



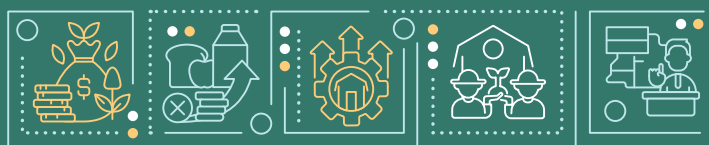
POLICY BRIEF -



AGRICULTURAL POLICY DEVELOPMENTS TOWARDS EU INTEGRATION



Albania



1. INTRODUCTION

Agricultural and rural development policies are central to Albania's economic transformation and to the well-being of its rural communities. Their role goes beyond the agricultural sector itself, as they are closely linked to the country's strategic goal of European Union (EU) accession. The gradual policy harmonisation required in this process with the Common Agricultural Policy (CAP).

Agriculture remains a cornerstone of Albania's economy and society. It provides employment and income to almost 35% of the rural population (AIStatDatabase, 2025) and continues to play an essential role in foreign trade (more than 12% of total exports). Together with forestry and fisheries, agriculture accounts for around 16% of

GVA, but its relative weight in the national economy has declined by 4.2% as other sectors have expanded more rapidly.

In this context, agricultural and rural development policies are critical to improving productivity, competitiveness, and value-chain integration, while ensuring compliance with EU quality, safety, and sustainability standards. They also need to address broader challenges such as climate adaptation, biodiversity protection, generational renewal, and the creation of vibrant and inclusive rural areas. This policy brief therefore explores how closely Albania's agricultural policies align with the EU framework and EU CAP objectives, while pointing to areas where further progress is needed.

2. AGRICULTURAL POLICY TRENDS

Albania's agricultural and rural policy framework is anchored in several strategic documents, notably the National Strategy for Development and Integration (2021–2027), the Government Programme (2021–2025), and the Strategy for Agriculture, Rural Development, and Fisheries (2021–2027). The latter sets ambitious goals: strengthening the competitiveness and sustainability of the agri-food sector, advancing environmental protection and climate action, fostering socio-economic development in rural areas, and supporting fisheries and aquaculture within the EU's green and blue growth agendas. The objectives of the Common Agricultural Policy (CAP) provide both a benchmark and a roadmap for Albania to adapt to structural changes while developing a more sustainable and competitive agricultural sector. While SARDF stresses environmental protection and climate action, the financial support provided by the Agriculture and Rural Development Fund (ARDPF) in the period 2020–2024 has focused largely on competitiveness (Figure 1). Due to inability to activate IPARD III financing (administrative shortcomings—including suspension of reimbursements in 2023 and delays in accreditation of new measures which are yet halting the use of IPARD fund up to the date of this brief) the ARDPF has expanded the number of measures in year 2024 adding to the current eight payment measures also five investments measures which provides co-financing of up to 50% of eligible costs focused on construction of new solar greenhouses, installation of anti-hail nets, construction of new livestock and poultry facilities, purchase of farm machineries and equipment and support for marine aquaculture.

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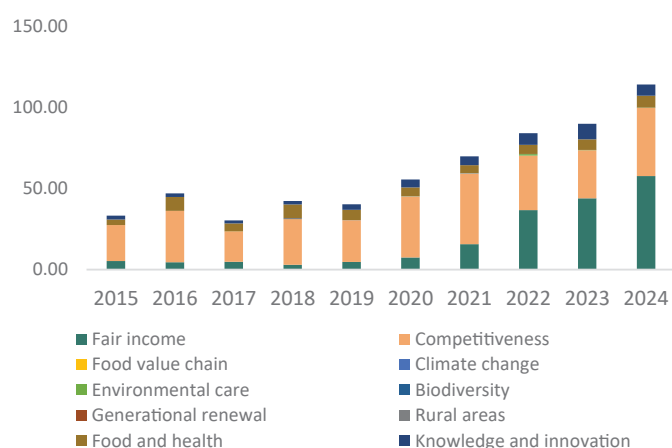


Figure 1: Total budgetary support in agriculture and rural development by CAP Objective (million Euro) during the period 2015-2024

Source: AL APMC Database (2025)

As a result of the investment measures added in the ARDPF, Albania experienced an increase in budgetary support for agriculture, with allocations in 2024 increasing yearly by 27%, reaching 3% of Gross Value Added (GVA), or EUR 114 million. While this marks significant progress, support per hectare of agricultural land remains at EUR 98. The domestic budget provides more than 75% of the support, and overall support to producers is EUR 75 million. Still, slightly more than 42% of the support is not focused on one certain commodity (Figure 2).

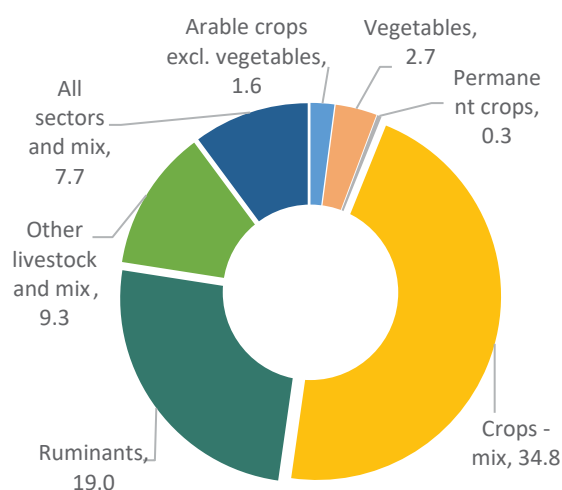


Figure 2: Total budgetary support to producers by sector (million Euro) for year 2024

Source: AL APMC Database (2025)

Overall, the composition of agricultural support in 2024 remained relatively stable in terms of proportions, with direct producer support accounting for about 58 per cent and structural and rural development measures accounting for around 42 per cent of the combined allocations (Figure 3). Despite the upward trend in funding, this level of funding continues to neglect the objectives of SARDF

2021–2027, such as environmental protection, climate change adaptation, and the strengthening of the rural social fabric. Direct support alone rose to EUR 58 million in 2024, with an expansion in the variable input subsidies. This marks a shift in emphasis, as input subsidies now dominate the direct support structure, highlighting the policy focus on mitigating farmers' rising production costs. The structure of direct payments has been overwhelmingly headage-based, reflecting persistent gaps in establishing a fully functional Integrated Administration and Control System (IACS). Farm and livestock registers are partial, the LPIS is unfinished, and key cadasters have not been updated for over a decade. As a result, area-based payments and cross-compliance with environmental standards are not yet applied.

Structural and rural development measures, which had declined in the two previous years, rebounded strongly in 2024, growing from 29.9 million EUR in 2023 to 42.5 million EUR. This increase was mainly driven by on-farm investment and restructuring support, which nearly tripled from 6.8 to 18.0 million EUR. Most funding has focused on farm competitiveness, while support for the rural economy declined sharply after 2020 with the closure of agritourism measures. Payments for environmental and ecosystem services remained marginal at only 0.2 million EUR, indicating that sustainability-related support continues to play a very limited role in overall budget allocations.

Other measures related to agriculture decreased slightly, from 16.1 million EUR in 2023 to 14.3 million EUR in 2024. This decline was mainly due to lower allocations for research, development, advisory, and expert services, which fell from 9.2 to 6.9 million EUR. In comparison, food safety and quality control support increased from 6.5 to 7.4 million EUR.

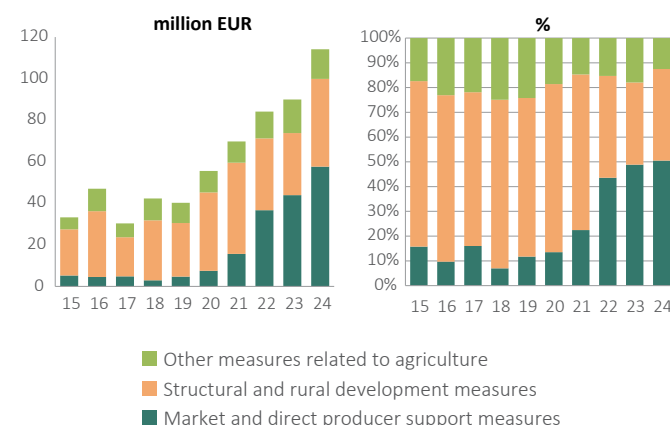


Figure 3: Total budgetary support in agriculture and rural development (million Euro) during the period 2015-2024

Source: AL APMC Database (2025)

Albania's progress shows commitment but also persistent gaps in CAP alignment. Competitiveness and farm modernisation have advanced more rapidly than sustainability, biodiversity, and food quality. Generational renewal, rural vitality, and innovation remain underfunded. A more balanced approach is necessary in terms of policy scope in line with the CAP objectives.

3. EU INTEGRATION AND AGRICULTURAL POLICY ALIGNMENT

EU integration remains the main driver of reform in Albania's agricultural sector, guiding the progressive alignment with the Common Agricultural Policy (CAP). Overall, Albania's progress toward alignment with the EU's Common Agricultural Policy reflects a determined yet uneven reform trajectory (EC, 2024). Accession negotiations have advanced: negotiations began in 2020, bilateral screening followed in 2022, and by 2025, four of six thematic clusters had opened. The agriculture and cohesion cluster, expected in late 2025, is particularly important as it requires reforms in policy design, digitalisation of agri-administrative systems, and more efficient e-Government delivery. Currently, except Chapter 18 – Statistics, where the country is moderately prepared and has made substantial advancements in adopting EU-compliant methodologies and strengthening institutional capacity, significant work remains across agriculture, food safety, and fisheries to meet EU accession requirements (Table 1).

Accession also creates opportunities for access to EU markets and funds, but it exposes weaknesses in administrative capacity and the need for stronger monitoring and enforcement. Compliance with CAP principles is central to enhancing competitiveness, sustainability, and rural development, while ensuring transparency and resilience. The upcoming phase represents a critical window to consolidate achievements and restore confidence in IPARD implementation. Administrative shortcomings—including suspension of reimbursements in 2023 and delays in accreditation of new measures—have slowed progress. In order to perform better for Chapter 11 (assessed as having only some level of preparation), restructuring support schemes, modernising monitoring systems, and strengthening institutional capacities are required.

Establishing a fully functional Integrated Administration and Control System (IACS), operationalising the Farm Sustainability Data Network (FSDN), and ensuring sound financial management remain urgent priorities. Progress

is being made in this regard. In 2023, the government started a pilot FADN and established procedures for the procurement of a Farm Sustainability Data Network (FSDN) to measure systematic evaluation of productivity, efficiency, and sustainability outcomes (EC, 2025). The Common Market Organisation (CMO) remains only partially aligned, while organic and quality schemes are underdeveloped.

At the institutional level, capacity is uneven. The Paying Agency is relatively well-resourced, though its performance depends on accreditation and further strengthening of internal systems. The Extension Service (NEA) suffers from serious underfunding and overstretch. The National Food Authority has significant staff but limited resources, while the Agency for Plant and Animal Protection has stronger staffing, yet experiences inadequate surveillance and laboratory systems. The Agricultural Technology Transfer Centres (ATTCs) are better balanced but need stronger integration with research and innovation. Food safety, veterinary, and phytosanitary systems face persistent gaps, with incomplete legislation, limited residue monitoring, weak surveillance, and outdated laboratory capacity (EC, 2024; API, 2025). The weakest areas are Chapter 12 – Food Safety, Veterinary and Phytosanitary Policy and Chapter 13 – Fisheries and Aquaculture, both requiring considerable effort, indicating the need for major improvements in regulatory alignment, enforcement systems, and infrastructure. The Institute for Veterinary and Food Safety (ISUV) is critically underfunded and requires urgent investments in human resources, training, and equipment. Animal registers cover only dairy cattle, and plant health legislation is still not aligned with EU standards. Fisheries and aquaculture show moderate progress, supported by a vessel monitoring system and some policy advances. Yet, administrative and scientific capacities remain insufficient, and a regional action plan for small-scale fisheries has not been adopted.

Table 1: Preparedness of Albania in certain chapters – current state and progress in 2024

Chapters	Level of alignment
Ch 11: Agriculture and Rural Development	4-some level of preparation
Ch 12: Food Safety, Veterinary and Phytosanitary Policy	3-considerable effort needed
Ch 13: Fisheries and aquaculture	3-considerable effort needed
Ch 18: Statistics	6-moderately prepared

Source: API tool; EC, 2024.

4. POLICY RECOMMENDATIONS

Albania's agricultural and rural development policies must advance more decisively toward alignment with the EU's Common Agricultural Policy (CAP). While the SARDF 2021–2027 provides a broad framework, the Agriculture and Rural Development Programme Fund (ARDPF) remain insufficiently structured around CAP principles. Concrete steps should include adopting the most recent CAP reforms, restructuring subsidies to encourage area-based payments and environmental cross-compliance rather than per-head support, and strengthening market orientation. Albania should also prioritise fulfilling the preconditions for the full implementation of IPARD III by addressing current accreditation and administrative shortcomings. Completing the Integrated Administration and Control System (IACS) and operationalising the Farm Sustainability Data Network (FSDN) are urgent tasks, alongside finalising legislative alignment with the EU acquis, particularly in quality policy, organic production, and the Common Market Organisation.

Albania's commitment to the EU Green Deal and the Green Agenda for the Western Balkans requires much stronger integration of sustainability into agricultural policy. Current allocations for environmental protection are minimal, and agri-environmental measures remain underdeveloped. Policies should therefore expand green budget lines, introduce climate-resilient farming practices, and promote sustainable resource management. Greater emphasis should be placed on supporting agri-environmental schemes, organic farming, biodiversity-friendly practices, and the adoption of precision technologies that reduce pressure on soil, water, and ecosystems.

Institutional capacity remains a major bottleneck in agricultural reform. Although the Ministry of Agriculture and the Rural Development, as well as the Agriculture and Rural Development Agency (the Paying Agency), are relatively well-resourced, key institutions such as the Extension Service (NEA) and the Institute for Veterinary and Food Safety (ISUV) remain critically underfunded and overstretched. Strengthening capacity requires a dual approach: reinforcing technical and analytical skills within state institutions and improving the knowledge base of farmers, producer groups, and advisors. Training on CAP measures, compliance mechanisms, digital tools, and sustainable farming practices should be systematically introduced to prepare stakeholders for the requirements of EU integration.

Rural development remains underfunded and insufficiently prioritised within the ARDPF. To align with EU objectives, Albania should allocate targeted funding to programmes that foster diversification, innovation, and stronger rural services. Priority should be given to empowering young farmers and women, stimulating rural entrepreneurship, and promoting community-led initiatives under the LEADER approach. Expanding access to advisory services and investing in rural infrastructure, digitalisation, and local value chains will be essential to strengthen the socio-economic fabric of rural areas.

Improving market integration is critical for competitiveness and EU accession. Alignment with EU food safety, veterinary, and phytosanitary standards must be accelerated through updated legislation, modern traceability and certification systems, and stronger laboratory capacities. Albania should also ensure full compliance with acquis requirements in animal and plant health, animal welfare, official controls, and food law. Strengthening producer organisations and cooperatives will improve bargaining power in value chains and facilitate access to regional and EU markets.

To accelerate EU integration and build a more competitive and sustainable agricultural sector, a stronger alignment with CAP, deeper investment in sustainability, reinforcement of institutional capacity, and prioritisation of rural development are essential steps. Only by addressing these gaps can Albania ensure compliance with EU standards, deliver a successful green transition in agriculture, and create a resilient sector that sustains rural livelihoods while advancing the country's EU accession goals.

6. REFERENCES

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