

15 Agriculture policy

Agricultural development remains a priority for all economies, not only in response to the essential resource needs of a growing population but also due to its substantial contributions to total employment and GDP. The chapter analyses the performance and trends of agriculture policies across three sub-dimensions. The first sub-dimension, rural development and infrastructure, assesses strategies and programs related to rural infrastructure, livelihood support, and irrigation systems. The second sub-dimension, agricultural support systems, covers the policy, governance and instruments in the agricultural sector. The third sub-dimension, food safety and quality, focuses on the policy framework regulating food safety and on the food quality legislation and agencies, which are key tools in an economy's path towards productive and sustainable agriculture.

Key findings

Albania has increased its overall agriculture policy score since the previous *Competitiveness Outlook* (CO) (Table 15.1), scoring above the regional average. In particular, the economy made strides in improving its agricultural policy framework. This increase in score is also partially attributable to Albania's relatively strong policies guiding both rural livelihoods and food safety, animal and plant health – both of which were assessed for the first time in this assessment.

Table 15.1. Albania's scores for agriculture policy

Dimension	Sub-dimension	2018 score	2021 score	2024 score	2024 WB6 average
Agriculture	14.1: Rural development and infrastructure			3.5	3.2
	14.2: Agriculture support system			3.5	3.3
	14.3: Food safety and quality			3.8	3.4
Albania's overall score		2.9	2.8	3.6	3.3

The **key findings** are:

- Agriculture continues to be one of the most important sectors in Albania, constituting 18.4% of GDP and 34.6% of total employment in 2022 – the highest rates in the Western Balkans.
- Benefiting from significant investments by both the government and donors, Albania has made notable progress in expanding its irrigation system, now covering 265 000 hectares (ha). However, gaps stemming from underdeveloped infrastructure and inadequate coverage persist, prompting ongoing efforts, including the planned investment of EUR 76 million over the next three years.
- Significant strides were achieved in strengthening agricultural information systems, namely through adopting an action plan and initiating pilot surveys in 2023 to establish a Farm Accountancy Data Network (FADN). However, obstacles to implementing the FADN will likely persist due to limited business registration among most small, family-owned farms.
- There is a pressing need to improve the financial management of EU funds under the IPARD programme – a significant source of support to the Albanian agriculture sector. Around EUR 112 million has been earmarked for the period 2021-27, but instances of irregularities and suspected fraud resulted in the suspension of these funds by the European Commission in July 2023.
- Farmers in Albania receive some of the lowest levels of government financial support in the Western Balkans. Budgetary support for farmers (EUR 55/ha) remains below regional (EUR 113/ha) and EU (EUR 200/ha) levels. Additional efforts are needed to assess whether the current level of funding meets the desired objectives and to identify any difficulties farmers may face in accessing public funding.
- While there have been recent advances in the national framework for food safety – including updates to risk-based controls and information systems – Albania's standards in this domain still only partially align with EU regulations. This is partly due to significant deficiencies in monitoring capacities as well as technical and financial constraints.

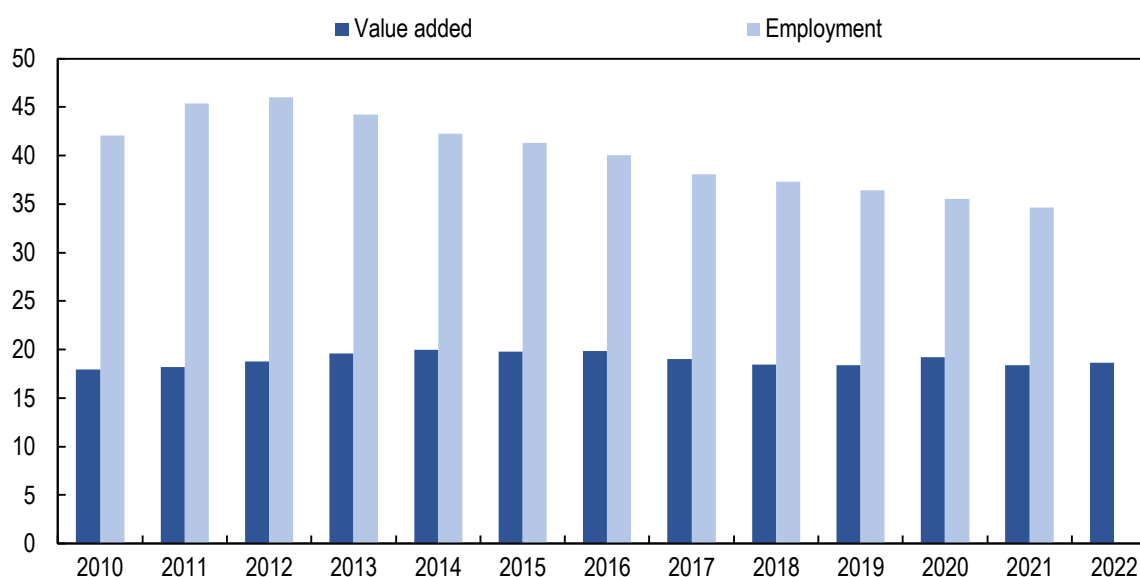
State of play and key developments

Agriculture remains one of the most important sectors of the Albanian economy. Over the years, the agricultural sector has consistently made a substantial and stable contribution to the economy's GDP, reaching USD 3.52 billion (EUR 3.34 billion) in 2022 (World Bank, 2024^[1]). This marks a 26% increase from 2018, when agriculture's output was USD 2.79 billion. Moreover, the sector has consistently been the second-largest contributor to the Albanian economy, accounting for 18-20% of national GDP over the past decade (Figure 15.1). Notably, this proportion is over twice the average observed across the region (18.4% in Albania versus 8.4%, respectively, in 2022).

In addition to its economic impact, the agriculture sector plays a significant role in national employment. However, while the sector's contribution to GDP has remained relatively stable, the employment rate in agriculture has been declining, dropping from 46% in 2012 to 34.6% in 2021 (Figure 15.1). This decline is attributed in part to demographic shifts, such as increased migration from rural to urban areas and emigration to other countries (FAO, 2019^[2]), as well as the growth of non-agricultural sectors such as manufacturing and services. Yet even with this downward trend, employment in the agriculture sector remains notably higher than the regional average. Specifically, the other Western Balkan economies report employment rates ranging between 7.4% in Montenegro and 13.9% in Serbia.

Figure 15.1. Agriculture's contribution to gross domestic product and total employment in Albania (2010-22)

Agriculture's share in value added and employment are denoted in percentages



Source: World Bank (2024^[1]).

StatLink  <https://stat.link/gmpt5b>

The Albanian agriculture sector is characterised by the prevalence of semi-subsistence smallholder farmers and a high level of fragmentation, with more than 80% of farms encompassing less than two hectares (ha) of land. Nonetheless, a gradual but consistent trend of consolidation is under way, marked by a growing number of larger market-oriented farms. This shift has in part facilitated an increase in the export of agrifood products in recent years. Between 2021 and 2022, the quantity of these exports rose by

15.6%, while their value increased by 18.1% (Revista Monitor, 2023^[3]). However, despite the positive shift in trade dynamics, Albania remains a net importer of agricultural products (World Trade Organisation, 2024^[4]).

Sub-dimension 14.1: Rural development and infrastructure

Despite progress in recent years, there is still scope to enhance the **rural infrastructure** (transportation, electricity, information and communication technology and irrigation) in Albania to overcome remaining gaps. For example, there is a need to expand road networks further to poorly connected rural areas in mountainous areas and to ensure maintenance of the existing ones. With respect to electricity infrastructure, despite widespread access at the household level,¹ one challenge lies in enhancing access for agricultural holdings in fields and plots. Many farmers lack electricity in these areas, hindering processes that require electrical power, such as irrigation (United Nations Albania, 2022^[5]). Moreover, there is a substantial gap between the Internet service penetration rates in urban and rural areas in Albania, impacting the latter populations' ability to access essential online resources such as public services, weather information, climatic conditions, and market prices (Satka, Zendeli and Kosta, 2023^[6]).

The key policy document guiding Albania's rural infrastructure development is the Strategy for Agriculture, Rural Development and Fishery (SARDF) 2021-27,² which covers various policy areas related to agriculture and rural development. This strategy is complemented by the EU-funded IPARD III (Instrument for Pre-accession Assistance for Rural Development) programme, which includes a measure on investing in rural infrastructure to improve the development of rural areas and rural populations' living standards (European Commission, 2022^[7]). Although the economy is one of the biggest beneficiaries of the IPARD programme, it has yet to receive entrustment for the implementation of IPARD III due to ongoing issues with administrative capacity and financial management. Indeed, in 2022 there were 71 reported cases of irregularities and suspected fraud in the IPA and IPARD programmes. As a result, in July 2023, the European Commission suspended IPARD funds to Albania; since then, the European Anti-Fraud Office has conducted and concluded an investigation and shared its findings with the Albanian Government (Hoxha, 2024^[8]).

To address these challenges to further expanding and modernising rural infrastructure, the Albanian Development Fund (ADF), the government agency tasked with encouraging socio-economic development at both the local and regional levels, has been actively implementing several extensive rural infrastructure programmes. Two examples include the Local and Regional Infrastructure Programme (2019-21) and the Local Roads Connectivity Project (2018-22), both aiming to bolster local infrastructure and improve municipalities' capacities. Funding for these regional projects has come from the national budget as well as from various international financial institutions, such as the World Bank.

Another area in which Albania has lagged behind is the lack of platforms that provide farmers with regularly updated information or data about market and weather conditions. Both the Japanese International Cooperation Assistance Agency and German Development Cooperation (GIZ) have tried to establish new Agriculture Market Information System (AMIS) platforms during the late 2010s and early 2020s. Following discontinuation of funding, the effectiveness and outcomes of these initiatives have become questionable. Recently, Albania's Ministry of Agriculture and Rural Development (MARD), with the support of external donors, launched a platform that provides information on the latest prices and market conditions. However, there is still an opportunity to enhance the platform's scope, specifically by providing additional pertinent information, including local weather conditions and climate forecasts.

There is an official definition for rural areas, which is defined as the territory of all municipalities with populations below 50 000 people (conversely, any area above this threshold is considered to be an urban municipality) (INSTAT, 2014^[9]). This definition is applied in determining provisions related to infrastructure, investment, education, health and social assistance. Furthermore, Albania has an official definition for de-

favourised rural areas that is applied in the framework of intergovernmental transfers that, for example, provide these areas with additional funding.³

These definitions are integral for shaping policies and programmes supporting **rural livelihoods**. Albania has a national policy framework (embedded within the SARDF 2021-27) as well as several government programmes related to rural diversification and agritourism. However, neither specifically focuses on providing fiscal incentives or on improving education or health services, which are key to rural livelihood and well-being. The rural livelihoods policy framework and provisions are complemented by the IPARD III programme, with a specific measure focused on fostering employment through job creation and maintenance, increasing rural areas' economic activity levels and subsequently increasing farming households' incomes.⁴

Another central component of rural livelihoods is Local Action Groups (LAGs). Under the European Commission's LEADER initiative, these local actors implement programmes to foster and achieve local development in rural areas. The government passed a law in May 2022 that outlined the preconditions for the creation and operation of LAGs in Albania.⁵ However, despite this recent legislation, there have been no LAGs registered in Albania as of December 2023.

Albania's **irrigation policy framework and system** has markedly improved since the last assessment cycle, primarily attributed to the continued prioritisation by the government. Over the past decade, approximately EUR 250 million was invested by the national government in this infrastructure, which enabled the area of irrigated land to double, growing from 120 000 ha in 2013 to 265 000 ha in 2023. Other accomplishments over this period included the reconstruction of eleven drainage pumping stations, the rehabilitation of 44 reservoir dams for irrigation, and the introduction of 71 new excavators to clean the network of irrigation and drainage canals. Between 2024 and 2027, the Albanian Government plans to allocate another EUR 48 million from the state budget to continue to strengthen this infrastructure.

That investment was guided by the priorities and objectives outlined in the National Strategy for Irrigation and Drainage 2019-31 and its Action Plan,⁶ which serve as the basis for the economy's irrigation policy framework. The focus of these strategies is on the irrigation infrastructure's expansion and modernisation, as evidenced by specific measures related to open canal and gravity irrigation systems and pressurised systems. Moreover, the framework ensures the financial viability of irrigation systems through the collection of farmers' fees, which are determined by the municipality based on technical conditions of the irrigation systems and the water source. Additionally, subsidies from the central and municipal governments cover any remaining operation and maintenance costs. Currently, 61 municipalities play a main role in irrigation management, while the role of water user organisations is limited. From 2016 to 2022, municipalities were given ALL 6 billion (around EUR 58.8 million)⁷ from national funds: ALL 5.2 billion targeted the rehabilitation of irrigation infrastructure, while the remaining ALL 800 million helped purchase 61 excavators to support municipalities with the maintenance of irrigation and drainage channels. Some of this rehabilitation has focused on minimising water stress and soil erosion; conversely, little attention has been paid to protecting fragile ecosystems.

International donors have also played a significant role in improving Albania's irrigation systems. For example, between 2020 and 2021, the World Bank implemented a project that completed the rehabilitation of irrigation infrastructure for 20 000 ha, enabling irrigation capacity to reach 265 000 ha. Although this represents significant progress, the ultimate objective is to irrigate 360 000 ha by 2029. Closing this 95 000 ha gap poses a substantial challenge: while about 35 000 ha can become operational through partial and full rehabilitation interventions, the remaining 60 000 ha, which consists of pumped irrigated area and severely damaged gravity systems, is not functional. The large scope and high cost of these rehabilitation efforts necessitate substantial financial and human resources. However, funding through a new programme by the World Bank, the Climate Resilience and Agriculture Development Project (2023-28), will likely alleviate some of the burden. This project focuses on further improving the economy's irrigation infrastructure through the modernisation of irrigation and drainage schemes for high-value

agricultural production. Indeed, over the next three years the World Bank is estimated to invest another EUR 28 million into Albania's irrigation and drainage infrastructure.

Sub-dimension 14.2: Agricultural support system

The Strategy for Agriculture, Rural Development and Fishery (SARDF) 2021-27⁸ is the main strategic document underpinning the **agricultural policy framework**. It also includes an Action Plan, although this is not updated yearly. Albania's agriculture policies comply with the EU CAP⁹ and strategic programme periods. Significant progress has been made in recent years in aligning long-term programming documents and administrative infrastructure with EU requirements. More specifically, the new strategy of Agriculture, Rural Development and Fishery 2021-27 and its accompanying Action Plan are largely in line with the EU CAP. Despite the strong orientation towards the EU CAP, the policy framework is only partially aligned with EU CAP objectives; only five of the ten objectives are reflected in this national framework.¹⁰ Since the last assessment, Albania also developed a National Plan for European Integration 2022-24, which is an Action Plan describing alignment with EU Agricultural Policy.¹¹ Annually, new National Support Schemes, funded by the state budget, are drafted and implemented in Albania; these include subsidies for agricultural inputs, support for irrigation infrastructure development, programmes to promote sustainable farming practices, and initiatives to enhance market access for agricultural products. However, as also noted previously, progress on benefiting from the IPARD III programme (including the EUR 112 million in EU contributions) is currently stalled, pending the outcome of the European Anti-Fraud Office's investigation.

These agriculture support policies are subject to quarterly monitoring by the MARD. Impact assessments for policies and programmes are also conducted by external donors, such as the Food and Agriculture Organization (Box 15.1).

Box 15.1. Policy impact assessment in the context of evidence-based policy making

At the request of the MARD, the Food and Agriculture Organization (FAO) launched the project "Evaluation and impact assessment of agriculture and rural development support policies in Albania". Implemented by the Institute for Economic Studies and Knowledge Transfer, the study aimed to review Albania's agricultural policy framework, comparing it to those of the EU and other Western Balkan economies. It evaluated its impact on the key agriculture and farm performance indicators, such as output, investments, and farmers' income, while also identifying gaps in compliance with EU standards. The study generated policy recommendations to enhance the effectiveness, efficiency and relevance of these policy programmes. Its findings helped the MARD to refine its support schemes in the subsequent year.

Note: The FAO project was TCP/ALB/3606.

Source: Institute for Economic Studies and Knowledge Transfer (2019_[10]).

Improving administrative capacities and establishing robust information platforms are crucial for transparently distributing support funds to farmers and for monitoring policies' impact. One example of such a platform is a farm register: while Albania has developed a farm register, it is not regularly updated. Moreover, there has been no progress in establishing a land parcel identification system (LPIS), which is crucial for modernising land management, addressing land fragmentation, and enhancing certainty over property rights. However, the economy has advanced by establishing a Farm Accountancy Data Network (FADN). In 2023, in collaboration with the FAO, the Albanian Government developed a new data collection methodology and "farm return" questionnaire for the FADN.¹² Using this methodology, Albania's Institute of Statistics (INSTAT) launched pilot surveys for data collection at the farm level in March 2023 in six regions,¹³ and the process of field interviews and data entry concluded in July 2023. Since then, the pilot

has been expanded to include 20 additional farms. Moreover, the government adopted an action plan guiding the formal establishment of an FADN through an Order of the Minister of Agriculture and Rural Development in April 2023. These developments signify substantial progress in addressing long-standing recommendations of the EU Commission, which has advised Albania to develop an FADN since 2019 (European Commission, 2019^[11]).

The MARD offers a wide array of **producer support instruments**, although government subsidies for Albanian farmers are among the lowest in the Western Balkans. Support instruments were traditionally structured around payments linked to the number of animals, such as sheep and goats, dairy cows, and bees, or the number of hectares cultivated of crops such as wheat. However, there has been a notable shift in focus among Albanian farmers towards the utilisation and augmentation of direct support funding. Before 2021, Albania did not offer area payments, a departure from the practice in most Western Balkan economies. Between the period 2013 and 2020, the average market and direct support measures constituted around 12% of the total budgetary support, with a much higher proportion of funding allocated to structural improvement and rural development (which comprised 70% in recent years) (FAO, 2022^[12]).

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Table 15.2. Albania's budgetary support for the agricultural sector and producers (2019-22)

Million EUR

	2019	2020	2021	2022
Budgetary support to agriculture	39.3	55.6	71.3	85.6
Budgetary support to producers	5.6	15.1	26.7	46.6

Source: SWG (2023^[13]).

Russia's war of aggression against Ukraine had a significant impact on the design and delivery of these instruments. In 2022, as part of its broader response to the conflict, the Albanian Government added a new support measure targeting areas cultivating wheat to the national support programme for agriculture and rural development (Box 15.2).

Box 15.2. The impact of the Russian war of aggression against Ukraine on Albania's agriculture sector

Although all Western Balkan economies collectively felt the repercussions of the Russian war of aggression against Ukraine, Albania experienced the most significant impact due to the consequent disruptions and shortages in the grain trade. Specifically, the economy was heavily reliant on Russian wheat imports, which exceeded 60% of its total wheat imports, as well as fertiliser imports. Thus, despite Albania's firm stance against the conflict, evidenced by its participation in EU sanctions and co-authorship of a draft UN resolution condemning Russia, it continued to import large quantities of Russian wheat, totalling nearly 75 000 tonnes by the end of 2022. This impact was compounded by rising food prices, which disproportionately affected Albanian households given the economy's high proportion of household income spent on food (42% versus 13% in the EU).

In response to these challenges, Albania's Ministry of Agriculture and Rural Development offered direct subsidies of ALL 30 000 (EUR 256) per hectare for wheat farmers, injecting an additional ALL 1.2 billion (EUR 10.24 million) into the national agriculture support system. Furthermore, as part of the Open Balkan initiative, Serbia agreed to export cereal crops, specifically wheat and corn, to Albania. This collaborative effort aimed to alleviate pressure on Albania's agricultural sector and ensure a sufficient supply of these crops for its citizens.

Sources: Brankow and Matkovski (2022^[14]); Taylor (2022^[15]).

Despite the significant upward trend, the level of support remains modest, as budgetary allocations are considerably lower compared to other Western Balkan economies and the European Union (EU). For example, between 2020 and 2021, the budgetary support was EUR 55/ha, which was less than half of the budgetary support provided by other governments in the region (average of EUR 113/ha) (SWG, 2023^[13]). In 2023, the EU average payments were EUR 200/ha (European Commission, 2023^[16]). Furthermore, this support falls short of adequately addressing all the sector's challenges, especially those related to climate change mitigation and adaptation and meeting the demand for productivity, sustainability and resilience in rural areas. In 2022, Albania's support structure exhibited greater diversity compared to previous years, although it continued to prioritise financing for structural and rural development measures (as defined by the EU CAP's second pillar) (Martinovska Stojcheska et al., 2023^[17]). Compliance with environmental standards or with food safety, animal or plant health requirements is not currently incorporated into eligibility parameters.

Agricultural trade policies comply with international agreements and commitments, such as those under the World Trade Organisation (WTO) and bilateral and regional trade agreements. Albania has had a liberal trade policy since 2000, aligning with the European Union (EU) and the World Trade Organisation (WTO) guidelines. Of note, Albania's agricultural exports to the EU averaged 66% of the economy's total agricultural exports between 2018 and 2020, highlighting the high degree of interdependence with the EU (World Bank, 2023^[18]). Albania applies preferential tariffs to agricultural products from the EU, the Central European Free Trade Agreement (CEFTA), the European Free Trade Association (EFTA), and Türkiye. The country's customs procedures align with the Harmonized Commodity Description and Coding System (HS) through the Customs Tariff Nomenclature. Agricultural trade legislation is based on the Customs Code and the Nomenclature of Goods and Free Trade Agreement. It ensures that the country's trade policies adhere to the agreed-upon rules and obligations. There are import tariffs for agricultural commodities (crops and livestock) and inputs (fertiliser and pesticides), while tariff rate quotas do not exist. **Free trade agreements** establish preferential tariff rates and tariff rate quotas for agriculture commodities. The base tariff rates are defined in the Combined Nomenclature of Goods 2023 (General Directorate of

Customs, 2022^[19]). One major development since 2021 has been the passage of the Trade Partnership Agreement between Albania and the United Kingdom. Albania does not apply export credit support, export duties or export prohibitions for agricultural commodities.

Fiscal policy related to agriculture and rural development is relatively limited, as it mainly regulates agricultural land taxation. Some activities, such as agritourism, benefit from the reduced rate of value added tax (which is 6%, much lower than the typical VAT rate of 20%). There are no specific fiscal policies related to small farmers. Recently, new legislation was drafted regarding property taxation, including agricultural land taxation, with an expected 78% increase in taxes. The objective of this substantial augmentation is to enhance the efficiency of land use and provide incentives to individuals who are willing, capable, and knowledgeable about utilising agricultural land effectively. Moreover, to encourage investment in perennial crops, new orchards and vineyards will be exempt from taxation for the first five years after plantation.

Research, innovation, technology transfer, and digitalisation (RITTD) in the agriculture sector has shown improvement, yet there are persistent deficiencies in programme availability and efficacy. Investments and support in RITTD remain critical for enhancing long-term productivity, sustainability, and resilience in agriculture. One of the crosscutting objectives of the SARDF 2021-27 is the transfer of knowledge and innovation, highlighting the importance conferred by the government to this goal. Agricultural Technology Transfer Centres (ATTCs) annually prepare different programmes based on the needs of farmers, agribusinesses and other interested parties. Several programmes are in place to encourage the adoption of innovations and facilitate knowledge transfer to both farms and agrifood firms, with a focus on areas such as climate change. A notable example is the collaborative effort between the MARD and the Agricultural University of Tirana, where the Agricultural Training Scheme supports the transfer of new technologies and innovations to 50 model farms to improve their understanding of climate change measures. However, there is room to expand the access and use of these services, as recent studies confirm the presence of knowledge gaps for farmers and extension services staff related to climate change impact and adaptation (Zhlilima et al., 2023^[20]).

A significant component of encouraging farms' transfer and adoption of technology and innovation is the use of extension and advisory services. These services are offered through the network Regional Agencies of Agricultural Extension, whose reach extends throughout the entire economy and is free to farmers.¹⁴ The Albanian Government plays a major role in providing and supporting these public extension and advisory services; for example, four regional agriculture extension agencies collaborate with five ATTCs under co-ordination by the Ministry of Agriculture and Rural Development's Directorate of Advisory Service, Science and Innovation. These ATTCs have demonstrated their ability to lead innovation and share this knowledge with farmers (Box 15.3). However, despite the availability and affordability of extension and advisory services, there is limited evidence suggesting progress in their effectiveness in areas such as collaboration among public advisors, farmers, and local governments, as well as the allocation of financial resources and efforts in professional development. Moreover, a 2022 survey conducted by the FAO found that almost half of the farmers who were interviewed did not trust the extension services (FAO, 2022^[12]).

Box 15.3. The Prognosis Centre for Pest Disease Protection, a technological innovation in the fruit sector in Albania

The Netherlands Development Organization's (SNV) ProMali project supported the establishment of a prognosis centre at ATTC Korçë to manage diseases and pests affecting orchard farmers in the Korçë region. This centre proved beneficial for farmers, enhancing plant protection effectiveness against pests and leading to increased production and improved fruit quality and safety. Moreover, the project helped to reduce plant protection costs.

The user-friendly system allowed apple producers to access automated information and guidance on the optimal spraying strategy by calling a designated phone number. The technical components of the prognosis centre included a weather station, spore detector, computer server storing weather data, and a programme simulating disease occurrence based on weather conditions. This advanced technology greatly supported disease and pest modelling in apple orchards.

Despite its success, the forecasting system was transferred to ATTC Korçë, which, along with the Agriculture University of Tirana, was responsible for its maintenance. Unfortunately, ATTC Korçë could not sustain and operate the innovative system, as the trained personnel left and were not replaced.

This case exemplifies the significant impact of innovation in agriculture, especially in the field of plant protection. It also underscores the importance and challenges of achieving sustainability in implementing such advancement.

Source: FAO (2019^[2]).

Sub-dimension 14.3: Food safety and quality

The policy framework guiding **food safety, animal health and plant health** in Albania is characterised by a limited alignment with the relevant EU regulations. Namely, the legal bases of food safety, plant health and protection and animal health and welfare are all only partially aligned with EU legal bases. Additionally, Albania's legislation in the sanitary, phytosanitary and veterinary fields remains partially compliant with the World Trade Organisation's Sanitary and Phytosanitary (SPS) Agreement. The primary government entities responsible for food safety and animal and plant health are the National Food Authority (NFA) and the National Authority for Veterinary and Plant Protection. These two bodies' respective competencies are clearly delineated from one another's in sectoral legislation.¹⁵

Food safety, veterinary and phytosanitary laboratories are crucial in ensuring the safety and health of agricultural and animal products. Albania's laboratories are not accredited, although their results are recognised among CEFTA parties as well as the EU. There is also an established food safety, veterinary, phytosanitary reference laboratory network. However, there have been minimal advances in establishing capacity, accreditation and validation techniques within this network (European Commission, 2023^[21]).

Another vital mechanism for ensuring food safety and animal and plant health is the use and efficacy of risk analysis structures. Albania's risk assessment and management are in line with SPS rules and use internationally established methodologies (such as the World Organisation for Animal Health [OIE], International Plant Protection Convention [IPPC], Codex¹⁶ and EFSA¹⁷). Moreover, risk-based inspection is conducted according to a control plan that is drawn up annually by the NFA and approved by the Ministry of Agriculture and Rural Development. Each plan categorises subjects according to the risk factors.

Since the last assessment cycle, the NFA has drafted a national plan of official risk-based controls through a new methodology with the assistance of the EU Project "Food Safety Project"/"Support for food safety, veterinary and phytosanitary standards in Albania". Under this new methodology, every business operator is categorised as "low", "medium", or "high" risk based on the risk associated with their activities. Unlike in previous years, this new approach necessitates different inspection frequencies depending on the establishment type. Moreover, within a specific category or subcategory of business activities, there is no longer a unified risk profile; instead, each entity must undergo an individual risk based on its history.

There have also been substantial advances in terms of updating information systems for animal diseases and plant pests. In 2023, enhancements were made to the "RUDA" system, which monitors the movements of cattle, pigs, sheep, goats and poultry, ensuring traceability in the food supply chain. This expansion included the introduction of modules for identification of various animals. Additionally, the hardware infrastructure upgraded with the acquisition and installation of new servers, although this update has yet to be fully implemented within the NFA's laboratory network. The continuous integration of the RUDA system with other platforms, such as the Laboratory Inventory Management System, aims to facilitate real-time information exchange regarding the import, movement, and health of animals.

Maximum residue levels (MRLs) are defined based on values defined by the EU. However, the implementation of Albania's national residue monitoring plan remains an issue especially for veterinary medical products, pesticide residues, heavy metals and mycotoxins for livestock products (European Commission, 2023^[21]). Other persistent challenges include the absence of a traceability system for products of plant origins, insufficient monitoring of pesticide residue, and lacking laboratory analysis for identifying Plant Protection Products' (PPPs) physical-chemical properties and active substances.¹⁸

Albania's limited progress in properly implementing food safety, animal and plant health, and SPS measures in part stems from the lack of sufficient monetary, technical, and human resources. Ministries lack personnel due to the numerous unfilled vacancies within the general directorate responsible for food safety, veterinary and plant protection. The government also suffers from an overall deficiency in expertise and training for the staff it does have. Such limitations have not only stalled Albania's progress toward aligning with the EU *acquis*, but also have constrained the government's capacity to conduct surveillance of, reliably assess, and implement effective systems for disease prevention and eradication. Some progress has been observed in the case of the improvement of the NFA's system on inspection statistics, data management and transparency (European Commission, 2023^[21]).

Like food safety, Albania's standards on **food quality** are relatively robust but have yet to achieve full alignment with the relevant EU legal bases. For instance, national standards on food marketing remain only partially aligned with EU regulations, apart from a new law on vineyards and wines passed in 2022. Similarly, regulations on geographical indications (GI) are only partially aligned with those of the EU; while some areas (including agricultural foodstuff and wine) are fully harmonised, all other areas still fall short of EU standards. Organic food regulations and legislation are also partially aligned with EU laws. At the time of writing, the Albanian Government was drafting a new law on organic production, expected to be adopted in the fourth quarter of 2024, which will fully align with EU regulations.¹⁹ However, the government has continued to provide support for organic farming by offering subsidies to facilitate the implementation of organic certification. There has been no observed progress concerning feed or genetically modified organisms (GMOs), as the relevant legislation is still absent.

The Ministry of Agriculture and Rural Development remains the key government body tasked with designing and aligning national food quality legislation and regulations with those of the EU. The NFA is responsible for the control of imported organic products as well as the certification and official controls of GI products. Notably, the mandate of the General Directorate for Industrial Property (GDIP) only extends to the application and protection of GI. These three entities co-ordinate on matters related to food quality policy design and implementation, primarily through independent policy units.

Accreditation is crucial for ensuring food quality by not only promoting producers' credibility and consumers' confidence, but also enhancing competitiveness by enabling access to global markets with recognised quality standards. In Albania, the General Directorate of Accreditation (DPA) is the sole national body that can provide accreditation to product certification bodies.²⁰ However, no product certification body has been accredited by the DPA due to the lack of applications. If local institutions such as the DPA provide accreditation to certification bodies, this process' costs are typically lower than accreditation by foreign bodies.

While there are no product certification bodies in Albania, there is one local organic certification body: Albinspect, which is part of the Swiss organisation bio.inspecta. The organisation was established in 2006 and remains the first Albanian organic certification body accredited and recognised by the European Commission. It also is the sole body approved for certification by the National Commission of Organic Production. As of 2022, there are approximately 1 200 ha that are certified organic, which represents a contraction of almost 25% from 2020. This reduction is likely a result of farmers electing to discontinue organic cultivation. Currently, there are 138 farmers who are certified organic as well as nine processors or exporters, mainly operating in the medicinal and aromatic plants sector.

Overview of implementation of Competitiveness Outlook 2021 recommendations

Albania's progress in implementing past CO Recommendations has been mixed: in some areas, such as upgrading its sanitary and phytosanitary system, the economy has made moderate advancements since CO 2021. Conversely, its progress has been limited or stagnated in domains such as increasing funding for agricultural RITTD. Table 15.3 shows the economy's progress in implementing past recommendations for agriculture policy.

Table 15.3. Albania's progress on past recommendations on agriculture policy

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Enhance rural infrastructure policy capacity by replicating the Albanian Development Fund's good practices in planning and management of large-scale projects	There has been no evidence of progress.	None
Complete the monitoring and evaluation system for irrigation water management	The World Bank has assisted the Albanian Government with developing a monitoring and evaluation (M&E) system.	Limited
Increase the capacity of the IPARD agency	Albania's IPARD agency, the Agricultural and Rural Development Agency, hired and trained new staff to improve spot controls and the payment process. The implementation of the IPARD II programme has continued, but increased capacity building and oversight is needed to ensure the programme's completion. Additionally, there are monitoring groups in place to identify issues faced by applicants and to help address these issues. These groups send reminders to recipients about their obligations and timelines for finalising investments, and periodically provide spot checks. However, the 2023 suspension of IPARD funds has undermined the agency's ability to execute its mandate.	Limited
Upgrade the SPS system and fully harmonise it with EU requirements	There has been ongoing harmonisation of the Albanian SPS legislation with the EU, and there has been partial upgrade of veterinarian and National Food Authority capacities. The accreditation of reference laboratories and many private laboratories has been achieved.	Moderate
Increase the funding and enforce implementation of the National Strategy for Scientific Research	Investments in research remain modest. ATTCs continue to play a large role in upgrading extension services capacities. Implementation of the strategic action plan for the reform of the advisory system has started, but implementation capacity remains low.	Limited

The way forward for agriculture

Considering the level of the previous recommendations' implementation, there are still areas in which Albania could strengthen its rural development and infrastructure or its agriculture support system, or further enhance its food safety and quality policies. As such, policy makers may wish to:

- **Improve agriculture information systems to enable evidence-based policy making and monitoring, following EU best practices.** The farm register should be complete and regularly updated. This register will serve as a crucial first component of Albania's future integrated administration and control system (IACS), supporting the implementation of the IPARD III programme. Furthermore, an LPIS (Box 15.4) and an FADN should be introduced, both of which could facilitate the conduct of regular impact assessments of agriculture policies.

Box 15.4. Using artificial intelligence to improve Malta's Land Parcel Identification System

Starting in the spring of 2023, the government of Malta undertook significant steps to deploy new technologies, namely artificial intelligence (AI), to improve the quality of information in its Land Parcel Identification System (LPIS). Using the BiedjaCam app, farmers in Malta can take photos of their crops on their mobile phones and directly upload them to the government LPIS.

Like the other EU Member States, Malta must regularly monitor its agricultural land through geo-tagged photos or satellites. As such, using photos through the BiedjaCam app is integral for allowing Maltese farmers to claim EU agricultural support under the Common Agricultural Policy (EU CAP) by demonstrating their compliance with the rules.

The Agriculture and Rural Payments Agency aims to automate the verification of approximately 15 000 geo-tagged photos of agricultural products and land classes, a substantial enhancement in efficiency compared to the current manual verification process. In theory, the AI model would be able to identify both the type of crop as well as the land coverage of each crop. Then, in future years, the model could be retrained to recognise and include additional crops that newly qualify for EU support.

As such, the use of AI in the Maltese LPIS offers an interesting avenue forward in considering how economies might design and modernise their own LPIS. This new system will not only reduce the need for inspections and accelerate the processing of CAP payment claims, but also help ensure that farmers can access EU support.

Source: Malta Today (2023^[22]).

- **Prioritise sound financial management of IPARD III funds.** Entrustment for all IPARD III measures is pending, contingent upon Albania authorities' response to the investigation conducted by the European Anti-Fraud Office. As such, the government of Albania should focus on fulfilling the prerequisites for handling budget implementation under the IPARD programme to ensure the swift restoration of EU support, allowing the economy's agricultural sector to continue to benefit from the ongoing funding cycle.
- **Incorporate cross-compliance into the provision of producer support instruments.** Applying cross-compliance is necessary not only to improve standards related to the environment or food safety, but also to facilitate progress in aligning with the EU *acquis* and enable better access to EU markets. To ensure cross-compliance, the Albanian Government should implement robust monitoring mechanisms to track and verify compliance as well as offer educational programmes and support services to farmers to help them understand and meet these requirements.

- **Review support schemes to assess their impact and identify farmers' needs for enhanced and adequate support**, recognising the crucial role of agriculture in the Albanian economy. While aligning budgetary allocations more closely with regional or EU levels can be a step forward, it is imperative to find effective strategies that can boost farmers' productivity and sustainability, acknowledging that relying solely on financial support may not always be the most efficient approach.
- **Strengthen programmes supporting research, innovation, technology transfer and digitalisation**. One way to do this is to improve the capacities of public extension and advisory services, prioritising the provision of sufficient funding and cultivating relationships with farmers and processors. Another priority should be promoting farms' adoption of innovations and knowledge transfer related to climate change. Institutions such as Agriculture Technology Transfer Centres (ATTCs) and the Agriculture University of Tirana should provide advice and up-to-date information about climate change and adaptation, using suitable platforms to disperse this advice to farmers.
- **Harmonise national legislation with the EU *acquis* in the areas of food safety, animal health, and plant health**. Despite the progress made since the last assessment, there is still room to improve alignment further. In particular, Albania should develop a specific law on common market organisations (CMOs). Additionally, the Albanian Government should prioritise enhancing the institutional and administrative capacities of the NFA and the National Authority for Veterinary and Plant Protection.

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Notes

¹ According to data from the World Bank (2023), 100% of the Albanian population has access to electricity. For more, see: <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?locations=AL>.

² Approved by Decision of Council of Ministers No. 460, dated 29 June 2022.

³ Joint guidance of Ministry of Agriculture and Rural Development and Ministry of Finance and Economy, No. 3 dated 10 February 2011, “On defining the de-favourized mountain areas”.

⁴ This specific measure from IPARD III is Measure 7, “Farm diversification and business development”.

⁵ Law No. 36/2022.

⁶ Approved by decision of the government No. 345, dated 22 May 2019 and Law No. 24/2017, “On the administration of irrigation and drainage”.

⁷ On 13 December 2023, the exchange rate was approximately 1 EUR = 102 ALL. For more, see www.bankofalbania.org/Tregjet/Kursi_zyrtar_i_kembimit/.

⁸ The main policy objectives of the SARDF 2021-27 are: promoting sustainable food production and quality through the development of a competitive and innovative agrifood sector; the sustainable management of natural resources and climate actions to mitigate negative impact as a consequence of climate changes; strengthening the socio-economic fabric of rural areas; fostering sustainable maritime and inland water development; and strengthening the institutional and administrative capacities toward EU *acquis* approximation and transfer of knowledge and innovation in agriculture and rural areas

⁹ The Common Agricultural Policy (CAP) is the agricultural policy of the European Union.

¹⁰ These objectives include: ensuring a fair income for farmers; preserving landscapes and biodiversity; ensuring vibrant rural areas; protecting food and health quality; and fostering knowledge and innovation.

¹¹ Adapted by the Decision of the Council of Ministers No. 91, dated 9 February 2022, “On the approval of the National Plan for European Integration 2022-2024”.

¹² The FADN is an important tool to monitor the impact of policies. It is in place in all EU countries as well as some Western Balkan economies, such as Kosovo and North Macedonia.

¹³ These six regions were Berat, Elbasan, Korçe, Shkoder, Lushnje, and Fier.

¹⁴ Decision No. 147, dated 13 March 2018 "On the establishment, organization and functioning of Regional Agencies of Agricultural Extension". See <https://faolex.fao.org/docs/pdf/ALB181508.pdf>.

¹⁵ Laws include: Law No. 10465, date 29 September 2011, "On Veterinary Service in Republic of Albania", as amended; Law 105/2016 "On Plant Protection", as amended; and DCM No. 683, dated 2 September 2020, "For functioning, organization and operation of the National Authority for Veterinary and Plant Protection".

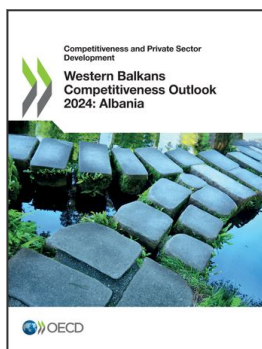
¹⁶ Codex Alimentarius Commission by FAO/WHO.

¹⁷ The European Food Safety Authority (EFSA) provides independent scientific advice on food-related risks.

¹⁸ These challenges are identified in the Pesticide Survey from 2018.

¹⁹ Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018, on organic production and labelling of organic products and repealing Council Regulation (EC) No. 834/2007.

²⁰ Product certification is the process of certifying that a certain product has passed performance tests and quality assurance tests and meets specifications (sometimes called "certification schemes" in the product certification industry). Organic certification is a requirement to demonstrate a product or operation has met relevant legal standards.



From:
**Western Balkans Competitiveness Outlook 2024:
Albania**

Access the complete publication at:

<https://doi.org/10.1787/541ec4e7-en>

Please cite this chapter as:

OECD (2024), "Agriculture policy", in *Western Balkans Competitiveness Outlook 2024: Albania*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9ddf1eb8-en>

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