

*Agricultural Policy Developments and EU Approximation Process in the
Western Balkan Countries (APDAP-WB)*

Interim meeting

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Durrës, Albania

**Policy development and European
accession integration process of agriculture
in Albania**

Authors: Edvin Zhllima and Grigor Gjerci

Purpose of the presentation

1. Present preliminary results of the policy analyses
 1. Significant changes in the trends of agriculture
 2. Changes in agricultural policy frame with focus on EU accession process
 3. Changes in producer support to agriculture
2. Identify of main gaps
3. Provide conclusions and recommendations

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A. Main questions

- What are the main strategic documents on the future development of Albanian agriculture and rural development policies
- What are the main agricultural policies of Albania and their state of harmonisation with the Common Agricultural Policy (CAP) for the period 2016-2018,
- How far there is compliance with EU standards in primary production and processing,
- What are the main gaps and potential changes to be made

B. Some new developments in agriculture

- GVA has increased by 2/3 since 2005, employment in the agriculture sector has decreased with 20% , labor productivity has more than doubled since 2005.
- The number of agricultural holdings (farms) has decreased by 6_%
- Internal migration (from rural to urban areas) and emigration is high
- The agriculture sector reveal increasing trade deficit
- BUT... MAPs and fresh vegetables trade deficits were turned into trade surpluses.

C. Changes of agricultural policy frame

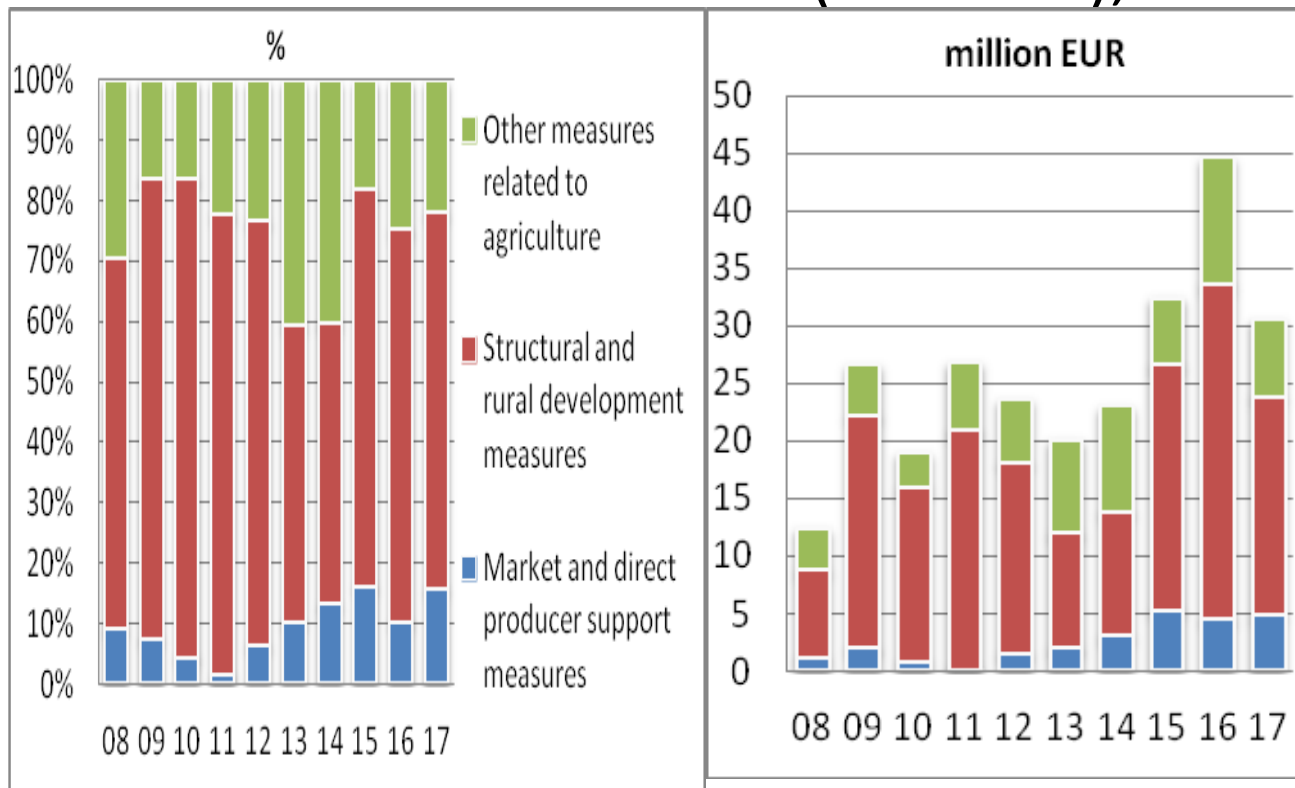
- The areas of responsibility settled in 2013 are revised.
 - new attention to quality issues (organic farming, protection of geographic indication),
 - development of a new program for the development of expansion of tourism and other non-agricultural activities (100 villages program)
 - Reshape in 2018 of the financial support policies (promoting market orientation and consolidation of agriculture structures).
- Gaps in food safety and quality, promotion of sustainable rural development, support of vulnerable populations as well as other shortcomings of policy monitoring and statistical capacities.

Changes in institutional set up

- Renaming of the ministry , changes in responsibility, restructuring of different departments and directorates (policy analysis unit).
- Agricultural directorates have been grouped into four major regional agricultural directorates and a national Center is created
- A part of advisory service have been attached to the Municipalities.
- Still understaffed and underequipped, making the daily contact with local communities more distant and difficult.
- Pilot IT based assistance for farmers application to budgetary support

E. Budgetary transfers to agriculture

- Break down of budgetary expenditure for agro-food sector and rural areas (Mill EUR), 2010-2018



Source: APM database - Albania 2018

D. Producer support to agriculture

- New measures of direct support are designed for 2018
- More measures for promoting a stronger integration between the primary production and the processing and trading segments of the value chains.
 - The budgetary support measures for investment support and the interest rate support for new investments is expanding.
 - Direct payment schemes (highest number of beneficiaries) based on output were very modest (less than 5% of direct support measures in 2017) suffered a halt or reduction with 30% (milk and F&V delivery)

Gaps

- Change of policy long term objectives:
- *New focus on upper level of value chain integration:*
 - The budgetary support measures for investment support and the interest rate support for new investments is expanding.
 - Direct payment schemes (highest number of beneficiaries) based on output (milk and F&V delivery)
- Rapid increase of number of measures in 2018 (57):
- *Direct payment has been inconsistent reducing farmers predictability (milk and F&V Delivery)*
- Reduced number of beneficiaries due to change of support policy application:
- *The perception on regards to policy measures has been deteriorating*
- Compliance with EU CAP policies is still lacking (rural economy and population support, decoupled, etc)

Perception toward budgetary support

- *The perception on regards to policy measures has been deteriorating due to:*
- *The application success rate reduction*
- *Perceived efficiency and professionalism of the administration due to continual reshuffling*
- *Perceived farmers transparency of procedures related to subsidies is insufficient*
- *Complaints about the halt of output based payments and delays on headage payments*

EU Accession

- *November 2016, the Commission recommended the opening of accession negotiations*
- *In general, most of the legal base has the status of being partially approximated.*
- *EC recommended to open the negotiations with Albania on 17ths of April 2018.*
- *According to the EC report (2018), preparations on management and control systems in agricultural and rural development are considered to be at an early stage.*
- *Positive step: IPARD II implementation of the first three measures (Measure 1, 3, 7 and stage 9) achieved on July 2017 (71 million Euros up to 2020) calls are expected to open in May 2018.*

EU Accession gaps

- Relevant legislation on official controls, animal health and plant health
- food safety and veterinary and phytosanitary policy need to ensure solid traceability systems
- quality control authorities and mechanism-lack of additional by-laws.
- Another important progress in terms of legislation harmonization and approximation relates to Organic Products.
- Protection of landscapes, biodiversity and natural habits are not yet in place.
- genetically modified organisms (EC Report, 2018).
- Alignment with common fisheries policy is at an early stage (EC Report, 2018; p. 68).

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F. Conclusions

- The recent years have witnessed a slight update in terms of strategic policies
- Agenda 2030 call for orientation improvement of rural livelihoods and environment
- Policy reforms are oriented toward institutional improvement and market orientation
- Institutional reforms have created discontinuities in terms of budgetary disbursement.
- The administrative and institutional capacity necessary for CAP like measures is still undeveloped

Recomendation

- Orientation toward complementing budgetary support with Strategy –Update and operationalise Action Plans
- The de-concentration reforms effect is to be evaluated - Avoid confusion and unpredictability for the private sector actors (farmers and processors) and discontinuities for EU Accession efforts.
- Institutional and legal setup is yet improper-Invest on technical and human resource to achieve compliance
- GoA increase efforts to maximise the spillover effect of IPARD:
 - Small scale complementary investment in primary and processing level but also on diversification (1,3,7) and overall assistance (9)
 - Medium term orientation toward Agro-Environmental Measures, LEADER (Local Action Groups), Extension Service Measures).

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THANK YOU!