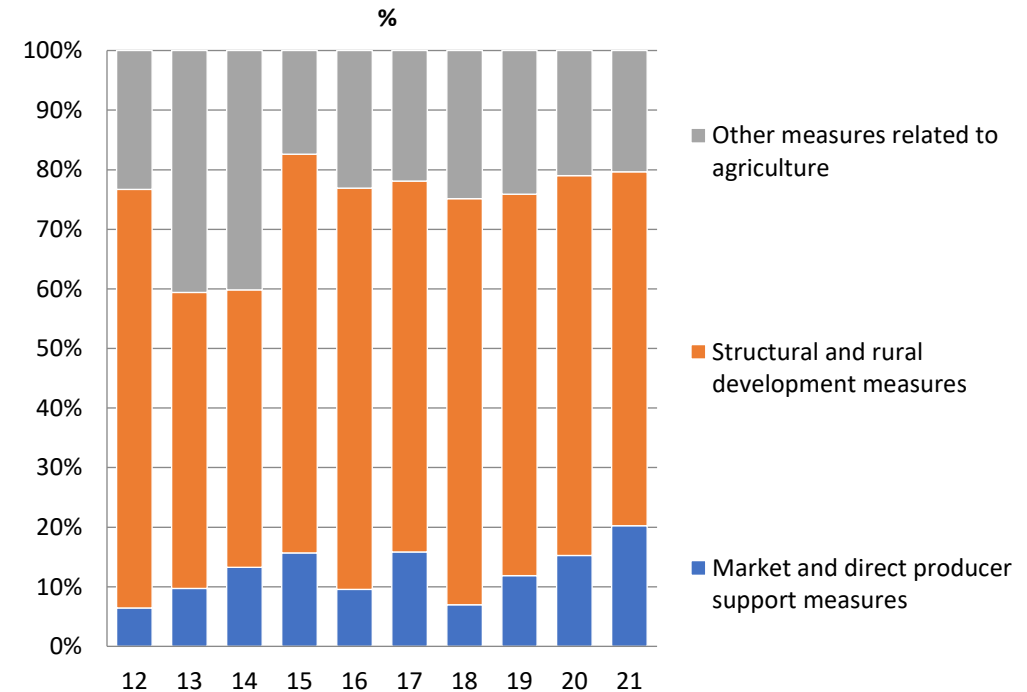
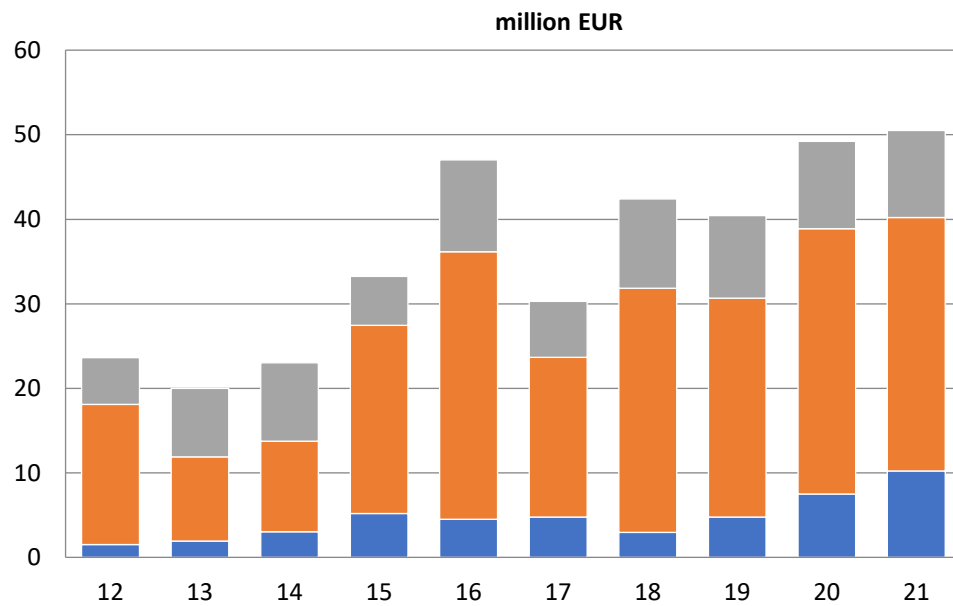


Source: AL APMC database (2022), AL StatDatabase (2022).



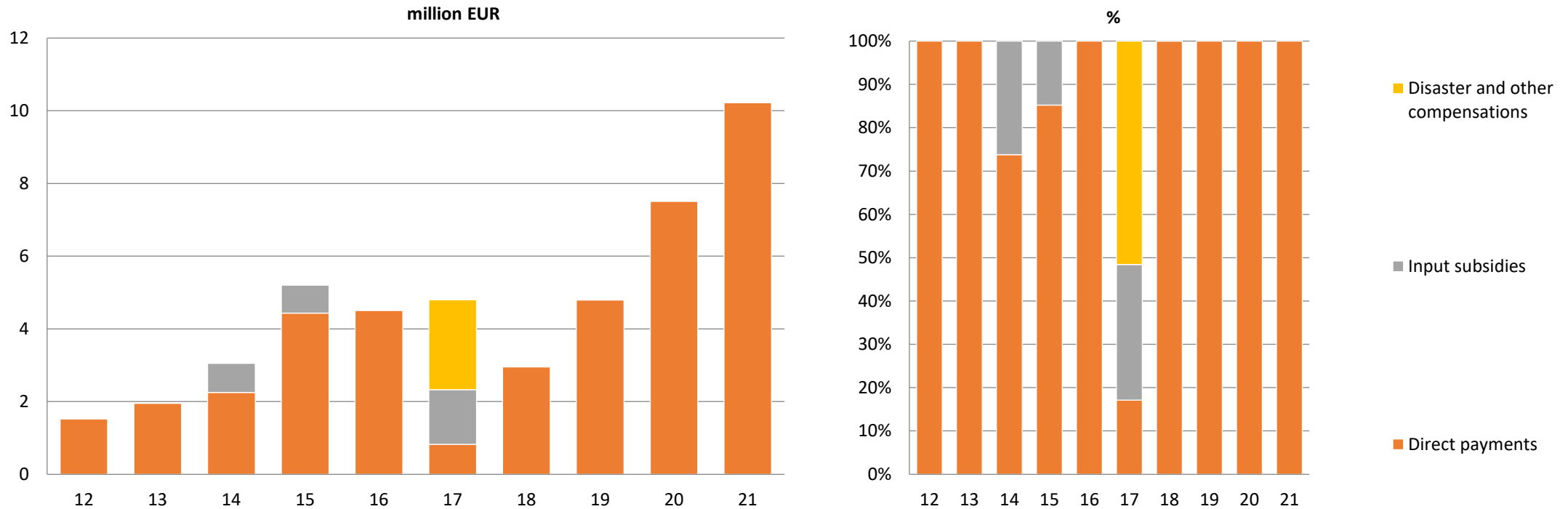


# Composition of budgetary support for the agri-food sector in Albania during the period 2011-2021



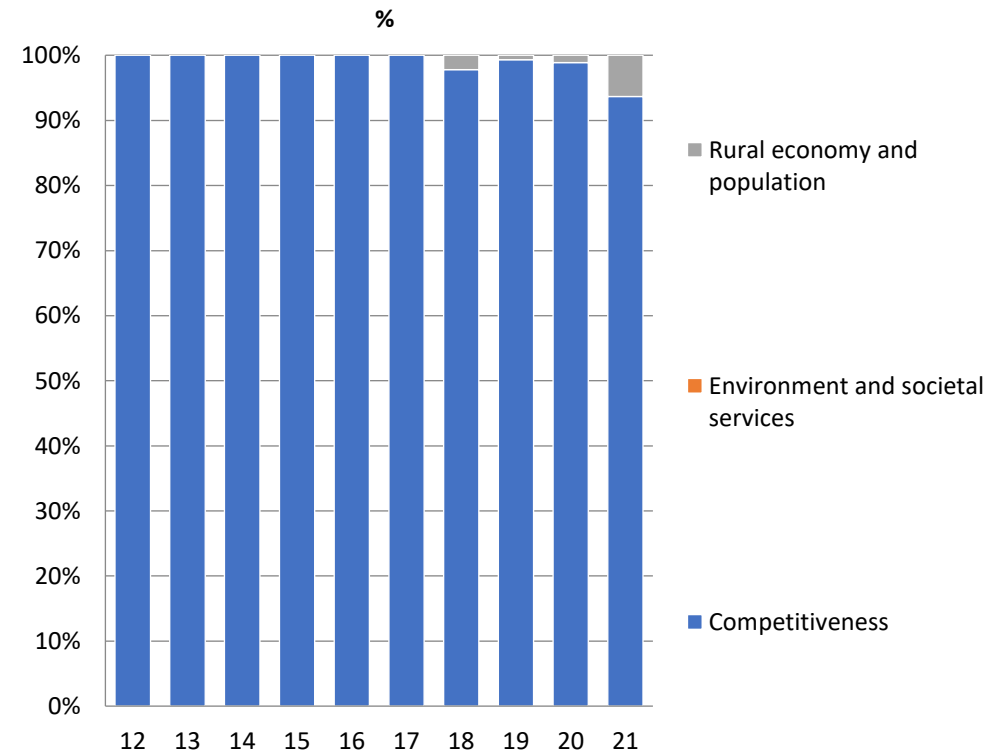
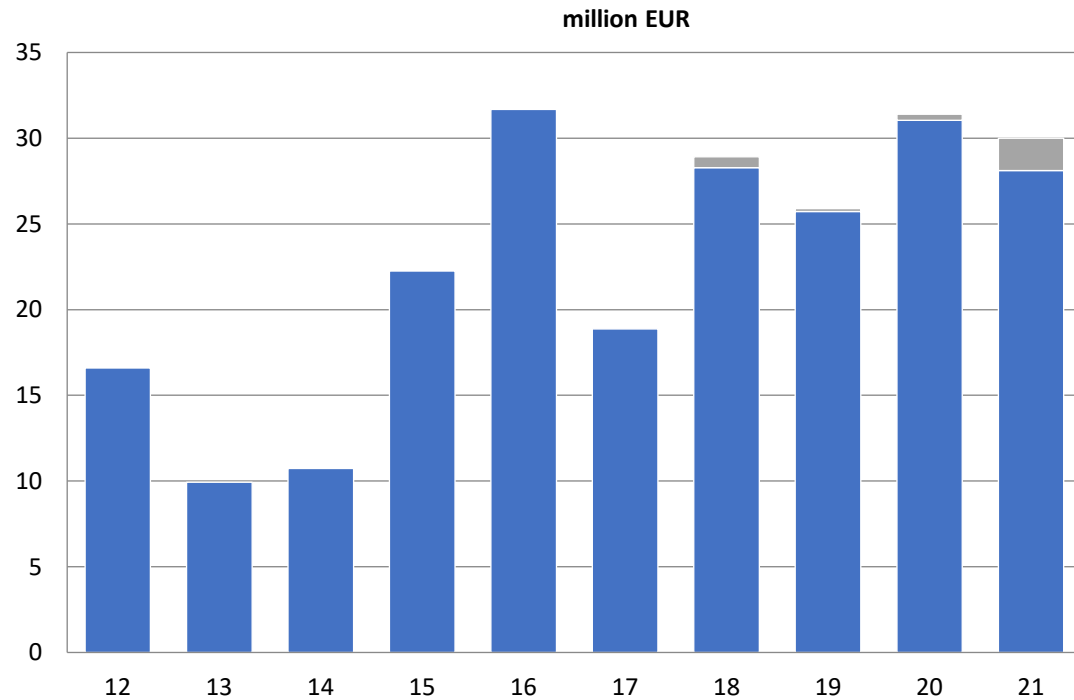
Source: AL APMC database (2022).

# Market and direct producer support in Albania during the period 2011–2021



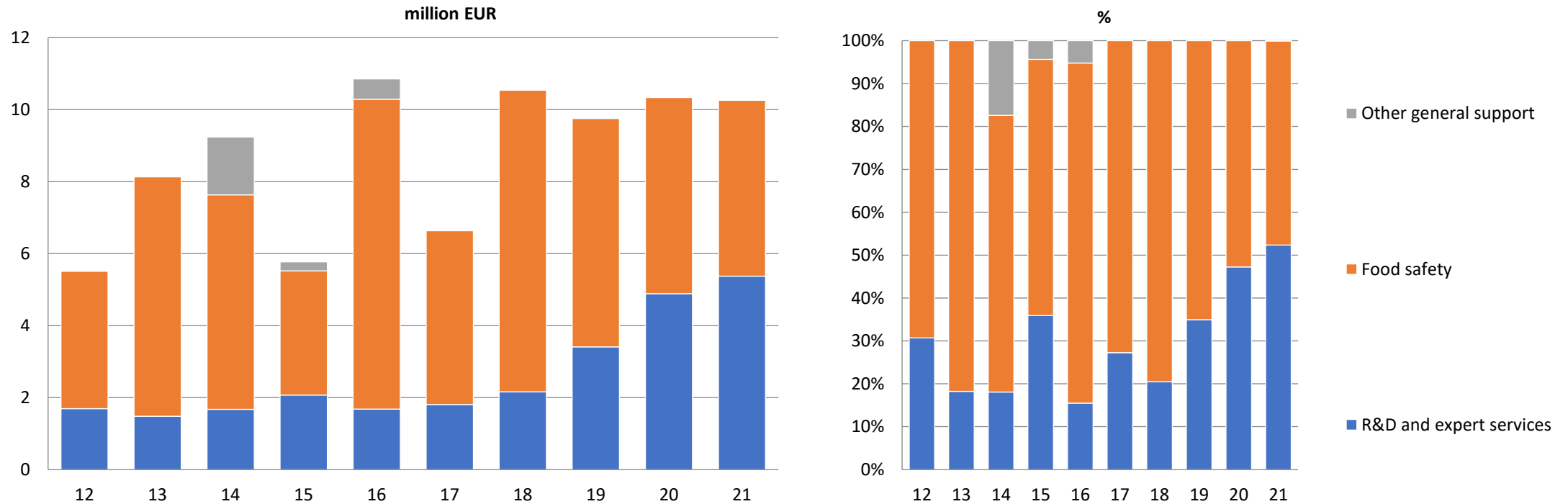
Source: AL APMC database (2022).

# Budgetary support for structural and rural development during the period 2011–2021



Source: AL APMC database (2022).

# Other measures related to agriculture in Albania during the period 2011–2021



Source: AL APMC database (2022).

# Trend in budgetary support

- Overall support 1.8% of the GVA produced by the sector.
- Direct support is increasing to 20% of the overall support.
- Slightly more than 60% of the support is yet provided to single commodities, with focus on livestock commodities.
- Measures on headage payments for livestock and beekeeping,
- Another scheme that has experienced growth during 2020-2021 is the support measure for organic and certified organic farms (38%).
- Pessimist projections are expected for the future due to an increase again of the minimal size criteria for beneficiaries in te year 2022.
- A measure for establishment or reconstruction of spaces for rural tourism and investments in agro-tourism.

# National scheme structure

Agriculture and Rural Development Program sectors and products supported during the period 2017–2022

Major new policy instruments/measures introduced in 2020 and 2021

Year	Number of measures	Sectors/products supported
2017	17	Five sectors
2018	52	Twelve sectors
2019	10	Five sectors
2020	7	Five sectors and one cross-sector
2021	8	Five sectors and one cross-sector
2022	9	Six sectors and one cross-sector

New measure and policy significance	Year of introduction
Global gap certification	2020
Reactivation of payments for organic conversion	2020
Payment for plantation of MAPs	2020
Provision of fuel as equivalent value to overall fuel tax exemption required for mechanical works on land.	2020
Greenhouse establishment	2020
Support of equipment and lines for the processing of olives, olive oil and medicinal and aromatic plants (MAPs)	2021
Investments for vessels purchase and modernisation	2022
Investments for the establishments of agriculture and live animals markets	2022
Seedling payment for vegetables and vineyards	2022
Support for digital farming	2022
Support for establishment of the center of excellence and innovation for production systems at Agricultural University of Tirana	2022
Technical assistance	2020

# Main successes and pending achievements

Main successes and pending achievement of agricultural policy instruments and measures

## Notes

Successes	Pending achievements-challenges
Suspension of payments based on output (milk premium payments and fish output payments) in 2020	Formulation of measures which cover the same subsector
Reduction of support measures	Introduction of tax exemptions support
	No use of area support
Gradual increase of overall support	Very low overall financing which do not fulfil the total number of successful applications
Suspension of payments for olive plantation in 2020	Yet existing large support of single commodities measures
Suspension on payments for plastic replacement in greenhouses in 2022	Frequent change of minimum criteria for the headage support in livestock.
	No payments for environmental services and yet limited payments for the maintenance of rural economy and population
	Not existing decoupled support Area support yet not possible also

- Major impact is expected in terms of competitiveness, value chain strengthening, an increase in cooperation and an increase in sector self-sufficiency.
- Some support measures might be also beneficial for the livelihood of the rural population, the diversification of and support for natural resources such as the cultivation of orchards and MAPs, support for small ruminants, dairy cows and beekeeping, support for certification (organic, GlobalG.A.P. and ISO 2001 certification).

- .

# IPARD contribution

Overview of the measures, funds and number of applications in IPARD 2019-2020

Indicator	M1	M3	M4	M7	Total
No. of applications	643	220		194	1057
No. of approved applications	260	75		73	408
EU contribution (th. EUR)	22.62	21.94		8.64	53.2
National contribution (th. EUR)	7.54	7.31		2.88	17.73
Total payments (th. EUR)	30.16	29.25	0	11.52	70.93
EU allocated amounts (th. EUR)	11	11.5183		2.55	25.068

## Notes

- Additional contributions to the total agricultural support in Albania comes from the EU's rural development component of pre-accession assistance
- The amount of disbursements for 2018-2020 was € 3.5 Mln.
- By December 2021, 408 contracts were finalized in total for three calls where: a. 260 from the first call, with the grant amount. 22.62 Million euros, 78 from the second call, with the amount of the grant 21.94 million euros and 73 contracts in the third call, with the amount of the grant 8.64 Million euros.



# Covid 19 impact

## Trends

- Food supply chains in exports suffered disruptions, changing market demands and increasing transaction cost.
- Food losses increased in some sectors and reduced investments prospects for farmers and processors
- Reduced revenues at HoReCA, which caused lower demand for food and wine processors affected.
- Short delays were observed for routine agriculture services and temporary problems in accessing wholesale markets for small farmers.
- Reduction in income for off-farm labour and increased food security constraints, especially for staple foods.
- Diversity and quality of inputs were affected by border closures and arrears were witnessed in the sales.

## Measures

- The support on wages for employees, which mainly affected the formalised entities.
- Provision of fuel support was implemented.
- Access to public services was still operational
- EC avoided time lags and losses of IPARD II programme funding at the end of 2020 (EC, 2021).

# Greener policies

- The green economy concept was not thoroughly applied in any strategic framework in Albania before 2021
- no National Green Economy or Sustainable Development Strategy.
- SARDF 2021-2027 provides special focus on activities relate to green economy development.
- Changes in the Law on Forest might enable activities of carbon footprint accumulation).
- Legal and institutional base is fragmented, with no institution in lead ((Ministry of Agriculture and Rural Development, Ministry of Tourism and Environment, Ministry of Infrastructure and Energy as well Ministry of Economy and Finance are all dealing with components of green economy).
- No consistent budgetary support measures for developing green economy.
- Potential share of funding designated to agriculture and rural development (less than 5%).
- Policy framework, legal frame and leading institutions and hyrearchy is required.



# EU approximation

- IPARD implementation in Albania continued in a satisfactory manner in terms of number of contracts signed as well as their corresponding contracted value.
- Technical assistance measure (M9) was accredited in 2021.
- In 2022 IPARD III programme has sent for official acceptance.
- Of the 17 measures provided by EAFRD, 5 measures in 2024...Measure 4 (Agri-environment – climate and organic farming measure), Measure 5 (Implementation of local development strategies – LEADER approach) and Measure 10 (Advisory services).

## Main gaps

- Chapter 11: setting up the IACS components, ensure administrative capacity required to prepare the IPARD III, completing the legal frameworks and ensure institutional-administrative capacity on quality and organic production
- For chapter 12, alignment of the EU acquis on official controls, animal and plant health.
- In relation to Chapter 13, alignment of EU Common Fisheries Policy (CFP) and endorse a Regional Plan of Action for small-scale fisheries.

Measure	Status	TBD
M1. Investments in Physical Assets of Agricultural Holdings	Accredited	Part of IPARD III in 2023
M3. Investments in Physical Assets Concerning Processing and Marketing of Agricultural, livestock and Fishery Products	Accredited	Part of IPARD III in 2023
M7. Farm Diversification and Business Development	Accredited	Part of IPARD III in 2023
M9. Technical assistance	Accredited	Part of IPARD III in 2023
M4. Leader and support of rural communities	Manuals of procedures prepared	EBIT (possibly in 2023)
M11. Establishment and protection of forests	Manuals of procedures prepared	EBIT (possibly in 2023)
M10. Advisory services	Manuals of procedures prepared	EBIT
M5. Environment protection and Organic farming	Manuals of procedures prepared	EBIT
M6. Rural public infrastructure	Manuals of procedures not ready	
M8. Training Measure	To be designed	
M13. Innovation Measure	To be designed	

# Final remarks

- Albania have a clear commitment to the EU integration
- It is ready to adopt the Strategy for Agriculture, Rural Development and Fishery (SARDF) 2021-2027.
- The level of support has been increasing in the period 2020-2021 with a clear trend of increase in the direct support.
- Gaps still exist in terms of the policy and institutional requirements for further alignment of Albania's agriculture and rural development policies with the CAP.
- Policy design should follow a standard policy cycle approach, which considers regulation for reducing policymakers' discretion
- ARDPF should be more oriented toward provision of environmental services, the support to rural economy and populations, and climate change.
- MARD has a limited supporting policy environment in terms of institutional preparation. OIACS remain crucial
- A flexible regulatory base and a proper institutional framework is required.

