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Ministry of Agriculture and Rural Development

Republic of Albania

Rural Development Programme 2021-2027

**Under
Instrument for Pre-Accession Assistance (IPA)**



January 2022

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LIST OF ABBREVIATIONS

AA	Audit Authority
ACC	Agriculture Cooperation Companies,
AIC	Agricultural Information Centres
ALL	Albanian Lek
ARDA	Agriculture and Rural Development Agency
ATTC	Agricultural Technology Transfer Centres
AUT	Agricultural University of Tirana
AWP	Annual Work Programme of Calls for applications
CABRA	Conservation of Agrobiodiversity in Rural Areas of Albania
CEB	Council of Europe Development Bank
CEMSA	Consolidation of the Environmental Monitoring System in Albania
CoMD	Council of Ministers Decision
CSP	Country Strategy Paper
DEU	Delegation of the European Union to Albania
DG	Directorate General
DPERP	Directorate for Programming and Evaluation of the Rural Policies
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EMFF	European Maritime and Fisheries Fund
EU	European Union
EUR	Euro
Eurostat	Statistical Office of the European Communities
EUSAIR	European Union Strategy for the Adriatic and Ionian Region
FAO	Food and Agriculture Organisation of the United Nations
FFPA	Financial Framework Partnership Agreement
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GVA	Gross Value-Added
HACCP	Hazard Analysis and Critical Control Points
I&D	Irrigation and Drainage
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
IMF	International Monetary Fund
INSTAT	Institute of Statistics of Albania
IPA	Instrument for Pre-Accession Assistance
IPARD	Instrument for Pre-Accession Assistance for Rural Development
IPM	Integrated Pest Management
IR	Intermediate Region
ISARD	Inter-Sectorial Strategy for Agriculture and Development 2014-2020
LAG	Local Action Group
LAU	Local Administrative Units
LED	Local Economic Development
LFS	Labour Force Survey

LSMS	Living Standards Measurement Survey
LSU	Livestock Units
MA	Managing Authority
MADA	Mountain Areas Development Agency
MAP	Medicinal and Aromatic Plants
MARD	Ministry of Agriculture and Rural Development
MCS	Management and Control System
MIS	Management Information System
MS	Member States
MT	Metric tonne
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
NUTS	Nomenclature of territorial units for statistics
OECD	Organisation for Economic Cooperation and Development
PPP	Purchase Power Parity
PR	Predominantly Rural Region
RAEA	Regional Agricultural Extension Agencies
SA	Sectoral Agreement
SARED	Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas
SME	Small and Medium sized Enterprise
SNV	Stichting Nederlandse Vrijwilligers (Netherlands Development Organisation)
SWOT	Strengths, Weaknesses, Opportunities and Threats
TAR	Territorial Administrative Reform
UAA	Utilised Agricultural Area
UNDP	United Nations Development Programme
Union standards	Standards laid down by the Union in the fields of environmental protection, public health, animal and plant health, animal welfare and occupational safety
USAID	United States Agency for International Development
VAT	Value-Added Tax
WB	World Bank
WUA	Water Users Associations

1. TITLE OF IPA RURAL DEVELOPMENT PROGRAMME AND IPARD OBJECTIVES

Rural Development Programme under the Instrument for Pre-Accession Assistance of the Republic of Albania 2021-2027.

2. BENEFICIARY COUNTRY

2.1. Geographical area covered by the programme

Table 1: NUTS regions (level I, II, or III) covered by the Programme

NUTS level	Code if applicable	Description
NUTS 1		Republic of Albania

The geographical scope of the Programme is the entire territory of Albania. The territorial scope of the measures ‘Farm Diversification and Business Development’, ‘Implementation of local development strategies – LEADER approach’ and ‘Investments in rural public infrastructure’ is limited to the territory of rural areas as defined in Section 8.1.2 and listed in Annex 2 of this document.

3. DESCRIPTION OF THE CURRENT SITUATION, SWOT AND IDENTIFICATION OF NEEDS¹

3.1. General socio-economic context of the geographical area

Albania has a total area of 28,748 square kilometers and a population of 2,845,955 inhabitants (1 January 2020), of which 1,429,088 are women and 1,416,867 are men. The population density is 100 inhabitants per sq. km².

The new administrative-territorial organization divides the country into 12 regions and 61 municipalities. The former communes and old municipalities continue to be functional and are recognized as constituent administrative units of the new municipalities.

Thus, the rural population is estimated at 964,791 inhabitants, which constitutes 33.9% of the population of Albania. Only Tirana is an urban or predominantly urban area, where the rural population is less than 20% of the total population³. NUTS 3 regions by new definition are:

- Predominantly rural: Berat, Dibër, Elbasan, Fier, Gjirokastrë, Kukës, Lezhë and Vlorë;
- Intermediate rural: Durrës, Shkodër and Korçë; and
- Predominantly urban: Tirana⁴

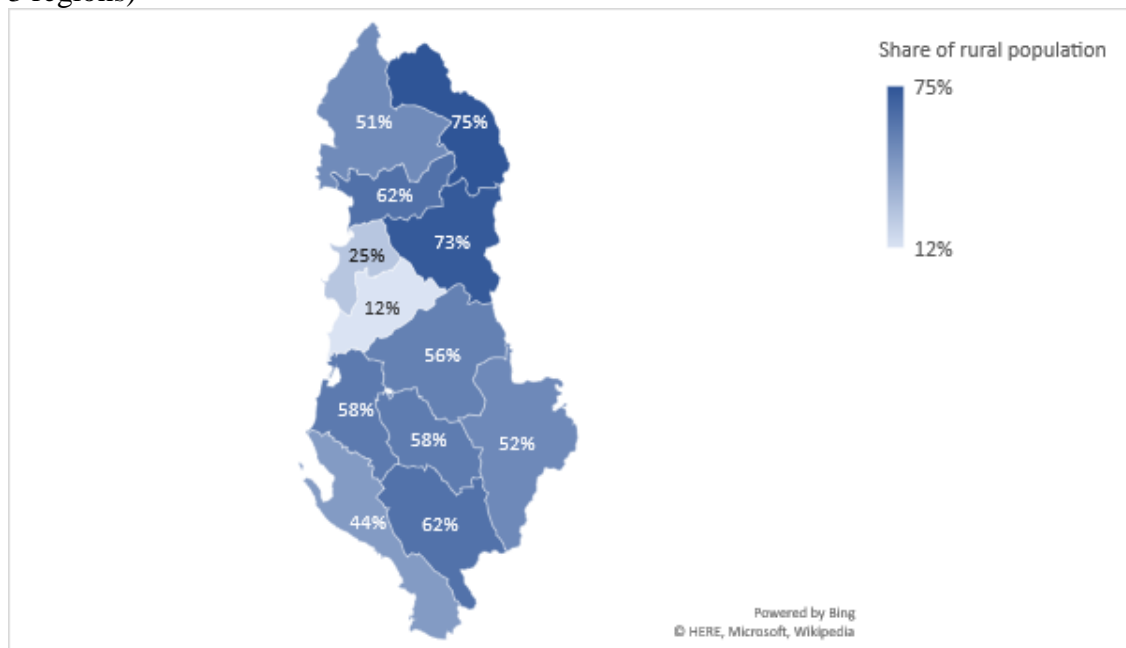
¹ <https://bujqesia.gov.al/ipard-iii-2021-2027/studimet-sektoriale-sectorial-studies/>

² Unless stated differently, the data source in this section is INSTAT.

³ Statistical regions in the European Union and Partners countries, NUTS and statistical regions 2021 (2020 edition)

⁴ Eurostat <https://ec.europa.eu/eurostat/web/rural-development/methodology>

Figure 1: Rural classification of regions in Albania (urban-rural typology (Nuts level 3 regions))



Source: INSTAT (2014)

The Pandemic situation (COVID-19) in 2020 and 2021 had a negative impact on the Albanian economy in rural area, its expected growth and improvement in employment.⁵

The inflation rate has experienced a slight increase by 1.62 % in 2020, particularly affecting food and services.

Table 2: Economic growth (real change in GDP), Inflation and Unemployment rate (%)

Indicators	2019	2020
Economic growth	2.17	-3.8 ⁶
Inflation	1.4	1.62
Unemployment	11.5	11.7

Source: INSTAT⁷

⁵ Annual Report 2019, Bank of Albania

⁶ Albania 2021 Report

⁷ If not stated otherwise, the data reference year is 2021

MACROECONOMIC INDICATORS

From the annual data, GDP per capita shows a slight increase of 7.8% for 2019. According to GDP by production method, the main contribution to this growth was given by branches of economy such as: total industry, trade, transport, accommodation and food service, construction and agriculture, forestry and fishing.

Table 3: Macroeconomic indicators during the period 2019-2020⁸

Indicators	Unit	Year	
		2019	2020
GDP per capita	Eur	4,807	-
Total export (goods and services)	mIn Eur	4,327	3,020
Total import (goods and services)	mIn Eur	6,217	4,951
Trade volume	mIn Eur	10,544	7,971
Balance trade	mIn Eur	- 1,890	-1,931
Balance of trade in % of GDP	in %	-14%	
Exchange rate	All/ Eur	122.4	123.76

Source: INSTAT

During 2017, the total land area was 2,874,800 ha, agricultural land 996,000 ha or 24.31%. Meadows and pastures were 478,000 ha or 16.6%, forests - 1,051,800 ha or 36.6% and other lands - 649,000 ha or 22%.

Out of 996 thousand ha of agricultural land, 4/5 of the area is in private ownership, while the remaining 1/5 is public. In 2021, however, 16% of agricultural land has been abandoned by farmers, and 2% is illegally occupied and used as construction sites. The latter issue has been recently addressed by the government through a formalization process.

Over 75% of Albania is hilly and mountainous, which has an impact on the landscape of the agricultural land. Albania is predominantly mountainous in the North and East, with agricultural land concentrated in the more densely populated coastal plains of the West (43% percent of arable land). A further 34% of agricultural land lies in river valleys and 23% is upland.

Over the past decade, the **forest sector** has undergone a reform process that has led to substantial changes in the roles, mandates and relationships between the state, local government units (LGUs), traditional users and the private sector. To date, the GoA has transferred about 80% of state-owned forest and pasture to municipal ownership.

Population structure and poverty ratios

In 2018, there were 500,192 young people aged less than 15 years and 396,188 elderly people aged 65 years or older in Albania. The ratio of employees (aged 15 and over) is 52.1%. The analysis of employment by economic activities shows that services and agriculture have the largest share of employees, respectively 42.9 % and 37.4%, while employees in industry account for only 19.7%.

The population of Albania⁹ is experiencing a decrease of 0.6%, compared to

⁸ GDP official data not published yet for 2020. The source of the data on trade for 2020 is Bank of Albania

January 1, 2019. During 2019, the natural increase of the population (Birth/Death) is 6,624 inhabitants, experiencing a decrease of 7.1%, compared to 2018. Albania still has a young population, with 17.2% of the total under the age of 15.

However, an issue that has a significant impact on economically active population is related to the net migration, which was -23,082 inhabitants in 2019. The number of emigrants was 43,835 people, an increase of 13.3% compared to 2018, while number of immigrants decreased by 12.3% (20,753 persons). The average monthly salary in Albania in 2018 is 396.4 EUR. The labour cost is 10 times lower than the EU average. This is the main reason why the labour force, particularly, young people, leave the country.

The average employment was 59.4% (2018), while about 547,000 were unemployed (12.3% of the total labour force (2018))¹⁰. The unemployment, however, decreased to 11.5% in 2019.

The at-risk of poverty rate were 23.4% (2018). In 2017, this indicator was 23.7%, decreasing by 0.3% percentage point. In comparison to other EU countries, Albania ranks above Serbia (24.3 %) and Romania (23.5 %) ¹¹.

3.2. Performance of the agricultural, forestry and food sectors

During the last decade, Albania has experienced an economic growth of more than 3%, which, in 2019, shrank to 2.2%. 2019 showed a negative trend due to a drastic decline in rainfall, which cut hydroelectric power production (WB, 2019)¹². During this period, from the production perspective, economic growth was supported by the expansion of the activity of the service sector, accompanied with fluctuation of the construction and industry sector. From the aggregate demand perspective, economic growth was largely supported by the expansion of private consumption.

The agriculture sector has experienced a gradual increase in the past few years up to 2.5 billion EUR in 2019. Agriculture's contribution to total economy gross value added (GVA) has been stagnating at 20% to the country's GVA, while its contribution to employment declined by 10% percentage points in the last decade. Migration and increased labour productivity have contributed to a reduction of people employed in agriculture. Labour productivity in the agriculture sector has been increasing continuously, accounting for 5,515 EUR per fulltime person working in agriculture in 2019. Despite the increase of GVA per worker in the recent years, Albania still has the lowest level of GVA per fulltime worker compared to other WBCs (FAO, WB and ILO, 2019).

Albanian agriculture is dominated by a large number of very small and fragmented farms. Around 45% of total farms are micro-farms (0-1 ha), 41% of farms have a size of 1.1-2 ha and only 14% of farms have an area of more than 2 ha (see Figure 2). In average, farm size is around 1.2 ha in Albania, which is close to micro-size and has a significant impact on productivity and competitiveness of farmers in the region¹³.

⁹ INSTAT

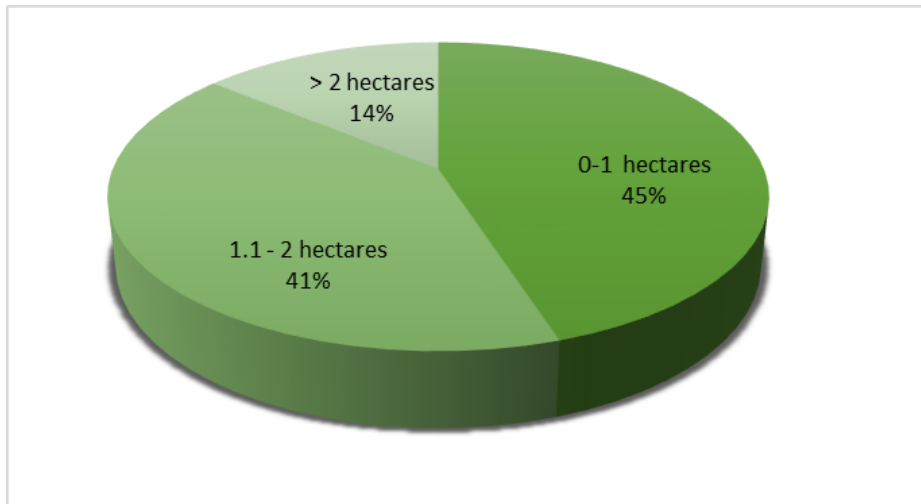
¹⁰ Data on employment and unemployment is from Eurostat

¹¹ <http://www.instat.gov.al/en/themes/social-condition/income-and-living-conditions-in-albania/#tab3>

¹² An expansion in domestic demand led growth in 2019, while net exports reduced growth, as stagnant growth among trade partners limited traditional exports, while energy exports declined.

¹³ INSTAT, *Statistical database for Albania (2020)*

Figure 2: Number of farms (in %) by farm size in hectares

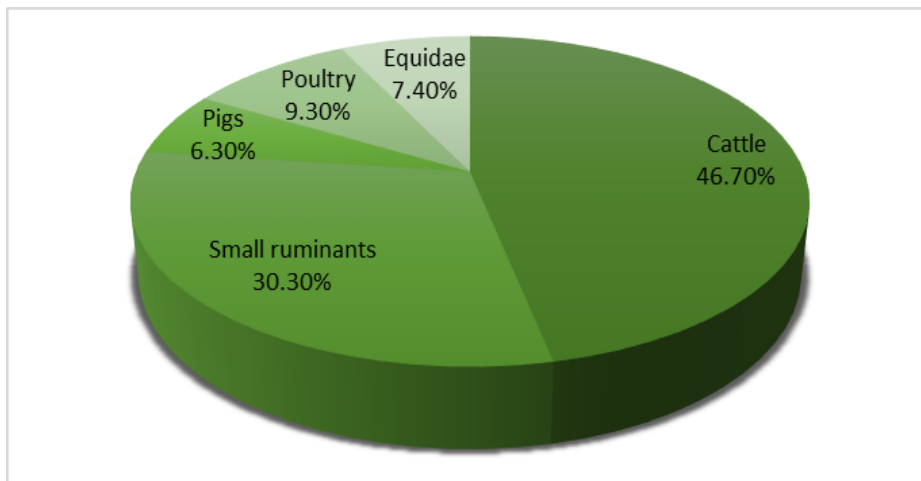


Source: INSTAT

Agriculture in Albania employs 47.8% of the total of active population and about 24.31% of the land is used for agricultural purposes.

Livestock farming is a very important activity for income generation for the majority of farms in rural Albania, considering that 86% of the farms pursue livestock activity¹⁴. Livestock contribute to Agriculture GDP 52%. Therefore, it remains a very important sector for the economic and social progress of the country. The largest number of livestock heads is represented by cattle with 46.7% of the total number of livestock heads. Small ruminants represent 30.3%, pigs 6.3%, poultry 9.3% and equidae 7.4% of the total number of livestock heads per cattle unit (see Figure 3). Overall, however, small ruminants and cattle are experiencing a decreasing trend.

Figure 3: Number of livestock heads per cattle unit (LSU) (2018)



Source: INSTAT

Egg production in 2018 has increased by about 2.0% compared to 2017. Beekeeping production has increased by 8.9% compared to 2017¹⁵. Exports of goods and services increased by 5.56% in nominal terms and 4.10% in real terms, while imports of goods and services increased by 2.41% in nominal terms and 2.40% in real terms, compared

¹⁴ Cattle competitiveness with a focus on production technologies, food safety standards and advisory service (Gjeci et al., 2018)

¹⁵ INSTAT/MARD

to 2017.

Crop production in Albania is mainly composed by forage and cereals (respectively 36% and 25% of crop area). Increasing production of fruit trees is, mainly, composed of orchards, citrus, grapes and olives. Production is boosted by a gradual increase of the planted area as well as improved production yields.

Agro-processing employs around 11,300 people in formal jobs and many more informally, especially during high seasons in agriculture and as part of informal businesses. 65% of these jobs are filled with young people under 30, while 70% of them are young women. Most of youth working in agro-processing are unskilled, manual workers, employed along the processing line – grading, handling or packing products. The sector has been selected for the important weight it carries in the Albanian economy. This amounts to 24.4% of the total agriculture turnover or 5% of the total Albanian GDP. Additionally, agro-processing trends are promising as is the potential for growth and job creation. The sector turnover has almost doubled, while employment has increased by close to 20%, supported by a growing domestic demand for processed products.

The agriculture sector has gained importance in **trade** figures. Since 2013, there has been a considerable increase in agri-food exports value as a proportion of total export value in Albania (12% in 2019) while share of agrifood import value to total import has been stagnating (17% in 2019). Despite the positive trends, trade deficit has kept increasing during the recent 5 years. Nevertheless, due to increased competitiveness on international and national markets agri-food exports as a proportion of agri-food imports in Albania keep increasing through years (from 12% in 2005 to 32% in 2019 (the highest registered)¹⁶.

The EU remains the most important partner for both export and import of agri-food commodities (67% of total agri-food exports and 62% of imports during 2019). Western Balkan countries/territories are destination of 25% of the agri-food exports and origin of 11% of agri-food imports.

A high percentage of agricultural farms fail to meet **national and EU standards** due to limited financial resources to improve facilities or technologies, as well as a lack of awareness or knowledge about these standards. Lack of enforcement of legislation is still weak, which reduces the incentive to invest in meeting these standards. The main source of financing for agricultural farms is their own sales and funds, while bank borrowing is still underdeveloped due to high loan percentages and lack of attractive microfinance facilities. However, about 64% of all farms consider the relationship with banks necessary and important for the performance of their activity¹⁷.

Overall, **the business environment** in rural areas is weak. Although, 16 banks are operating in Albania, they are hardly present in rural, remote areas. Other, nonbanking institutions (127) are widespread in rural areas, usually specialized in micro-credit (UNWOMEN, 2016). Under these circumstances, surveys provide that only 10% of rural population are inclined to use micro credits. In addition, less than 10% of the households in predominantly and significantly rural areas have access to Internet, while only 28% of households in rural areas have computers (INSTAT, 2018).

Another issue to be mentioned is related to missing functional Market Information System and a FADN that has not been established yet. Moreover, a slow pace of

¹⁶ INSTAT, 2020

¹⁷ Bank of Albania

development in Integrated and Administration Control System (IACS) components, vis-a-vis with statistical gaps remaining, create limited capacities for policy drafting and monitoring. In addition, a functioning unit for economic analysis is not established at MARD in Albania, which creates a significant obstacle in providing efficient monitoring and assessment of developments in agriculture compared to other Western Balkan countries¹⁸.

The system of **vocational agricultural education** includes 12 secondary schools which cover the following areas: agriculture; agritourisme, veterinary, food technolog, crop and livestock farming, forestry (see Table 4).

Table 4: List of vocational agricultural schools

No.	District	Schoole Name	Professional Qualification
1	Golem	Charles Telford Erickson	Agriculture
			Agritourism
			Veterinary
2	Pogradec	Enver Qiraxhi	Agriculture
			Crops and livestock farm
3	Tiranë	Hoteleri-Turizëm	Food Technology
			Pastry processing technology
			Milk processing technology
4	Durrës	Hysen Çela	Food Technology
			Pastry processing technology
5	Korçë	Irakli Terova	Agriculture
			Agriculture technology
			Veterinary
6	Lezhë	Kolin Gjoka	Food Technology
			Pastry processing technology
7	Cërrik	Mihal Shahini	Agriculture
			Agriculture technology
			Veterinary
8	Peshkopi	Nazmi Rushiti	Food Technology
			Milk processing technology
9	Bushat	Ndre Mjeda	Agriculture
			Plant production
			Food Technology
			Milk processing technology
			Veterinary
10	Tiranë	Profesionale Bujqësore Kamëz	Agriculture
			Agritourism
			Gardening
11	Fier	Rakip Kryeziu	Agriculture
			Fruit growing
			Food Technology

¹⁸ FAO, 2018

No.	District	Schoole Name	Professional Qualification
			Veterinary
12	Shkoder	Kolin Margjini	Forestry, Silviculture

Source: National Agency of VET and Qualifications

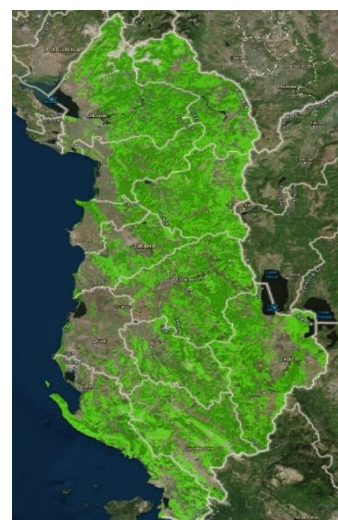
University education in agricultural sciences is offered by the Agricultural University of Tirana (AUT) and the Faculty of Agriculture of Korça. UBT is the only university specializing in the provision of undergraduate and postgraduate studies, research, training and extension in the field of agriculture and food processing.

MARD manages national **agricultural extension service** covering territory of the whole country. The service enables the provision of information, advice and training to farmers and ago-business. In total, this service has 264 employees at central and local level. At the county level, the extension service is part of 4 RAEA (Regional Agricultural Extension Agencies), in each of them are employed 7 specialists in different fields such as vegetables, orchards, livestock, plant protection, agrarian economists. The rest of the extension staff is in the Agricultural Information Centers (120 of them) at the local level which maintain direct links with the farming community. 5 Agricultural Technology Transfer Centers (ATTC) are responsible for conducting applied research in various fields of agriculture. ATTCs support MARD in formulating strategies and drafting national schemes, transferring technologies to agricultural and agro-processing businesses, supplying certified planting material for some of the seeds and seedlings, etc. The total number of employees in QTTB is 280. The Public Advisory Service (Extension) and Technology Transfer Centers forward information to approximately 20% of farmers and agribusinesses each year. Each year, more than 8,000 farmers are assisted by extension service (RAEA) staff to implement and benefit from national support schemes.

Forestry

From the total surface area of 2.9 million hectares (ha), 36.3% percent (1.052 million ha) is **forest**. There are 776 protected areas (2020) that occupy an area of 523,831 ha, representing 18.1 % of the territory and nearly half of the forest land. In 2020, the area of National Parks occupies 230,707 ha which represents almost 8% of the country's territory.

The forest cover is classified as 30% percent high forest, 42% percent coppice and 28% percent shrub forest. Timber volume is concentrated in high forest (80%), followed by coppice forests (19%) and shrubs (0.2%). Erosion reduces the carrying capacity of pastures, decreases agricultural yields, increases fertilizer costs on agricultural land, and leads to the siltation of hydropower and other water reservoirs. At a national scale, every year 20-90 t/ha of soil or 2.5-3 mm of soil layer is eroded and discharged to the sea or filling up reservoirs (including hydropower plant reservoirs). Over the past decade, the forest sector has undergone a reform process that led to substantial changes in the roles, mandates and relationships between the state, local government units (LGUs), traditional users and the private sector. To date,



the GoA has transferred about 80% (eighty percent) of state owned forest and pasture to municipal ownership.

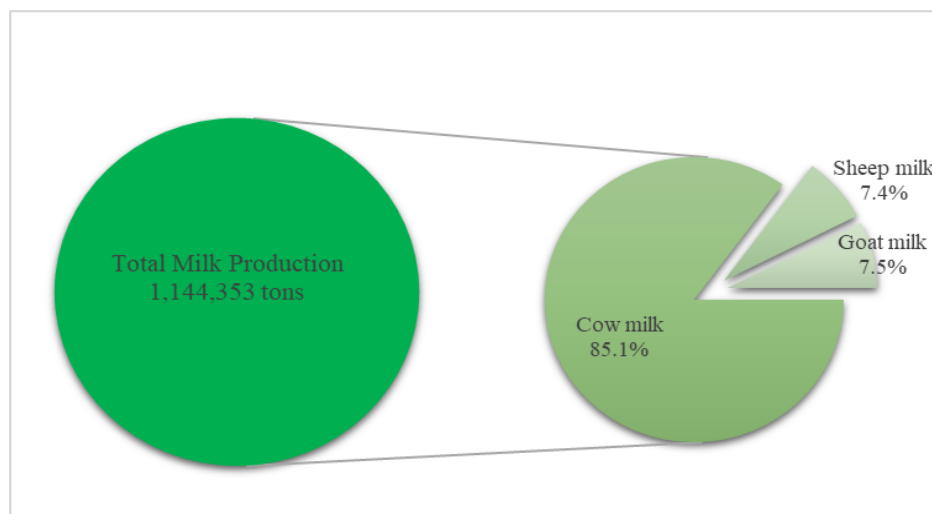
The contribution of forestry to the country's economy has remained small. No specific data is available regarding to the forest contribution in GDP.

Most of the round-wood production in Albania is utilised as fuelwood. The non-wood forest products (MAPs) and services are an important source of income in rural Albania. As whole, is estimated that the MAPs commodity chain contribute to the income, the volume of international trade is around 50 million Euros per year.

Milk production and processing

Milk production for 2018 is 1.144.353 t. The structure of milk production referred to 2018 is - cow milk 85.1%, sheep milk 7.4% and goat milk 7.5% (see Figure 4). Cow milk production for the year 2018 is 973,526 tons or 1.0% less compared to 2017, the average annual yield of cow milk in the country level for 2018 is 2,960 kg per head, meantime in the EU countries is about 7300 kg per head. Milk production from sheep for 2018 is 2.5% less than in in 2017, the average annual yield at the country level of sheep milk is 61.8 kg per head. Goat milk production for 2018 is 0.9% lower than in 2017, the average annual yield of goat milk at the national level for 2018 is 123.1 kg per head.

Figure 4: Milk production (2018)



Source: INSTAT

Large cattle farms (more than 50 cows) have potential to absorb investment from support schemes for improving animal housing, equipment for the preparation of quality hay and silage (Round Baling and Wrapping), new milking equipment (rotolactor type), the animal waste treatment, to use alternative source energy (biogas, solar) which will lead to reduction of greenhouse gas emissions, and to contribute to EU Green Deal alignment¹⁹.

Medium-sized dairy farms (11-50 cows) have the potential to absorb several million EUR to invest in improving animal housing conditions, milking equipment (parlour type), and treatment of the animal waste by biogas production.

¹⁹ Milk Sector Study Report, May 2021

The total number of milk processing units in Albania is about 400 units in 2019, but this figure may be much higher, as there are hundreds of informal processing plants (“baxho”) that are not included in the official statistics²⁰. The industry is very fragmented, with an average of three employees and processing capacity of 1 – 2 t of milk per day. **Only 10 milk processors are considered big** - processing 20-70 t/day, four others are considered medium with capacity 10-20 t/day²¹. Most of the processing units are small cheese plants with simple traditional technology. The hygiene conditions of most of such small processing plants are not in conformity with requirements of the Albanian²² and the European Union standards.

There are real opportunities to support investment for small and medium processors such as: (i) increasing and improving milk processing capacity (construction of new lines and renovation of the existing ones), (ii) expanding processing and storage capacity, (iii) purchase of quality control equipment (laboratories), (iv) use of solar energy.

Main products produced by processors are pasteurized milk, yoghurt, cheese (from cow and sheep milk), curd and butter. In general, local demand for yoghurt, cheese, and butter is predominantly covered by domestic production and their production has increased by 39%, 14%, and 23% respectively in 2019 compared to 2014²³. It is also interesting to note the fact that the import of cheese has doubled compared to 2014²⁴(INSTAT, 2016 and 2020).

Meat production

Live weight meat production at the national level for 2018 is 161,372 t or 0.1% higher compared to 2017. The structure of meat production for 2018 is: beef 43.0%, small ruminants meat 35.0%, pork 10.0% and poultry meat 12.0%. The meat sector is a sizable item contributing to Albanian international trade’s deficit. Every year, live animals worth 25 EUR million and frozen meat worth 44 EUR million are imported, while exports are very low.

²⁰ MARD unpublished data and ADAMA data and opinion

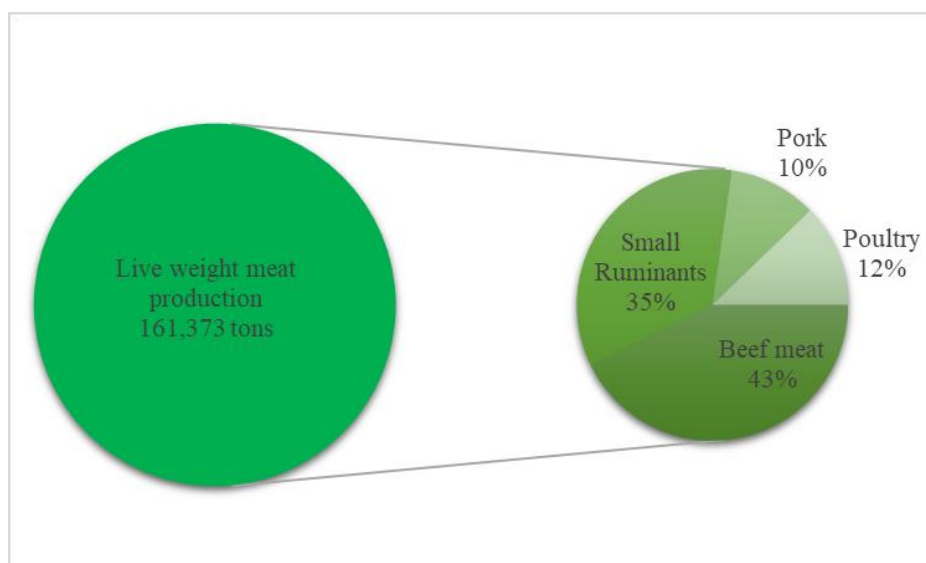
²¹ ADAMA data/Milk Sector Study Report, May 2021

²² Law No. 944 date 11.11.2005, and Food Law No. 9863, date 28.1.2008

²³ Milk Sector Study Report, May 2021

²⁴ 1 274 ton in 2014 and 2 816 ton in 2019

Figure 5: Structure of meat production (2018)



Source: INSTAT

Recent improvements in primary meat production showed some positive trends, especially, in beef and broiler production. The second-tier meat processing enterprises (i.e., those with a regional/local market outreach) experienced growth and consolidation, increasing their competitiveness and market outreach. In relation to internal demand, most of the beef meat and almost all of small ruminants' meat are of national origin.

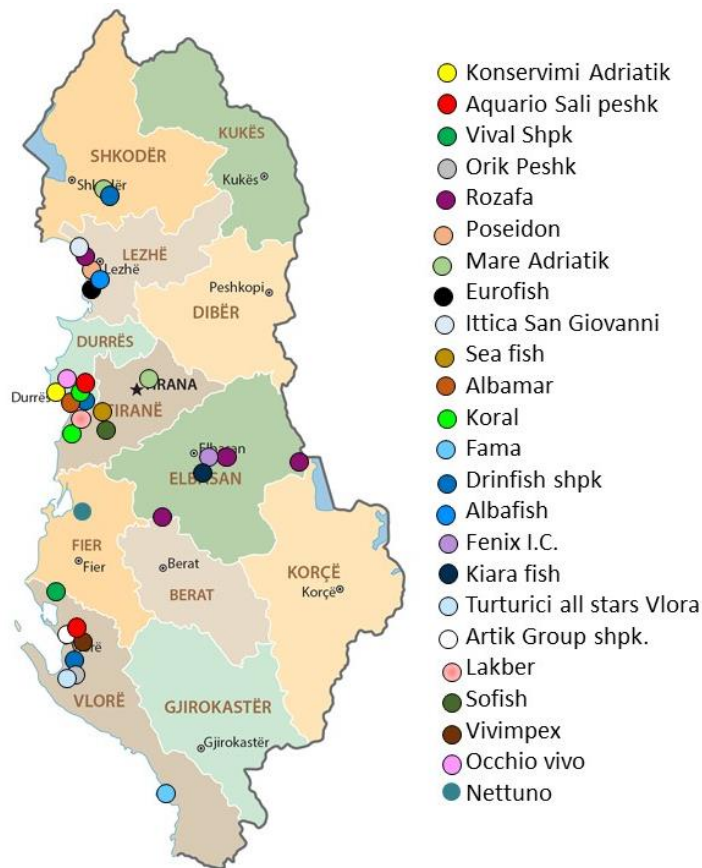
Some key issues for product traceability and environment protection are still not successfully addressed, despite investments in new or renovated slaughterhouses during the last programming period. In fact, the assumption for slaughterhouses' sustainability – the capacity to create a positive external context through law enforcement of the norms on slaughtering and meat retailing – was not satisfied; the scarce development of proper slaughtering facilities which, when existing are scarcely utilised, remains an important factor of weakness in the supply chain, as well as the scarce controls on the destination of animal by-products from slaughtering and meat processing.

Fish processing

Over the years several tens of fish processing plants of numerous species of processed fish products were established. There are 34 processing companies distributed in the areas of Shkodra, Shëngjin, Durrës, Elbasan and Tirana with the main hubs represented by Elbasan, Lezhe, Durrës and Sarande.

The distribution of the processing plants, as visualised in the below map, is mainly concentrated in the areas near the main fishing ports. In addition to the proximity to the ports, several other factors drive the entrepreneurial decision about the emplacement of the processing plants as it is the case of the logistics facilities (the road network in particular), the potential availability of manpower and the regularity of distribution of the public utilities.

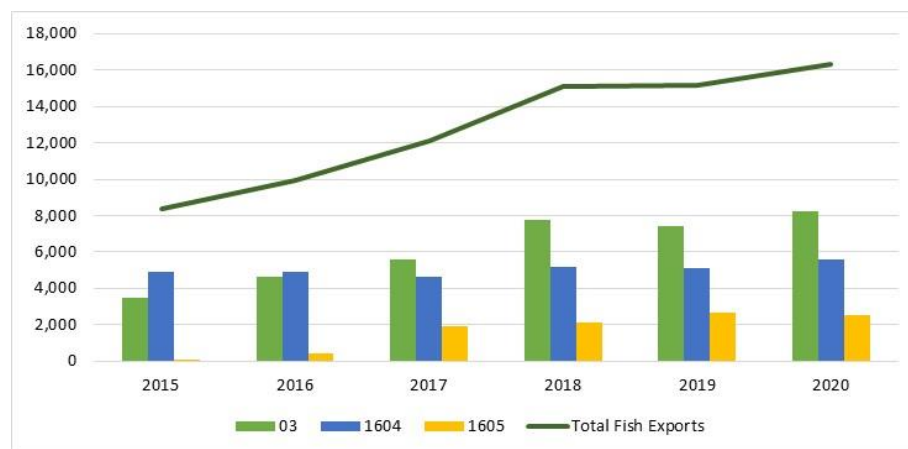
Figure 6: Map with the location of the fishery processing plants²⁵



Source: Fishery Sector Study, May 2021

The fish processing sub-sector is mainly oriented to the export market and it shows a growing trend justified by a growing interest for the domestic production, demonstrated by the increase in the labour force (see Figures 7 and 8). The export capacity is growing year by year with a very large capacity often over 20% per year.

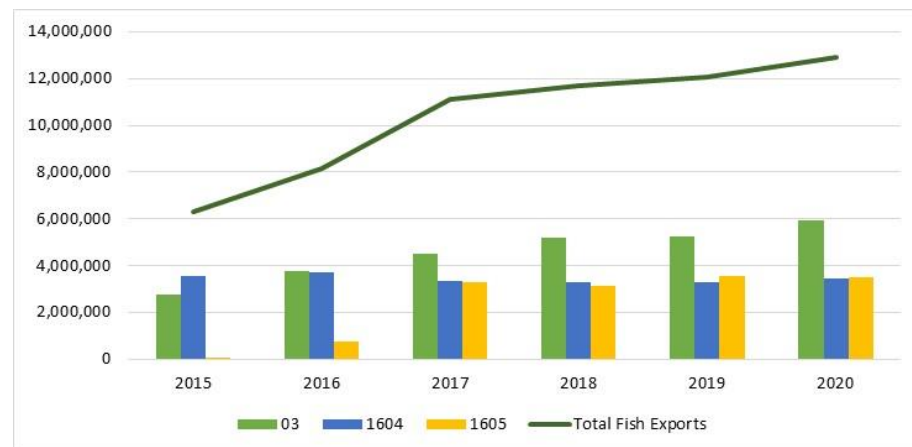
Figure 7: Exports Net Weight Fish Products



Source: MARD

²⁵ Fishery Sector Study, May 2021

Figure 8: Exports Value ALL Fish Products



Source: MARD

Table 5: Largest fish processing companies and their capacity²⁶

Category	Company	Investment (mln EUR)	Production (t/year)	Capacity (t/year)	Capacity saturation (%)	No. of employees
Big	Rozafa	15	3,730	15,550	24	1,300
	Euro Fish	8	1,350	2,000	68	700
	Koral Fish	6	700	1,500	47	400
	Poseidon	4	900	1,000	90	400
	Mare Adriatik	6	740	1,000	74	370
	Nettuno	2	480	960	50	350
Medium	Konservimi Adriatik	4	320	640	50	250
	Acquario Sali Peshk	4	90	500	18	100
Total		49	8,310	23,150	36%	3,870

Source: Fisheries Development Programme 2019-2023 (FDP) – MARD 2019.

In Albania, there are 28 Processing plant, authorized to export to EU, 17 of them process anchovies and other products under CN 1604. In the table above (Table 5), only 8 companies have done about 49 million € investments in processing of fisheries products, having a capacity of more than 23,000 tons/year. (Anchovies, sardines, mackerel, shrimps, squid, cuttlefish, octopus etc.). Albanian processing factories processes about 6,855 tons/year salted anchovies and 1,604 fish product (anchovies, sardines, mackerel etc.), but having a quota of 1,600 tons to export to EU, the processing industry is penalized in terms of production capacity as well as employment. As an example, in 2020 the quota was fulfilled in November and since then the processing companies were closed, waiting for the 2019 quota opening²⁷.

²⁶ Fishery Sector Study, May 2021

²⁷ EU - Albania SC meeting on agriculture and fisheries, 2021

Olive oil production and processing

In 2018, 117,573 t of olives were produced, experiencing an increase of 9.04% compared to 2017. Cultivation of olives has increased in Albania, especially, in early 2010ies,- partially triggered by governmental subsidy schemes. In 2019, production has increased by 40% in comparison to 2010 (see Table 6),- while for the same period, there was only a modest increase by 2-3% in the world, with the production remaining almost unchanged in Europe. At the same time, yield per tree has decreased from 17 kg in 2014 to 12 kg in 2019, suggesting need to improve cultivation practices.

Table 6: Evolution of olive cultivation and production in Albania 2010, 2014 – 2019

Olive trees	2010	2014	2015	2016	2017	2018	2019
Total (000 trees)	6,255	8,994	9,225	9,608	9,786	10,008	10,288
In production (000 trees)	4,298	5,803	6,332	6,643	7,442	7,798	8,226
Yield (kg/tree)	16	17	12	15	15	15	12
Production (000 ton)	70	98	96	99	108	118	98

Source: INSTAT (2020)

Olive oil production also has increased significantly, triggered by increase in production of raw olives. Despite the increase, the production of olive oil in Albania is still low when compared to production capacity at the EU.

Regarding organic certification, there is a need to improve farming technology (for new plantations and existing olive groves) for Albania to compete at low cost with olive oil imports from Mediterranean countries. While there have been many investments in olive oil processing sector, there is a need to support technology renovation for a significant part of processing plants (that are getting older or out-dated). The investment in olive oil storing capacity is a major factor of olive oil quality together with fruit quality and processing technology and know-how. Bottling and labelling and packaging capacity in oil mills and industrial processors needs support - only a handful of oil oils have such equipment.

Waste processing/use is limited – olive cake is used/sold to agro industry, greenhouse farmers and so on for heating. No olive oil is extracted from it. Overall, the current treatment of olive waste is not up to the requirements/standards, which implies that investments may be needed in that regard.

Grape cultivation and wine processing

Most agriculture holdings in Albania are mixed and (semi)subsistence farm, with most farms cultivating grape, both vineyards and pergola²⁸. Slightly more than one in ten farmers (35,666 farmers out of 320,000 farms in Albania) have vineyards.

Data suggest that there is **slow but steady upward trend of investments in vineyard plantation from 2010 till 2019** (see Table 7). However, in terms of grape production – despite steady increase in area of vineyards, volume of grape production has decreased by 15 thousand t in 2019 compared to 2016.

In 2019, Albania produced 25,129 hl of wine, which was slightly less compared to 2018, however, it still remained above amounts reached before 2018. There is **an**

²⁸Pergola refers to sparse vines, not part of structured orchards

upward trend particularly for wineries producing high and medium quality wine, though they represent 10-15% of total winery number. Some wineries owning vineyards have also plans to make innovative investment such as investment in solar panel of special machines for pruning waste griding – both investments related to green deal.

Table 7: Evolution of vineyards and grape and wine production in Albania 2010, 2014 – 2019

Description	2010	2014	2015	2016	2017	2018	2019
Vineyards (ha)	9,712	10,383	10,438	10,533	10,695	10,787	10,842
Vineyards in production (ha)	8,630	9,625	9,891	10,011	10,057	10,179	10,255
Total grape production (000 ton)	190	204	205	205	203	185	190
Wine production (hl)	19,928	22,545	24,500	22,420	24,560	26,800	25,129

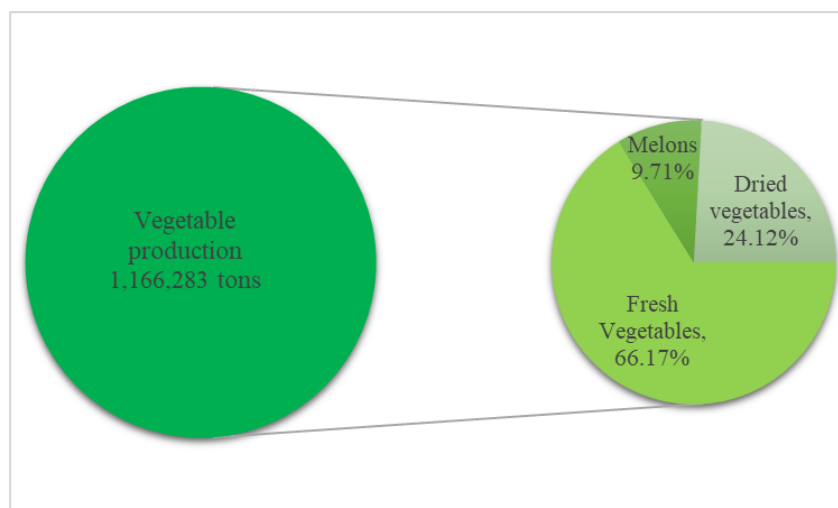
Source: INSTAT, MARD

Trends of investing in wine production show that the main types of investment are construction of winery facilities (reception area, processing area, cellars, expository and testing rooms), complete wine production line or partial investment such tankers for fermentation, grape crushing and pressing equipment, barrels for storing/aging, packaging, and labelling equipment, equipment for cold stabilisation and storing, etc. Field interviews inform that investment in integrated laboratory is necessary particularly for large high quality wine producing wineries.

Fruit and vegetables production and processing

In 2018, 1,166,283 tons of vegetables were produced,- an increase of 1.24% compared to a year earlier. In Albania, the largest share in vegetable production is occupied by raw vegetables 66.17% followed by melons with 24.12% (watermelon and melon) and dried vegetables with 9.71%. In the group of fresh vegetables, tomatoes represent 24.75%, cucumbers 10.32% and peppers 6.97% of production (see Figure 9).

Figure 9: Structure of vegetable production (2018)



Source: INSTAT

The production of fruit trees increased considerably in 2018 - 274,343 t. That was an increase by 4.46% compared to 2017. The upward trend continued also in 2019.

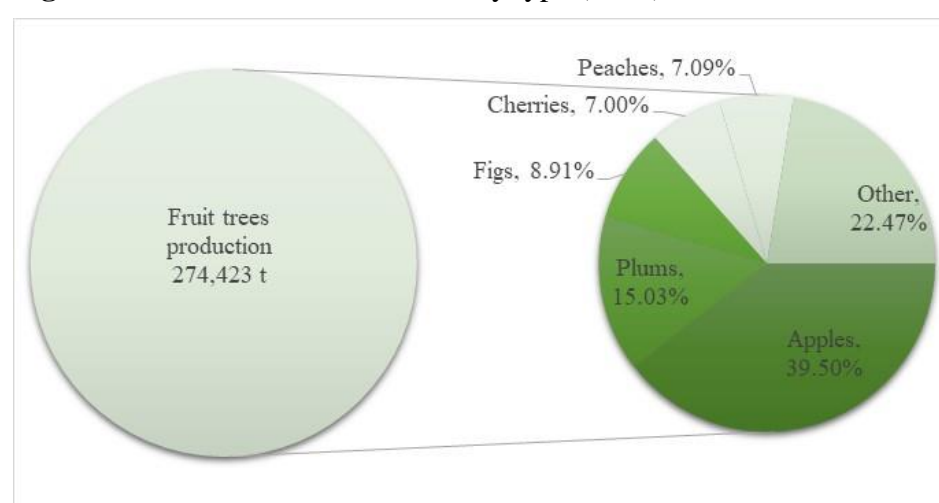
Table 8: Evolution of fruit trees cultivation and production in Albania 2010, 2014 – 2019

Fruit trees	2010	2014	2015	2016	2017	2018	2019
Total (000 trees)	10,189	12,254	12,405	12,594	13,130	13,393	13,822
In production (000 trees)	7,439	9,654	10,185	10,575	10,961	11,120	11,579
Yield (kg/tree)	22.6	22.8	24.1	24.8	24.0	24.7	23.7
Production (000 ton)	168	220	245	262	263	274	274

Source: INSTAT (2020)

In the production of fruit trees, apples occupy 39.50%, plums 15.03%, figs 8.91%, cherries 7.0% and peaches 7.09% of the total fruit production (see Figure 10).

Figure 10: Production of fruit trees by type (2019)



Source: Fruit and Vegetables Sector Study Report, May 2021

While the production of apple in Albania is relatively small compared to some countries of the region, like, Serbia, it is bigger than others, justified by a significant growth in last 10 years (see Table 9) – even compared to average increase of production amount in the EU.

Table 9: World production trends of apple (000 MT)²⁹

Country	2010	2014	2015	2016	2017	2018	2019
Albania	55	82	92	102	96	108	106
Montenegro	2	3	3	2	1	2	1
Serbia	240	336	432	400	379	460	500
North Macedonia	121	96	137	101	43	140	89
EU	10,548	13,098	12,799	12,633	10,085	13,850	12,045
World	71,192	85,485	82,556	84,744	83,000	86,142	87,236

Source: FAOSTAT (2020)

²⁹ Fruit and Vegetable Sector Study Report, May 2021

Another category of fruits for which Albania has been demonstrating a competitiveness is citrus. Increased cultivation and yields have also caused an increase in total quantities of citrus produced, reaching 47 thousand t in 2019, which - compared to 2010 - is 3.5 times higher (see Table 10). Mandarin is the fastest growing and the dominant type of citrus, making up about 2/3 of citrus production in Albania, while oranges and lemon account for the rest of 1/3 (see Figure 11).

Table 10: Evolution of citrus production in Albania

Citrus trees	2010	2014	2015	2016	2017	2018	2019
Total (000 trees)	763	1,200	1,282	1,354	1,394	1,454	1,521
In production (000 trees)	530	859	951	1,044	1,109	1,154	1,265
Yield (kg/tree)	25.2	24.4	31.5	38.0	37.0	39.4	37.1
Production (000 tons)	13.4	21	30	40	41	45	47

Source: INSTAT (2020)

Figure 11: Production of citrus by type in 2019 (%)



Source: INSTAT (2020)

The vegetable sector - although having a less important share in terms of area coverage - is a large contributor to farm income. The sector continues to experience a highly positive trend in terms of production, reaching 1,166,000 tonnes in 2018. As a result of the shift into more intensive production – increase of greenhouse area,- productivity per ha has almost doubled (20.6 t/ha in 2015 to 36.8 t/ha in 2018). Positive trends are reported also in terms of production quantities for potato, but not as dynamic as in the case of vegetables (see Table 11).

There has been an improved performance of the vegetable sector, especially in the case of greenhouse vegetables. The greenhouse sector is dominated by unheated (solar) greenhouses, most of which are simple plastic greenhouses. The main greenhouse vegetable product is tomato, followed by cucumbers. Typically, greenhouse vegetables are planted and harvested twice a year, often following a rotation pattern. All the main greenhouse vegetables show a marked growth in production since 2014, particularly, tomatoes (see Table 11). Most tomato and

cucumber production takes place in greenhouses, while exports of such products are almost exclusively relying on greenhouse production. Fruit and vegetable processing industry is quite weak and is made by 20+ enterprises and several informal semi-industrial workshops. The development of this industry has been hampered by the difficulties in ensuring adequate flows of raw material, although the situation appears to have improved over the last years, regarding this aspect. Few enterprises (Sidnej, Sejega, Zdravo etc) are much larger than the others.

Table 11: Yields of vegetables (100 kg/Ha)

Description	2017	2018	2019	2020
Patatoes	251.1	261.7	256.5	262.7
Beans	16.3	18.4	18.3	19.3
Tomatoes	447.0	438.2	449.8	456.5
Cucumbers	470.1	467.2	477.1	455.0
Peppers	263.5	274.7	278.5	306.0
Melons	214.0	267.7	271.0	291.3
Watermelons	440.0	421.6	447.0	456.2
Dried onions	206.0	202.6	208.9	201.5

Source: INSTAT/MARD (2020)

Medicinal and aromatic plants (MAPs)

Medicinal and aromatic plants are significant contributor to the export of the country, having a positive trade balance. Eurostat data show that the ratio between exports and imports in 2019 was 2248% and 2251%, respectively, in value (EUR) and volume (Mt) (2020). During 2019, the country exported 33.328 million EUR of semi-processed and unprocessed MAP and imported only 1.482 million EUR (see Table 12). Similarly, the trade balance for essential oil production is positive. The ratio between exports and imports is 3849% and 696%, respectively, in value (EUR) and volume (Mt). In 2019, Albania exported 4.584 million EUR compared to just 119 thousand EUR of imports (Eurostat, 2020) (see Table 13).

Table 12: MAP International Trade of plants and part of plants - export and import³⁰

Year	Export			Import			Export/import	
	(000 EUR)	Ton	Price	(000 EUR)	Ton	Price	(000 EUR)	Ton
2010	10,169	5,380	1.89	144	35	4.17	7,047%	15,550%
2014	21,024	9,429	2.23	851	421	2.02	2,471%	2,239%
2015	26,542	12,457	2.13	898	463	1.94	2,957%	2,693%
2016	26,555	12,789	2.08	825	368	2.24	3,219%	3,477%
2017	24,189	11,875	2.04	1,209	592	2.04	2,001%	2,005%
2018	29,873	12,250	2.44	1,100	422	2.61	2,717%	2,903%
2019	33,328	11,671	2.86	1,482	518	2.86	2,248%	2,251%

Source: EUROSTAT (2020)

Table 13: Albanian International trade of Essential oils (HS code 3301)³¹

Year	Export			Import			Export/import	
	(000 EUR)	Ton	Price	(000 EUR)	Ton	Price	(000 EUR)	Ton
2010	389	4	91.03	27	3	9.35	1450%	149%
2014	245	4	67.98	59	7	8.26	413%	50%
2015	196	2	123.27	100	8	12.72	196%	20%
2016	701	6	110.06	118	7	17.10	596%	93%
2017	2,075	11	185.76	89	6	15.37	2341%	194%
2018	4,723	57	83.11	105	8	13.23	4509%	718%
2019	4,584	34	133.05	119	5	24.04	3849%	696%

Source: EUROSTAT (2020)

Albanian farmers and harvesters cultivate and collect various products, including flowers, leaves, fruit, herbs, bark, and roots. The collection and cultivation of MAPs for the productions of essential oils has considerably increased in the last years. Laurel leaves, immortelle, sage, and juniper berries are the main MAPs from which essential oil is extracted (see Table 14).

Table 14: Main MAPs used for essential oil production

No	Name in Albanian	Name in Latin	Name in English	Wild-grown (W)/ cultivated (C)/ both (B)
1	Livande	Oleum Lavandula Angustifolia	Lavender Flowers	C
2	Makthi (Helikrisum)	Oleum Helichrysi	Immortelle	C
3	Sherebela	Folia Salvia Officinalis	Sage Leaves	B
4	Rozmarina	Folia Rosmarinus Officinalis	Rosemary Leaves	C

³⁰ "Medicinal and Aromatic Plants Sector Study Report", May 2021

³¹ "Medicinal and Aromatic Plants Sector Study Report", May 2021

No	Name in Albanian	Name in Latin	Name in English	Wild-grown (W)/ cultivated (C)/ both (B)
5	Timusi	Folia Thymus Vulgaris	Wild Thyme	B
6	Rigon i zakonshem	Folia Oreganum Vulgaris	Oregano Leaves	C
7	Dafina	Folia Laurus Nobilis	Bay Laurel Leaves	C
8	Barpezmimijëfletësh	Achillaea millefolium	Common yarrow	W
9	Dellinje e zeze	Fructus Juniperi communis	Juniper Berries	W

Source: "Medicinal and Aromatic Plants Sector Study", May 2021

Collecting wild MAPs is a crucial activity and source of revenue for many rural families. However, during the last decade, there has been a shift from wild-grown MAP to cultivated ones, especially in the organic sub-sector; even though the evidence is only anecdotal, there are plenty of indications that confirm such a trend. For example, Wita Herbs Ltd, a certified organic exporting firm in the Korca region, in just four years has switched from almost exclusively wild-grown products to only 40% of the total volume of produce being wild-grown. For example, a significant volume of important MAPs sage and thyme is cultivated. Other important MAPs - such as immortelle and lavender - are grown too. Despite this increase in the ratio of cultivated MAP, wild-grown MAP is still essential for the industry. Representatives of exporting companies and extension services identify the following causes for such wild grown MAP decrease: (i) depopulation of some mountainous areas; (ii) the over-exploitation of some MAPs in other, more populated areas; (iii) the lack of price differentiation for better quality, wild-grown MAPs; (iv) the expansion of cultivation for some essential products such as sage. However, in the most impoverished areas of the country, MAPs' collection remains an important activity, especially during summertime.

3.3. Environment and land management

Biodiversity

The mountainous relief, the different geological straits and tips of soil, and the overlapping of Central Europe with Mediterranean climate are the main factors for having an ecosystem diversity and biodiversity (around 3,250 plant species grow in Albania). Some of the 30% of the European plant species and 42% of the European mammals can be found in Albania. Albania's variety of wetlands, lagoons and large lakes also provide critical winter habitat for migratory birds. The Drini and Mati River Deltas (DMRD) are two of the three deltas on the northern Adriatic coast of Albania, covering a coastal area of 140 km².

Deforestation, soil erosion, uncontrolled land use, and pollution are rapidly destroying precious resources³². During the last 25 years, approximately 122 species of vertebrates (27 mammals, 89 birds, and 6 fish) and four species of plants have lost more than 50% of their population. Efforts are made to establish protected areas, where 6% of the country already has been assigned this status (see Table 15).

³² Environmental Performance Reviews Series No. 47

The main endangered types of ecosystems and habitats in Albania are littoral and coastal ecosystems, such as sand dunes, river deltas, alluvial forests, lagoons and coastal lakes is likely to be an increase in coastal erosion, particularly along the sandy coast of the Adriatic Sea, leading to further degradation of sand dunes and coastal wetlands, increased salinity, and reduction of fresh and brackish water habitats and species, including alluvial forests and dunes, river deltas, alluvial forests, lagoons and coastal lakes ³³.

Table 15: Protected areas

Categories of protected areas	Number (No)						Area (Ha)					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Strictly Nature Reserve	2	2	2	2	2	2	4,800	4,800	4,800	4,800	4,800	4,800
National Park	15	15	15	14	14	14	210,501	210,501	210,501	230,707	230,707	230,707
Natural Monument	750	750	750	750	725	725	3,470	3,470	3,470	3,470	3,470	3,470
Habitat/Species Management Area	24	24	24	25	25	25	144,685	144,685	144,685	169,275	169,275	169,275
Protected Landscape	5	5	5	6	6	6	95,864	95,864	95,864	97,334	97,334	97,334
Protected area with sustainable use of natural resources	4	4	4	4	4	4	18,245	18,245	18,245	18,245	18,245	18,245
Total	800	800	800	801	776	776	477,566	477,566	477,566	523,831	523,831	523,831

Source: INSTAT (2020)

The National Agency of Protected Areas (NAPA) was established in February 2015 to strengthen efforts on biodiversity conservation and management of the protected areas network. The Ministry of Agriculture and Rural Development (MARD) is the competent authority for Organic Agriculture (OA) in Albania. Within the MARD, with the approval of the new structure of MARD, it is established the Organic Production and Marketing Standards of Agricultural and Livestock Products Sector (OPMSALS). This sector is responsible for organic production issues. As reported above, the State Commission for Organic Production (SCOP) is in charge of the recognition of certification bodies and control of their activities, in cooperation with the OPMSAL sector in the MARD. The main actor for organic certification in Albania is the sole national control body “Albinspekt”, despite the presence of international control bodies.

Regarding research, the Institute of Organic Agriculture (IOA) in Durrës plays a major role, with some of the following activities: consultancy to farmers and other organic operators, sharing of research results, organization of training, plant disease forecasting, etc. Also, they are an important partner for the implementation of different projects, working in strong collaboration with different international and national institutions³⁴. Different organic associations are present in the country, the most important being “Association BioAdria”.

The present law lays down common rules concerning: i) all stages of production, processing, preparation and distribution of organic products and their control; and ii) the use of indications referring to organic production in labelling and advertising.

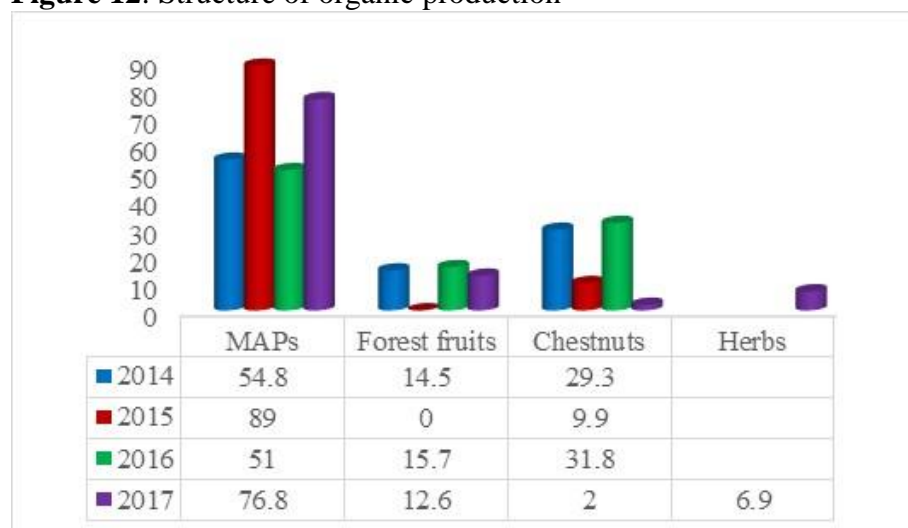
³³ <http://www.grida.no/enrin/biodiv/biodiv/national/albania/home.htm>

³⁴ MARD & Albinspekt (published by the Mediterranean Organic Agriculture Network – Report)

Organic production

The structure of organic production (see Figure 12) provides an evidence of significant increase of MAPs, whereas the other organic products like, forest fruits, chestnut, herbs, are in small quantities.

Figure 12: Structure of organic production



Source: *MARD*

The organic production has been increased by 41.2% compared to 2016, mainly the production of MAPs³⁵. This increase is due to the increase of number of organic operators 37%, mainly MAPs operators, under the control system. Organic forest and wild collection area are dominating the sector, with a total of 380 612 ha in 2017, while the cultivated land occupies a significantly smaller area (549 ha in 2017), with the cultivation of a narrow range of plant species. The total number of organic operators was 150 in 2017, from which 61 are producers, 53 processors and 36 exporters. Strawberries are the main cultivated organic arable crop in Albania with a total of 43 ha followed by herbs (39 ha), while a smaller portion of land (6 ha) is employed for fresh vegetable production. In the category of permanent crops, cultivated medicinal and aromatic plants (MAPs) are the first with 395 ha (representing almost 72 % of the total organic cultivated area), followed by olives (43 ha). The establishment of an efficient control system is one of the main challenges for the OA sector in Albania in order to ensure fair competition and to fulfil consumers' requirements for high-quality food products.

Soil

The monitoring of soil quality is the responsibility of the NEA, which has subcontracted the function to the Faculty of Agro-environment at the University of Agriculture, Tirana. Several indicators of soil quality (pH, N, P, K, Ca, Mg, organic matter, and heavy metals (Cd, Cr, Co, Ni, Pb, Zn)) are monitored at 30 fixed sites as described by the Consolidation of the Environmental Monitoring System in Albania (CEMSA) monitoring network. The monitoring programme is running on a three-year cycle collecting data on 10 sites per year.

Soil erosion is monitored at certain sampling stations in the field and calculations

³⁵ Report to the 10th European Union – Albania sub-committee meeting on agriculture and fisheries, Brussels, 6 December 2019

are made by the Faculty of Agro-environment, through its Forestry Department; however, the methodology used is not compatible with EU norms and standards. The Forestry Department carries out annual monitoring of erosion in forestry soils located in the Vjosa River Basin. Several indicators for land use are monitored by the Ministry of Agriculture and Rural Development as stipulated in DCM No. 1189 dated 18.11.2009 "On rules and procedures for drafting and implementation of the national environmental monitoring programme".

Soil erosion

Soil erosion in Albania remains a permanent threat to land stability. Although climate conditions, such as rainfall (amount, intensity and frequency) and temperature influence erosion processes, other anthropogenic factors, such as deforestation, forest fires, overgrazing, topography modifications and water management policy, have stronger impacts on land and soil.

The Albanian coastline is 427 km long of which 273 km is mainly composed of sedimentary beaches and 154 km is almost completely under erosion. Important causes for the erosion are the measures in the river systems (such as dam construction) that reduced the sediment input by rivers into the coastal zone. Some parts of the coast erode at rates of 0.3-20 m/year, even up to 30 m/year.

After 1990, some hard defence structures (seawalls and revetments) have been built to counteract beach erosion, but the erosion problem has not been solved yet³⁶.

Water

Six river catchments drain seven main rivers: the Drini, Mati, Ishmi, Erzeni, Shkumbini, Semani and Vjosa Rivers. Average total river discharges are estimated at between 39 billion m³/y and 42 billion m³/y, with 95 % being discharged into the Adriatic Sea and 5% into the Ionian Sea. Groundwater resources are estimated between 9 billion m³/y and 13 billion m³/y.

There are about 250 natural lakes. Three largest lakes are trans-boundary Lake Ohrid (estimated volume approximately 5 billion m³) and lake Shkoder (estimated volume approximately 2 billion m³). Around 626 reservoirs provide a designed capacity of 560 million m³³⁷.

Albania has access to the Adriatic and Ionian Seas in the west, with a coastline of 418 km. There are several lagoons along the coast, including Karavasta Lagoon and Butrint Lagoon. Fresh water sources constitute a major resource for Albania. The water resources in Albania are distributed, hydrographically, across six watershed basins, with main river systems flowing in a westerly or north-westerly direction across the country³⁸. The water supply for drinking purposes comes mainly from natural springs and underground water sources.

In 2016-2017, the Government of Albania launched an ambitious Water Sector Reform agenda, where local governments were required to further restructure and improve their water supply and sewerage operations in response to the new realities of TAR and the growing demand for services³⁹. The reduction in water resources would

³⁶ Climate change post. Latest updated August 21st, 2020.

³⁷ National Environment Agency, State of the Environment Report 2015 and 2016;

³⁸ The major river systems for the six watersheds, from north to south, are the following: Drini-Buna Rivers, Mati River, Ishem and Erzeni Rivers, Shkumbini River, Semani River, and the Vjosa River

³⁹ The World Bank ,Albania National Water Supply and Sanitation Sector Modernization Program (P170891)

also cause changes in the erosion of riverbeds, and modification of turbidity and sediment load, thereby threatening the quality of the water.

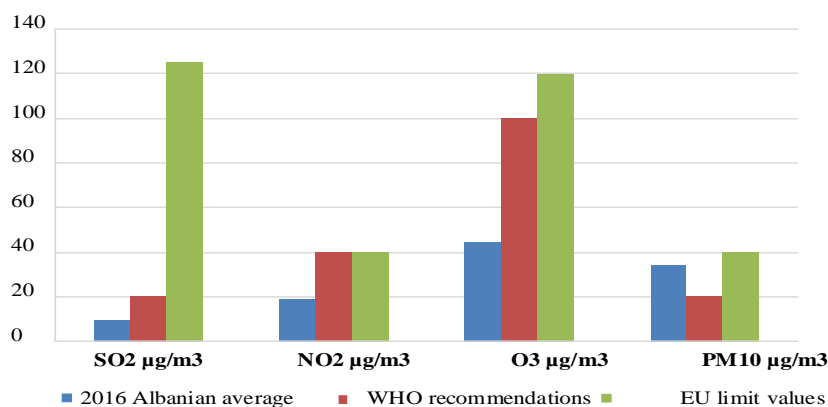
Irrigation is the major source of water in agriculture. The designed capacity of 626 reservoirs used for irrigation purposes is 560 million m³, but their actual water retention capacity has been reduced to approximately 290 million m³ due to erosion and alluvium. Furthermore, 410 of the 626 dams have significant technical damage that needs attention to ensure dam safety and availability of water for irrigation. Approximately 200,000 ha of irrigated area requires infrastructure rehabilitation, including, inter alia, silt removal from the irrigation canals and replacement of almost all pumping stations used for irrigation purposes.

Air quality

In Albania, air quality monitoring is performed by seven automatic air quality monitoring stations. Their number, however, should be increased to ensure better quality monitoring in the whole country⁴⁰. In addition, mobile stations monitor air quality over a period of two to three weeks during different seasons.

Considering the available data on concentrations of the main pollutants, air quality is rather good (see Figure 9). With average values taken into account for the whole country, there are no exceedances of the annual limit values compared with WHO recommendation, except PM.

Figure 13: Average concentrations of SO₂, NO₂, O₃ and PM₁₀ in Albania compared with WHO Recommendations of limit values and limit values set by the EU for those pollutants, 2016



Source: National Environment Agency, 2017

As for the other important pollutants, data show low levels of SO₂ concentrations in urban areas, where air quality monitoring is performed. Annual average values are below the critical levels for the protection of vegetation (20µg/m³).

As energy production is mostly based on hydropower, it has no negative impact on air quality in the country.

The Law on Protection of Air Quality No.162/2014 entered into force in December 2017. It provides for the designation of zones and agglomerations that are subject to air quality assessment in relation to certain pollutants. It requests the NEA to prepare annual reports on air quality assessment. The Law describes the system of air

⁴⁰ January 2019 Netherlands Court of Audit and the Supreme Audit Office of Poland

quality plans, which are the main vehicles for implementation of concrete measures to reduce emissions from stationary and mobile sources.

Climate change

The country is very vulnerable to *climate change* due to high exposure to extreme weather (drought, heat spell, flooding), high sensitivity (great reliance on hydropower, irrigation and large share of population living in low elevation coastal zones)⁴¹. Albania has ratified both the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol with the status of a Non-Annex 1 Party. In the International Climate Change talks Albania has associated with European Union positions and, within the restrictions of being a Non-Annex I party, committed to implement 'National Appropriate Mitigation Actions' -NAMAs.

Albania's contribution to the global greenhouse gas emissions is relatively low, estimated at an average of 9,4 million ton/year of CO₂ eqv. This is because over 95% of Albania's electricity is produced from hydro sources and high energy intensity industries are no longer operating. Transport, followed by agriculture and waste sector are the main polluters with significant contribution to the total greenhouse gas emissions for Albania.

In the future, Albania will be highly affected by climate change due to increasing temperatures, less precipitation and rising sea levels. In particular, the climate change will affect water resources, energy production, tourism, ecosystems, agriculture and coastal zone.

Drought in Albania is a natural phenomenon defined as sustained and extensive occurrence of below average water availability. It is also distinct from water scarcity, which constitutes an imbalance between water availability and demand. High temperatures are not a necessary component of drought conditions, dry winters can lead to water resources stress in the following summer. This mirrors Strategic Plan outcome and responds to the NSDI objective of sustainable growth and provides the framework for UNDP to support national realization of a broad range of Sustainable Development Goals⁴².

Agriculture: Negative impacts of climate change on crop yields have been more common than positive impacts. Impacts can result from changes of temperature, precipitation, hydrological systems (e.g. irrigation), soil quality, erosion, and extreme events.

The amount of GHGs emitted from agriculture decreased from 1,403.08 Gg of CO₂ eq. in 2005 to 130.86 Gg of CO₂ eq. in 2009. This was due to a reduction in the total number of animals during this period. Cattle were the main contributor of CH₄ emissions from enteric fermentations, followed by sheep. N₂O emissions were mainly produced from the application of nitric fertilizers. The emissions of CH₄ and N₂O as a result of burning agricultural residues are insignificant⁴³.

Renewable energy: Albania has available all energy sources that renew themselves within a short time or are permanently available - biomass, geothermal, hydropower, solar, and wind energy.

⁴¹ Third National Communication of Albania to the United Nations Framework Convention on Climate Change, 2009.

⁴² National Adaptation Planning (NAP) to Climate Change in Albania Framework for the Country Process, 26 April 2016

⁴³ UN Commission for Europe third Environmental Performance Review

Albania relies mostly on hydroelectric resources. The high share of hydropower (the river Drin generates about 90% of the electricity used by Albania's local industry and households) implies direct impacts of changes in the hydrological systems on energy production. Electricity production can vary from almost 6,000 GWh to less than half that amount in very dry years.

The climate change will likely have an adverse effect on hydropower production: by 2050, annual average electricity output from Albania's large hydropower plants could be reduced by about 15% and from small hydropower plants by around 20%.

As the climate in Albania is Mediterranean, it provides significant potential for solar energy production (Albania has about 2100–2700 hours of sunshine per year⁴⁴). Installation of solar panels was facilitated by the United Nations Development Program. In total, the program had a budget of \$2.75 million to support the installation of 75,000m² of solar panels. By 2010, 10,700m² of solar panels were installed and by 2014 the target had been met.

There is a good potential to develop renewable energy production by also using other renewable energy sources. Mountains and access to the sea provide good landscape for wind energy projects. As Albania has multiple natural wells, there is also potential for using geothermal energy.

The country has multiple sources to provide biomass from trees for production of the energy:

- Stem-wood biomass from hinging and final harvest (annual harvesting possibility). Residues from harvesting operations in the forest includes stem tops branches, foliage, stumps and roots that are left during stem-wood removal.
- Various industrial wood residues such as saw-dust.
- Artificial plantation of trees/forests for energy production with short-rotation. That includes chips from plantations of willow, poplar, eucalyptus planted on land area that was formerly used for agriculture or in bare lands.
- Biomass from trees grown outside forests, e.g. horticulture and road side tending.
- Recycled wood, e.g., wood from old, demolished buildings.

3.4. Rural economy and quality of life

In 2018 according to Income and Living Conditions Survey (EU-SILC), 23.4% of the population were at a risk of poverty threshold (percentage of individuals with incomes below 60% of the median equivalized income). Severe material deprivation (the percentage of population with an enforced lack of at least 4 out of 9 material deprivation items) is estimated at 38.3%, while GINI inequality index is 35.4%⁴⁵.

This data suggests significant issues with inequality and poverty in the country, which is particularly evident in rural areas due to disadvantaged infrastructure conditions, accompanied with a dysfunctional labour market, limited access to services, and poor business environment. For instance, GDP per capita in predominantly and significantly rural regions is 20 percentage points lower than the country average⁴⁶. Situation is expected to worsen in the future, considering substantial reduction in GDP growth by 19,5% in 2020 due to Covid pandemic⁴⁷, as well as a weakening of

⁴⁴ Renewable energy resources and energy efficiency in Albania

⁴⁵ Income and Living Conditions in Albania, INSTAT, published 16.12.2019.

⁴⁶ Albania Country Snapshot www.worldbank.org/albania

⁴⁷ According to International Monetary Fund (IMF, 2019)

safety nets (number of households' subject to Economic Aid in 2018 is 33% less than 2017 according to INSTAT).

Economic development in rural areas is characterized by high dependence in agriculture production. For instance, the labour force survey of 2018 indicates that 42.3% of women and 33.5% of men belonging to the 15-64 years old age group are mostly employed in the agriculture sector. The situation is much more diversified compared to 2013 where 53% of women and 37% of men were employed in agriculture (INSTAT, 2019). Agriculture is also the sector with the lowest gender pay gap in Albania (5% of 10% in average).

Roads are one of the highest value public assets. The overall length of Albania's road network is about 15,000 km, incl., 4,000 km of national roads and 11,000 km of regional, local, and urban roads. The Albania Road Authority is responsible for managing the national road network and the municipalities are responsible for managing the regional and local roads⁴⁸. About 50% of the regional and local network is categorized as being in poor or very poor condition. Some roads, e.g., in mountains, cannot be used part of the year, thus restricting access to essential public services of health and education, as well as to economic centers. The existing condition of regional and local road networks is not able to serve the emerging tourism industry⁴⁹ and hinders the development of the agricultural sector. Overall, these conditions facilitate migration from rural to rural areas and emigration abroad.

The *penetration* rate of fixed *broadband* has reached 10% in 2020 - the lowest in Western Balkans. It covers only 30% of all households, with a significant urban-rural division - 15% average in urban areas and 1% in rural areas. Taking into consideration increasing role of access to broadband in providing different public and private services in the EU and worldwide, low penetration rate of the broadband has a significant impact on reduced quality and amount of life and business quality, particularly, in rural areas.

Diversification activities in rural area can be divided in three categories, namely:

1. Services such as rural tourism, leisure activities, and other services in rural areas,
2. Processing (food and non-food):
 - a. On-farm processing and direct marketing of *food* products focusing on dairy, preserved fruits and vegetables, wine and raki, and other gourmet food.
 - b. Production and direct marketing of *non-food* products, including traditional crafts and artisanal added-value products.
 - c. Small-scale production and processing of non-typical products as secondary activities in the farm, including freshwater aquaculture, beekeeping, beekeeping, MAPs, Non-timber Forestry products (NTFP), and other gainful activities based on natural resources and amenities in the rural areas.
3. Farm income integration activities.

⁴⁸ The World Bank Regional and Local Roads Connectivity (P163239)

⁴⁹ Tourism is a significant contributor to the Albanian economy, with 8.4 percent of the total GDP in 2016, and is forecasted to rise to 10.8 percent by 2027. Its contribution to employment is also significant, directly supporting 85,500 jobs (7.7 percent of total employment) in 2016, and is estimated to grow to 120,000 jobs (10.1 percent of total employment) by 2025.

Rural tourism and agro-tourism

Overall, the number of international tourist arrivals in Albania increased by 74.4% in 2019 compared to 2014. Most tourists prefer coastal areas. However, the number of foreign and domestic tourists is also growing in some parts of eastern Albania.

Table 16: Arrivals of foreigners in Albania by purpose of travel

Description	2014	2015	2016	2017	2018	2019	2020
Arrivals of foreign citizens	3,672,591	4,131,242	4,735,511	5,117,700	5,926,803	6,406,038	2,657,818
I. Personal	3,624,422	4,089,105	4,676,762	5,049,173	5,839,626	6,304,845	2,542,494
1. Holidays, visit to relatives	3,415,550	3,900,646	4,516,492	4,865,841	5,639,818	6,094,889	2,458,530
2. Health treatment	1,503	1,554	663	634	276	658	353
3. Religious	2,543	1,600	1,034	601	778	794	326
4. Transit	204,826	185,305	158,573	182,097	198,754	208,504	83,285
II. Business and professional	48,169	42,137	58,749	68,527	87,177	101,193	115,324

Source: INSTAT

Albanian and foreign customers are usually attracted by the natural beauty and cuisine. Number of foreign visitors have an increased also in rural tourism and agritourism⁵⁰ activities have been also observed. There are more than 300 guesthouses and 100 agritourism operators in Albania⁵¹. At the same time, the number of farms that are providing accommodation services and other services related with accommodation is much higher. The Table 17 shows the growing number of agritourism operators and guesthouses. However, at the national legislation, only definition for certified agritourism operators is available, while actual number of operators is higher.

Table 17: Dynamics of new agritourism operators⁵²

Year	Agrotourism operators	Guesthouses
2014	12	13
2015	16	26
2016	12	18
2017	14	22
2018	43	34

Source: ATSH (2018)

Importance of rural tourism development was emphasised also by number of applications submitted under IPARD II Programme - 117 applications.

There are 20 certified agritourism units (as of October 2019⁵³), which received the certification in the last years and 12 preliminary certified agritourism units⁵⁴. The

⁵⁰ Agritourism and agrotourism are widely used as synonyms. Here we apply the term agritourism also in the cases when quoting reports or publications which use the other term.

⁵¹ AASF (2019) Technical study prepared for EBRD AASF

⁵² <https://ata.gov.al/2018/08/30/agroturizmi-2018-u-katerfishua-numri/>. Last accessed 9 April 2020

⁵³ <https://turizmi.gov.al/wp-content/uploads/2020/12/Lista-me-subjektete-e-certifikuara-te-agroturizmit.pdf>. Last accessed 17 November 2020

⁵⁴ <https://turizmi.gov.al/wp-content/uploads/2021/09/Lista-e-subjektete-me-Certifikaten-Parapake-te-Agroturizmit.pdf>

procedure of certification “Certified agritourism operator” is offered by Ministry of Tourism and Environment⁵⁵ in line with DCM 2018/22 "On the approval of the criteria for certification of agritourism activity".

On farm food processing

Rural areas of Albania have rich traditional cuisine with some local and regional specialities such as:

- dried fish in the Prespa region,
- raspberry jam in the villages near Prespa lake,
- dromka (homemade pasta),
- mulberry and plum raki (local alcoholic beverages) and
- different kinds of jam (apple, cherry and so on) in almost every area of the region.

Other dishes and products such as traditional pies, pickles, dried organic apple rings and plums exhibit good potential for growth and women’s involvement in the rural areas of Korça, Permet, Gjirokaster and Berat.

Short supply chains would facilitate the commercialization of gourmet products but in many cases these products lack appropriate packaging. Additionally, produced volumes are rather low - affecting the cost-effectiveness of traditional distribution mechanisms.

Geographic indication status is still not widespread in the country. An application to obtain a Geographic Indication for the products (milk and meat) produced from Has Goat breed was submitted by the farmers of Hasi (Association of goat breeders of Hasi region)⁵⁶. In the same region, Novosej meat salami from veal is produced.

On farm non-food processing

The most known handicrafts in Albania are works in wood, iron, copper, and precious materials like gold, silver, leather, wool, etc.

According the MARD (2021) survey, the production of handicrafts (carpets, embroidery, pottery, woodcraft, stone, etc.) is mostly concentrated in the main tourism areas of Albania such as Shkoder, Gjirokaster, Korce, and Durres. In Lezhe, it became a major reason for promotion of tourism. In cities like Kruja and Shkodra, a diversity of crafts with high utilitarian and aesthetic level is distinguished.

A previously solid handicraft tradition in rural areas has been very much lost. As a result, in rural houses and farm tourism places, there are just few or no original handicraft pieces that would greatly enhance the attractiveness of the place and make it different from the traditional houses in the cities.

Wider offer of craft sector in rural tourism areas would contribute to increase the attractiveness of the place and increase its added value. However, this approach is used only in some areas, like, for example, Zadrime.⁵⁷

⁵⁵<http://www.mjedisi.gov.al/procedurat-e-aplikimit-dhe-te-vleresimit-per-pajisjen-me-certifikate-subjekt-i-certifikuar-agroturizmi/>, Last accessed 11 April 2020

⁵⁶ The initiative was developed within the framework of the project Biodiv Balkans project. The project aimed at identifying and protect agrobiodiversity through market mechanisms, as a driver for a sustainable agricultural development in Albanian mountainous regions.

⁵⁷ Diversification Study Report, May 2021

While Table 18 is related to the export of all handicraft products from Albania, not only rural artisanal production, data shows significant decrease (almost by 50%) in the amount of export in 2019 compared to 2014 due to decreasing number of producers and lack of competitive production.

Table 18: Export of handicraft from Albania to the world in 000 EUR

	2014	2015	2016	2017	2018	2019
Total	4,948	2,081	2,136	2,269	2,878	2,614

Source: INSTAT (2020).

Beekeeping products

Beekeeping sector witnessed a gradual expansion from 2012 till 2016 (+25% in number of beehives), while there was slight decrease in number of beehives up until 2018, the figure is increasing again in 2019. It is important to note that – despite decreasing number of beehives – production of honey remained at the same level – 4 thousand t (see Table 19).

Table 19: Beekeeping production dynamics

Description	2012	2013	2014	2015	2016	2017	2018	2019
Honey (000/tons)	3	3	3	3	4	4	4	4
Beehives (000)	239	246	261	271	303	290	285	288

Source: MARD

The total support received through national schemes exceeded 3 million Euro during 2012-2019, with an average of approximately 280,000 EUR per year. However, the sector has a low international competitiveness linked to the gradual depopulation of rural and mountain areas, where the core of beekeeping production is traditionally based. A close correlation between the evolution of beehives number and small ruminants' heads (in particular, goats) has been empirically noticed, but with the available data it is not possible to state that a clear correlation between beekeeping and small ruminants' pastoralism do exist (i.e. that beekeeping is one of the forms of small ruminants' breeders' diversification).

The weakness of the sub-sector is particularly worrying, when considering that EU market outlook remains positive, even if prices are declining.

Aquaculture

Currently, fishing and aquaculture are significant activities which have significant potential for development in the future. Trout farming is concentrated in the south of Albania. There are around 60 operators, usually small and medium-scale enterprises. Trout farms produce an estimated total of 676 tonnes of rainbow trout. Most of them try to hold down costs through natural reproduction of fish. It has integrated rural and natural tourism with trout cultivation and some other farm activities. Trout cultivated in these farms are sold to tourists. There is also a tradition for processing fish, such as drying it, which is not very widespread but still represents an interest in some areas.

In the framework of diversification activities, aquaculture represents an interesting alternative considering different options..

Non-Timber Forestry Products – NTFP

Definition and limits of the sub-sector

NTFP related to diversification activities include wild MAPs, wild mushrooms, a range of wild berries and some edible nuts (chestnuts and walnuts). NTFP collection is a key component of pastoral (animal grazing) systems. The economics of traditional small ruminants breeding system in Albania, especially in mountain areas, is inherently related to NTFP collection: whilst the main activity remains breeding, a sizeable share of family income comes from wild MAPs collection (for sale to local wholesalers) and edible nuts collection (for self-consumption and sale). The collection of other NTFP is more localized and related to specific market opportunities (like mushroom), traditions (bilberries in North-Eastern Albania). Specialised value chain operators whose main activity is NTFP do exist (farms producing edible nuts, specialized NTFP wholesalers and processors). However, many of them should be properly classified in the appropriate sector (forestry, Fruit&Vegetables processing, MAPs, etc.).

3.5. Preparation and implementation of Local Development Strategies - LEADER

The promotion and implementation of Leader-type initiatives in Albania has started since the beginning of the 2000s, thanks to the support of various donor programs. Leader-type Local Action Groups (LAGs) were considered and used as instruments for sustainable rural development with a focus on poverty alleviation, environmental protection, gender equality and private sector development, although often these programs were often implemented in rural and remote areas. This approach led to the establishment of Local Action Groups, which implemented projects in their territory in line with local development strategies. Some of the most important programs in this regard are as follows:

Oxfam, through the local organization QuoDev, has supported the creation of 3 LAGs: LAG Drini-Dibër (in the northeast of Albania); LAG Maranaj-Shkodër (in the northwest of Albania) and LAG AdriJon Vlora (southwest of Albania), in order to strengthen the role of women in rural areas in setting local development priorities and stimulating the economic growth of the territory. Currently these structures are inactive.

While the support of SNV was focused on the establishment of the LAG “Bjeshkët e Nëmuna” with the aim of protecting the environment and sustainable rural development. In recent years, this LAG was supported by the CABRA project implemented by GiZ Albania, in order to renew the partnership and strategy to meet the updated criteria of LAGs. The LAG is functional and active in the area.

The LAGs set up in the framework of cross-border cooperation were supported through the project "Environment for People in the Dinaric Arc", which supported the establishment of LAGs and the signing of the Memorandum of Understanding between the LAGs of Albania and Montenegro, regarding cooperation in environmental protection, tourism, recreation and sustainable development in the territories of the two border communities in Bjeshkët e Namuna/Prokletije Mountains.

The interest of various stakeholders to use the Leader approach and LAGs as development tools for various thematic rural development issues has been increasing

in recent years (2014-2020). LAG "Dibra Turistike" formed with the support of the cross-border program Albania-Macedonia by the Albanian Foundation for Local Capacity Development (ALCDF) aims at the integrated development of tourism in the communities of the Deshat-Korab range. LAG "Dibra Turistike" is active and implements local projects and initiatives to promote tourism in the area of Dibra.

At the end of 2015, fourteen civil society organizations established the Albanian Rural Development Network (ANRD) crowning the efforts of many actors over the years in this regard. With the mission to implement the LEADER approach in Albania, ANRD has made efforts to introduce the LEADER approach, to increase the knowledge and capacities of various stakeholders, including CSOs, local government and other public institutions and private enterprise, as well as fostering local partnerships. Information sessions, trainings and workshops, roundtables to map the experiences of the Leader approach and networking activities within the country, in the region and at European level have been part of the activities undertaken and supported by ANRD from the beginning. In 2021, ANRD consists of twenty eight CSOs, which are part of the ANRD's efforts to advocate and lobby for effective rural policies which are closer to rural communities' residents, designed with the participation of local communities, understood and implemented with people on the ground.

Also, ANRD has undertaken and organized two Albanian Rural Parliament (ARP) - a nationwide platform, comprehensive, bottom-up approach to bring together rural development actors to discuss and agree on rural agenda. ARP I (2017) was focused on accelerating the reform processes in the rural development of the country in the approximation with the EU policy of Community-led Local Development (CLLD). ARP II (2021) was organized in response to the current challenges of agricultural and rural development in Albania. This ARP brought together, both physically and remotely, people from rural areas as well as important actors of agricultural and rural development to discuss the challenges and actions which they can take to serve the well-being of rural people.

For this purpose, ARP offered a space for dialogue, cooperation, exchange and discussion of critical issues of rural development as well as draw recommendations on development and revitalization of the life and economy of rural communities.

The Green Vision Network in Vlora, aims to create a LAG in the Vlora River valley, while the Albanian Alps Alliance since 2015 promotes the Leader approach to the sustainable development of the Albanian Alps. Future plans are related to the creation of the LAG "Jezerca". The other organization, TAULEDA in Durrës, has shown leadership in animating public and private actors for the creation of the LAG in the Ishmi area.

3.6. Table of context indicators⁵⁸

	Indicator	Unit	Value	Year	Comments/ Source
Population					
1	Population numbers				
	1. Total population	Inhabitants	2,829,741	2020	INSTAT/Population 1 January 2021
	2. Share of total population by type of region				
	predominantly rural (PR)	% of total	43.3%	2020	Population on 1 January 2021
	intermediate (IR)	% of total	24.4%	2020	Population on 1 January 2021
	predominantly urban (PU)	% of total	32.2%	2020	Population on 1 January 2021
	3. Share of total population by sex				
	female (F)	% of total	50.2	2020	INSTAT/Population 1 January 2021
male (M)	% of total	49.8	2020	INSTAT/Population 1 January 2021	
2	Population density				
	1. Population density	Inhab/sq.km	98.4	2020	INSTAT/Population 1 January 2021
3	Age structure of the population				
	1. Share of total population by broad age groups (less than 15 years / from 15 to 64 years / 65 years or over)				
	total < 15 years	% of total population	16.8%	2020	INSTAT
	total 15 - 64 years	% of total population	68.4%	2020	INSTAT
	total > 64 years	% of total population	14.8%	2020	INSTAT
	2. Share of population by sex by broad age groups (less than 15 years / from 15 to 64 years / 65 years or over)				
	male < 15 years	% of population of the same age group and sex	51.1	2020	INSTAT
	female < 15 years		48.9	2020	INSTAT
	male 15 - 64 years		49.9	2020	INSTAT
	female 15 - 64 years		50.1	2020	INSTAT
	male > 64 years		48.0	2020	INSTAT
	female > 64 years		52.0	2020	INSTAT
Total Area					
4	Total area (including inland waters)				
	total	sq. km	28,748	2020	INSTAT
	predominantly rural (PR)	% of total area			No data
	intermediate (IR)	% of total area			No data
	predominantly urban (PU)	% of total area			No data

⁵⁸ Indicators with missing or old values (e.g., 2012) will be addressed by MARD and responsible national authorities during the programming period in the context of updating data collection and preparation for accession into the EU

	Indicator	Unit	Value	Year	Comments/ Source
5	Land cover				
	1. Artificial surface	% of total area	10	2012	Ministry of Environment
	2. Agricultural areas	% of total area	24.2	2012	Arable land and permanent crops
	3. Natural grassland	% of total area	17.6	2012	Permanent
	4. Forest including transitional woodland-shrub	% of total area	36.2	2012	Total wooded area
	5. Wetlands and water bodies	% of total area			No data
Labour Market					
6	Employment rate in rural areas				
	1. Total employment rate and by age groups				
	total (15-64 years)	% of total population of age 15 to 64 years	60.6%	2020	INSTAT(Labour Force Surveys (LFS))
	total (15 – 29 years)		41.2%	2020	INSTAT(Labour Force Surveys (LFS))
	total (30-64 years)		70.7%	2020	INSTAT(Labour Force Surveys (LFS))
	total 15+		52.5%	2020	INSTAT(Labour Force Surveys (LFS))
	2. Total employment rate by sex and by age groups				
	male (15-64 years)	% of population of the same age group and sex	67.8%	2020	INSTAT(Labour Force Surveys (LFS))
	male(15 – 29 years)		46.9%	2020	INSTAT(Labour Force Surveys (LFS))
	male (30-64 years)		78.9%	2020	INSTAT(Labour Force Surveys (LFS))
	male15+		59.2%	2020	INSTAT(Labour Force Surveys (LFS))
	total female (15-64 years)		53.6%	2020	INSTAT(Labour Force Surveys (LFS))
	female(15 – 29 years)		35.3%	2020	INSTAT(Labour Force Surveys (LFS))
	female (30-64 years)		62.8%	2020	INSTAT(Labour Force Surveys (LFS))
	female15+		46.1%	2020	INSTAT(Labour Force Surveys (LFS))
	3. Total employment rate by age groups in rural areas				
	total (15-64 years)	% of total population of			No data
	total (15 – 29 years)				No data

	Indicator	Unit	Value	Year	Comments/ Source
	total (30-64 years)	age 15 to 64 years			No data
	total 15+				No data
7	Unemployment rate in rural areas				
	1. Total unemployment rate				
	total (15+ years)	% of total labour force participants	11.7%	2020	INSTAT(Labour Force Surveys (LFS)
	2. Youth unemployment rate				
	youth (15-29 years)	% of total labour force participants	20.9%	2020	INSTAT(Labour Force Surveys (LFS)
	3. Total unemployment rate in rural areas				
	total (15+ years) rural areas				No data
	4. Youth unemployment rate in rural areas				
	youth (15-29 years) rural areas				No data
	5. Total unemployment rate by sex				
	male (15+ years)	% of total labour force participants	11.5%	2020	INSTAT(Labour Force Surveys (LFS)
	female (15+ years)		11.9	2020	INSTAT(Labour Force Surveys (LFS)
	6. Youth unemployment rate by sex				
	male (15-29 years)	% of total labour force participants	20.8%	2020	INSTAT(Labour Force Surveys (LFS)
	female (15-29 years)		21.1%	2020	INSTAT(Labour Force Surveys (LFS)
8	Employment: By sector; By type of region; By economic activity				
	1. Total employment and by sex				
	Total	1000 persons	1,243	2020	INSTAT(Labour Force Surveys (LFS)
	male	1000 persons	690	2020	INSTAT(Labour Force Surveys (LFS)
	female	1000 persons	553	2020	INSTAT(Labour Force Surveys (LFS)
	2. Share of total employment by sector (primary, secondary, tertiary) and by sex				
	agriculture	1000 persons	461	2019	INSTAT(Labour Force Surveys (LFS)
	industry	1000 persons	255	2019	INSTAT(Labour Force Surveys (LFS)
	services	1000 persons	550	2019	INSTAT(Labour Force Surveys (LFS)
	primary male				No data

	Indicator	Unit	Value	Year	Comments/ Source
	secondary male				No data
	tertiary male				No data
	primary female				No data
	secondary female				No data
	tertiary female				No data
	3. Share of total employment by type of region				
	predominantly rural	% of total employment	46.7%	2019	INSTAT(Labour Force Surveys (LFS))
	intermediate	% of total employment	25.2%	2019	INSTAT(Labour Force Surveys (LFS))
	predominantly urban	% of total employment	28.1%	2019	INSTAT(Labour Force Surveys (LFS))
	4. Share of total employment by economic activity and by sex				
	agriculture	1000 persons	461	2019	INSTAT(Labour Force Surveys (LFS))
	forestry	1000 persons	36.4	2019	INSTAT(Labour Force Surveys (LFS))
	the food industry	1000 persons	460	2019	INSTAT(Labour Force Surveys (LFS))
	tourism	1000 persons	74	2019	INSTAT(Labour Force Surveys (LFS))
	agriculture male	1000 persons	227	2019	INSTAT(Labour Force Surveys (LFS))
		% of total male employment	32.3%	2019	INSTAT(Labour Force Surveys (LFS))
	forestry male				No data
	the food industry male				No data
	tourism male				No data
	agriculture female	1000 persons	234	2019	INSTAT(Labour Force Surveys (LFS))
		% of total female employment	41.6%	2019	INSTAT(Labour Force Surveys (LFS))
	forestry female				No data
	the food industry female				No data
	tourism female				No data
	Economy				
9	Gross Domestic Product per capita				
	Index of GDP expressed in PPS per inhabitant at national level	EUR/inhabitant	4,780.70	2019	PPS for 3 month
		PPS/inhabitant			
		Index PPS (Eu-28=100)	31	2019	Index of PPS Is expressed in(Eu-

	Indicator	Unit	Value	Year	Comments/ Source
					28=100)
10	Poverty rate				
	1. Total poverty rate				
	Poverty indicators	%	14.3	2012	INSTAT
	2. Poverty rate by region				
	Berat	%	12.3	2012	INSTAT
	Diber	%	12.7	2012	INSTAT
	Durres	%	16.5	2012	INSTAT
	Elbasan	%	11.3	2012	INSTAT
	Fier	%	17.1	2012	INSTAT
	Gjirokaster	%	10.6	2012	INSTAT
	Korçe	%	12.4	2012	INSTAT
	Kukes	%	22.5	2012	INSTAT
	Lezhe	%	18.4	2012	INSTAT
	Shkoder	%	15.5	2012	INSTAT
	Tirane	%	13.9	2012	INSTAT
	Vlore	%	11.1	2012	INSTAT
	3. Poverty rate by sex (at nation level only)				
male				No data	
female				No data	
11	Gross value added				
	Total GVA				
	Total GVA	EUR million	12,023	2019	INSTAT
	By sector				
	GVA by sector (primary, secondary, tertiary), total and share of total GVA				
	primary	EUR million			No data
	secondary	EUR million			No data
	tertiary	EUR million			No data
	primary	% of total			No data
	secondary	% of total			No data
	tertiary	% of total			No data
	In agriculture				
	GVA in agriculture	EUR million	2,530	2019	INSTAT/Agriculture, forestry and fisheries
	GVA for primary producers				
	Total				No data
	Share of primary production (agriculture)				No data
	Farms and farmers				
12	Agriculture holdings (farms)				
	1. Number of agriculture holdings				
	Total agriculture holdings	1000 holdings	321,462	2012	Agriculture Census/INSTAT
	2. Agriculture size of the holdings - in utilised agricultural area (UAA) size classes				
	Farm size < 2 ha	1000 holdings	291,584	2012	Agriculture Census/INSTAT
		% of total	99.07	2012	Agriculture Census/INSTAT
	Farm size 2 ha and above	1000 holdings	29,908	2012	Agriculture Census/INSTAT

	Indicator	Unit	Value	Year	Comments/ Source
		% of total	9.3	2012	Agriculture Census/INSTAT
	3. Economic size of the holdings - in standard output (SO) classes				
					No data
	4. Average size of the holdings				
	Average size	ha UAA/holding	1.04	2012	Agriculture Census/INSTAT
	5. Labour force - in persons and in annual work units (AWU), total and by sex				
	total	1000 persons			No data
	male	1000 persons			No data
	female	1000 persons			No data
	total	AWU			No data
	male	AWU			No data
	female	AWU			No data
13	Farm labour force				
	1. Farm regular labour force				
	total regular farm labour force	1000 persons or 1000 AWU	694.3	2012	Agriculture Census/INSTAT
	male regular farm labour force	1000 persons or 1000 AWU	381.5	2012	Agriculture Census/INSTAT
		% of total	55%	2012	Agriculture Census/INSTAT
	female regular farm labour force	1000 persons or 1000 AWU	313	2012	Agriculture Census/INSTAT
		% of total	45%	2012	Agriculture Census/INSTAT
	sole holders working in the farm	1000 persons or 1000 AWU	321	2012	Agriculture Census/INSTAT
		% of total regular labour force	46%	2012	Agriculture Census/INSTAT
	- members of the sole holder's family working in the farm	1000 persons or 1000 AWU	364	2012	Agriculture Census/INSTAT
		% of total regular labour force	52%	2012	Agriculture Census/INSTAT
	family labour force	1000 persons or 1000 AWU	685	2012	Agriculture Census/INSTAT
		% of total regular labour force	99%	2012	Agriculture Census/INSTAT
	non-family labour force	1000 persons or 1000 AWU	98	2012	Agriculture Census/INSTAT
		% of total regular labour force	14%	2012	Agriculture Census/INSTAT
	1. Non-regular labour force				
	non-regular labour force	1000 persons or 1000 AWU	89	2012	Agriculture Census/INSTAT
14	Age structures of managers				
	1. Total number of farm managers				
	Total number of farm managers	1000 persons	321.5	2012	Agriculture

	Indicator	Unit	Value	Year	Comments/ Source
					Census/INSTAT
	2. Number and share of farm managers by age group				
	35 years or less	1000 persons	21	2012	Agriculture Census/INSTAT
		% of total	6.4%	2012	Agriculture Census/INSTAT
	35-55 years	1000 persons	152.5	2012	Agriculture Census/INSTAT
		% of total	47.4%	2012	Agriculture Census/INSTAT
	55 years or more	1000 persons	148.5	2012	Agriculture Census/INSTAT
		% of total	46.2%	2012	Agriculture Census/INSTAT
	3. Ratio between young farm managers and farm managers of 55 years or older				
	ratio <35 y / >= 55 y		13.8%	2012	Agriculture Census/INSTAT
15	Agricultural training of farm managers				
	1. Number and share of farm managers by level of agricultural training				
	total number of farm managers	1000 persons	321.5	2012	Agriculture Census/INSTAT
	total with basic training	1000 persons			No data
		% of total			
	total with practical experience only	1000 persons			No data
		% of total			
	total with full agricultural training	1000 persons			No data
		% of total			
	2. Number and share of farm managers by age group and by level of agricultural training				
	number of farm managers - 35 years or less	1000 persons	21	2012	Agriculture Census/INSTAT
	35 years or less with basic training	1000 persons			No data
		% of age group			
	35 years or less with practical experience only	1000 persons			No data
		% of age group			
	35 years or less with full agricultural training	1000 persons			No data
		% of age group			
	number of farm managers - 35-55 years	1000 persons	152.5	2012	Agriculture Census/INSTAT
	35-55 years with basic training	1000 persons			No data
		% of age group			
	35-55 years with practical experience only	1000 persons			No data
		% of age group			
	35-55 years with full agricultural training	1000 persons			No data
		% of age group			
	number of farm managers - 55 years or more	1000 persons	148.5	2012	Agriculture Census/INSTAT
	55 years or more with basic training	1000 persons			No data
		% of age group			
	55 years or more with practical experience only	1000 persons			No data
		% of age group			
	55 years or more with full agricultural training	1000 persons			No data
		% of age group			

	Indicator	Unit	Value	Year	Comments/ Source
16	New farm managers and new young farm managers				
	1. Number of new farm managers				
	total number of new farm managers	1000 persons			No data
	2. Number of new young farm managers				
	total number of new young farm managers	1000 persons			No data
	3. Economic size of the holdings - in standard output (SO) classes				
					No data
				No data	
				No data	
Agricultural land					
17	Utilised agricultural area				
	1. Total utilised agricultural area (UAA)				
	Total UAA	ha	1,174,081	2018	MARD
	2. Total and share of UAA by categories of land cover				
	Arable land	ha	611,346	2018	MARD
		% of total UAA	52.07%	2018	MARD
	permanent grassland	ha	478,084	2018	MARD
		% of total UAA	40.72%	2018	MARD
	permanent crops	ha	84,654	2018	MARD
		% of total UAA	7.21%	2018	MARD
	others	ha			No data
% of total UAA				No data	
18	Irrigable land				
	1. Total irrigable land				
	Total irrigated land	ha	175.926	2018	MARD
		% of total UAA	14,98	2018	MARD
Livestock					
19	Livestock units				
	1. Total number of livestock units	thousand livestock units	842	2019	INSTAT
	2. Total number and share of livestock units by species				
	• bovine	thousand livestock units	378	2019	INSTAT
		% of livestock units	44.9%	2019	INSTAT
	• ovine	thousand livestock units	259	2019	INSTAT
		% of livestock units	30.8%	2019	INSTAT
	• poultry	thousand livestock units	82	2019	INSTAT
		% of livestock units	9.7%	2019	INSTAT
	• swine	thousand livestock units	57	2019	INSTAT
		% of livestock units	6.8%	2019	INSTAT
20	Livestock density				
	Livestock density	number of	0.78	2018	MARD/INSTAT

	Indicator	Unit	Value	Year	Comments/ Source
		livestock units (LSU) per hectare of utilised agricultural area			
Agricultural and farm income					
21	Farm Income by type of farming, by region, by farm size				
	Farm net value added by type of farming				
					No data
					No data
					No data
					No data
	Farm net value added by region				
					No data
					No data
					No data
					No data
					No data
	Farm net value added by economic farm size				
					No data
					No data
	Farm income in Areas facing natural and other specific constraints				
					No data
				No data	
22	Gross fixed capital formation in agriculture				
	GFCF	EUR million	53.7	2018	INSTAT
	share of GVA in agriculture	% of GVA in agriculture	18.4%	2018	INSTAT
Agricultural productivity					
23	Labour productivity				
	GVA per person employed in agriculture	EUR/person			No data
	GVA agriculture	EUR			No data
	GVA per person employed in forestry	EUR/person			No data
	GVA in forestry	EUR			No data
	GVA per person employed in the food industry	EUR/person			No data
GVA in the food industry	EUR			No data	
Agricultural trade					
24	Agricultural imports and exports				
	1. Total agri-food trade value (imports+exports)	MlnEUR	1,212	2020	INSTAT
	2. Agri-food trade balance				
	total trade balance	MlnEUR	- 581	2020	INSTAT
	agricultural food and feed products	MlnEUR			No data
food preparations and beverages	MlnEUR			No data	

	Indicator	Unit	Value	Year	Comments/ Source
	non-edible	MlnEUR			No data
	3. Agri-food exports				
	total exports	MlnEUR	316	2020	INSTAT
	agricultural food and feed products	MlnEUR			No data
	food preparations and beverages	MlnEUR			No data
	non-edible	MlnEUR			No data
	4. Agri-food imports				
	total imports	MlnEUR	896	2020	INSTAT
	agricultural food and feed products	MlnEUR			No data
	food preparations and beverages	MlnEUR			No data
	non-edible	MlnEUR			No data
Other gainful activities					
25	Tourism infrastructure				
	1. Number of bed places in tourist accommodations	Number of bed-places	95,242	2020	INSTAT
	2. Share of total bed places by degree of urbanisation				
	Densely-populated area (cities/large urban area)	% of total Number of bed-places			No data
	Intermediate urbanised area (towns and suburbs/small urban area)	% of total Number of bed-places			No data
	Thinly populated area (rural area)	% of total Number of bed-places			No data
Farming practices					
26	Agricultural area under organic farming				
	certified	ha	528.45	2019	INSTAT
	in conversion	ha	93.71	2019	INSTAT
	certified plus in conversion	% of total UAA	0.09`	2019	INSTAT
Water					
27	Water use in agriculture				
	Water use in agriculture				No data
28	Water quality				
	1. Gross Nutrient Balance (4 year average): 1.a) Potential surplus of nitrogen (GNS) on agricultural land 1.b) Potential surplus of phosphorus on agricultural land				No data
	2. Nitrates in freshwater 2.a) Groundwater 2.b) Surface water	% of monitoring sites in 3 water quality classes	Moderate quality water class	2013	http://www.akm.gov.al/
Soil					
29	Soil organic carbon in agricultural land				
	1. Organic carbon content in soils on agricultural land				No data
	total organic carbon content in soils on agricultural land				No data
	arable land				No data

	Indicator	Unit	Value	Year	Comments/ Source
	grassland				No data
	2. Mean organic carbon content in soils on agricultural land				No data
					No data
30	Soil erosion by water				
	rate of soil loss by water erosion	tonnes/ha/year	9.51	2013	http://www.akm.gov.al/
	agricultural area affected by moderate to severe water erosion (>11 t/ha/yr)	ha			No data
		% of agricultural area			No data
	arable and permanent crop area affected	ha			No data
		% of agricultural area			No data
	permanent meadows and pasture affected	ha			No data
		% of agricultural area			No data
Energy					
31	Sustainable production of renewable Energy from agriculture and forestry				
	from agriculture biomass	kToe			No data
		% of total production of renewable energy			No data
	from forestry biomass	kToe	160	2019	INSTAT
		% of total production of renewable energy	9%	2019	INSTAT
	from agriculture and forestry	kToe			No data
	combined production from agriculture and forestry biomass	% of total production of renewable energy			No data
Climate					
32	Greenhouse gas emissions				
	from agriculture				No data
Air					
33	Ammonia emissions				
	from agriculture				No data
Health					
34	Antimicrobials in food producing animals				
	sales				No data
	use				No data
35	Risk, use and impacts of pesticides				
					No data
Modernisation					

	Indicator	Unit	Value	Year	Comments/ Source
36	Knowledge sharing and innovation				
	Share of IPARD budget	% of total IPARD budget			No data

4. SWOT – SUMMARY OF THE ANALYSES ABOVE

4.1. Agriculture, forestry and food industry, (Annex 8 are separate table for each sector selected for support)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Traditions to produce several local products of relevance for the domestic and the international market, in particularly in the sectors of fruits and vegetables, wine and MAPs, shepherding, pigs breeding etc. Close relations and loyalty between the producers and the domestic market and emerging category of market-oriented farmers interested in quality and standards • Favourable natural conditions for some sectors, such as (greenhouse) vegetables, olives, and citrus trees. • Business entrepreneurs developing modern cultivation and processing units taking advantage of new technology and knowledge may pave the way for an increased formalization of the sector with the help of the good examples and demonstration of feasibility of modern formal production. • Low level of GHG and ammonia emissions (due to reduced livestock), afforestation and agro-forestry systems are widely recognised as important for carbon sequestration, soil conservation and biodiversity protection (though, afforestation of grasslands should be avoided), rich freshwater resources, high biodiversity and fabulous landscapes. • Diversification of farm income and rural business development; Relatively small investments needed to start-up on-farm and artisanal food production incl. direct selling points, widespread skills and experiences in artisanal preparation of traditional food such as jams, wine, raki, <i>jufka</i>, <i>gliko</i>, <i>gjize</i>, <i>pasterma</i>, collection of wild MAPs and other NTFP are important income sources for family farms in mountainous regions. • Public rural infrastructure: 99% mobile 	<ul style="list-style-type: none"> • The sector is characterised with small scale and fragmented production. The typical producer has a low level of technology and equipment, low quality of buildings and storage facilities, low level of knowledge of all relevant topics in modern agriculture and processing among many farmers and processors, low-quality of plant varieties and breeds. This is in particularly the situation among the small-scale farmers and processors. The weak AKIS (agriculture knowledge and information system) is making it difficult for small scale farmers and operators to achieve the relevant and most appropriate knowledge. • Weak infrastructure and equipment for irrigation and drainage system, weak implemented public, animal and plant health standards, as well environmental standards and climate change adaptation and mitigation actions, especially at the level of small and medium size farms, low level of awareness on environment and climate change standards, hardly accessible insurance schemes for farmers, very weak digitalisation of the agriculture and rare investments in precision agriculture. • Poor management of manure and lack of wastewater treatment plants leads to nutrient leakage and discharges and also to high ammonia emissions, large areas exposed to soil erosion or with a poor soil quality. • Lack of knowledge of small food producers in hygiene and food safety standards, improving product quality and

<p>connectivity (G4) nation-wide has led to a relatively high internet usage rate and mobile applications among the rural population.</p> <ul style="list-style-type: none"> Local development initiatives: Extensive experience of CSOs through working with international projects over the last 20 years has resulted in a trained pool of national experts who can competently implement CLLD-initiatives. 	<p>diversifying food products to meet consumer demands.</p> <ul style="list-style-type: none"> Lack of fulfilment of EU requirements to MARD regarding development and operating a formal farm register and an updated animal register as well as a FADN system may be prohibitive for having access to IPARD III funds from the EU. Low level of formalisation is a challenge for the sector. The same is the case for the low level of compliance with standards including food safety and hygiene standards, difficult to comply with requirements to traceability and to trace waste and by-products from the processing facilities. Lack of capital and lack of access to capital due to lack of collaterals. Undeveloped rural infrastructure, in particularly in the mountain areas, is unfavourable for local rural development. Lack of awareness and knowledge for sustainable production or management of natural resources by foresters as basis for the development of bioeconomy value chains, in addition to food and timber production.
Opportunities	Threats
<ul style="list-style-type: none"> The agro-climatic zone is favourable for agricultural production, and the quality of soil is generally high. Higher incomes in the urban population in Albania leads to bigger demand domestically for local products, with a good reputation. Tourism including rural and agrotourism is increasing in Albania. Consumer preference for local products, Increased consumer incomes. Rich natural resources for aquaculture development and increasing local consumer demands for freshwater fish products. High export demand for organic products The chance of using opportunity costs⁵⁹ for compensating extensive farming practices Some export markets are increasing, for example the export of high-quality MAPs. 	<ul style="list-style-type: none"> International competition is increasing both at the domestic market and internationally based on products with a favourable price/quality ratio and often favoured of international brands and labels sold via supermarkets. Increase of the costs with inputs, including fertilisers, PPP and diesel Insufficient capacities of MARD to enhance enforcement of laws, including the respect for national minimum standards. Migration from rural areas to urban areas in Albania and abroad may limit the availability of adequately qualified labour force in the sector again limiting the sectors possibilities for expansion. Climate change challenges including water

⁵⁹ Opportunity costs refers to compensatory payments for extensive farming as compared to intensive agriculture, irrespective the farming intensity haven't yet occurred, as a prevention and conservation measure

<ul style="list-style-type: none"> Increased pressure to formalize the sector, introduce principles of production meeting the required standards, introducing tax and VAT payments and bookkeeping and accounting principles. 	<p>management challenges for agriculture, environmental, food safety, animal welfare and other requirements may be important threats in the short term but fulfilling of these standards will be mandatory in the longer run.</p> <ul style="list-style-type: none"> Increase of GHG and ammonia emissions in case of developing the livestock sector without adopting good environmental practices Small and fragmented farm sizes, high informality and often still unclear land ownership situation in the agricultural sector are unfavourable conditions for investment in diversification. Small and fragmented farm sizes, high informality and often still unclear land ownership situation in the agricultural sector are unfavourable conditions for investment in diversification.
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4.2. Environment and land management

Strengths	Weaknesses
<ul style="list-style-type: none"> Rich biological and landscape diversity; Rich and big variety of water resources; EU support for alignment of legislation, policy and actions. Significant level of natural resources and biodiversity; Untapped reserves of bio-energy and renewal energy sources. High agro-ecological potential; High diversity of landscape structure; Existence of traditional extensive nature friendly practices; Short value chain protecting the interests of producers and consumers. The import of raw material ensures more constant commercial conditions and quality. 	<ul style="list-style-type: none"> Continuing biodiversity loss; Uncontrolled and inefficient use of natural resources, including overexploitation; Degradation of agricultural land and soil erosion in some parts of the country due to inadequate farming techniques, non-application of crop rotation, low and unbalanced use of organic and mineral fertilizers, ineffective measures for plant protection; Pollution caused by poor waste management systems; Poor practises for management and protection of forests; Insufficient level of knowledge on sustainable land and forest management; Absent or underdeveloped road network for access to agriculture land and forests; Deforestation; Lack of agri-environment statistics; Lack of training sources for agri-environment adaptation practises; Lack of finances for implementation of costly environment protection projects; Low environmental and climate change awareness of farmers;

	<ul style="list-style-type: none"> • Lack of knowledge and skills on sustainable agriculture practices; • Weak enforcement of legislation. • Insufficient coordination and representativeness (aquaculture in particular). • Insufficient diversification of the fish processing production.
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing awareness on environmental protection and conservation of natural resources; • High interest for use of energy saving technologies and renewable energy; • Great existing potential and future growing interest for organic farming and nature value farming; • Existence of initial skilled human potential for provision of extension and advisory services to farmers for agri-environmental practises and organic production; • Introduction of environment conditions to agriculture support. • Growing awareness about healthy food and protection of the environment; • Increasing demand for alternative tourism - rural, adventurous tourism and “green” tourism. • Important space for increasing the domestic demand due to the low per capita consumption (supported by actions promoting the change in food habits). • Proximity to the EU market where the demand can easily absorb the Albanian production. 	<ul style="list-style-type: none"> • Depopulation of rural areas and land abandonment; • Agriculture and forest area highly affected to climate change, related to natural disasters (fires, floods, drought) • High risk for damaging agriculture and forest plants by pest and diseases; • Increased pollution due to intensification of agriculture, industrial activities, transport and tourism; • Insufficient governmental means to enforce the regulatory context and counter the IUU fishing. • Lack of clear legal requirements for the establishment and management of aquaculture activities. • Need for adopting and enforcing safety and quality standards, for which most operators are not ready.

4.3. Rural economy and quality of life

Strengths	Weaknesses
<ul style="list-style-type: none"> • High diversity and attractiveness of landscape and nature; • Sufficient resources for renewable energy production-solar, hydro, residuals of waste, thermal; • Returning migrants bringing skills and new knowledge; • Low labour costs; • Sufficient and growing domestic tourism for rural attractions (landscapes, traditional villages, hunting, fishing, SPA resorts, etc.); 	<ul style="list-style-type: none"> • Environmental damages (e.g. erosion and existing pollution (air, waste, water)) harm country image and negatively affect potential (tourism, MAPs, apiculture, aquaculture), low environmental awareness; • Depopulation of rural areas and declining labour force; • High unemployment rate due to the lower educational level, • Low provision of life - learning trainings

<ul style="list-style-type: none"> • Existence of traditional skills, crafts and food production; • Geographic diversity and rich historical traditions in culture, customs, traditional events; • Large number of preserved vital rural communes with rich historical and cultural traditions; • Long traditions in MAPs and honey, production of traditional food and crafts products; • Strong sense of hospitality; • Developed private initiative in food provision and accommodation; • Increased number of international tourist in the country; • Consumer preferences for local products on the domestic market. 	<ul style="list-style-type: none"> and qualification trainings; • High dependence on agriculture as a source of income and employment; • Low demand for labour/limited job opportunities in rural areas; • Weak business management and marketing skills; • Limited knowledge and skills in new sectors (tourism, RES, etc.); • Low level of knowledge on new technologies and hygiene standards; • Outdated processing equipment and technologies for on-farm processing of agricultural products; • Lack of sufficient drying/storage facilities for primary processing and drying of MAPs/mushrooms; • Limited internal financial resources to support investments in quality and new technologies (difficult access to credit /high cost of credit); • Limited access to external expertise to farmers and SMEs; • Low traceability hindering promotion of local and regional products; • High share of informal sector; • Low level and poorly developed services in rural areas; • Underdeveloped rural infrastructure, roads, communication lines, business services; • Weak enforcement of environmental and food safety standards and law enforcement.
Opportunities	Threats
<ul style="list-style-type: none"> • Growing awareness about benefits of healthy food and protection of the environment; • Increasing demand for alternative tourism - rural, adventurous tourism and “green” tourism; • New legislation promoting renewable energy; • Financial • Rich cultural heritage within rural areas and diverse natural potential; • Existing tradition in production of local specialty food products and rural specific products; • High potential for development of alternative agriculture activities (horticulture, game breeding etc.); 	<ul style="list-style-type: none"> • Continuing stagnant economic situation in Albania and major markets affecting demand; • Climate change with negative impact on agriculture, forests and biodiversity. • Ageing of rural population and emigration of youth from rural areas (out-migration of young, women and economically active population); • Increasing disparities between rural and urban areas in education and access to basic services

<ul style="list-style-type: none"> Assistance and opportunities to obtain external expertise through diverse donor support and contacts with the EU partners. 	
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4.4. Preparation and implementation of Local Development Strategies - LEADER

Strengths	Weaknesses
<ul style="list-style-type: none"> Awareness on territorial approach to rural development raised in some parts of the country; Active stakeholders at local level in some parts of the country; Awareness on the needs of networking for development of the territory; Some capacity to develop local strategies and implement small scale projects created. 	<ul style="list-style-type: none"> Lack of traditions for cooperation and community involvement at local level; Still not sufficiently developed rural communities, lack of LEADER initiatives; Lack of financial resources to run local organizations; Weak capacity of local authorities in local planning, and management and implementation of projects; Passive or absence of relevant rural organisations to represent the interests of rural communities and promote training; Limited skills and expertise for mobilisation of local actors for animation of the territory; High dependence on donors' support; Insufficient critical mass of knowledge on LEADER approach, local strategies development and implementation, community mobilisation, etc. both at national and local level.
Opportunities	Threats
<ul style="list-style-type: none"> Increasing Government commitment for decentralisation and support to territorial initiatives; Openness of the municipalities to cooperate with the rural actors Active interest from international donors' community to promotion of community led local development; Active EU rural networks open to cooperation and transfer of experience. 	<ul style="list-style-type: none"> Lack of funding to implement the local development strategies Shortage of 'start-up' capital (low support for enterprises, shortage of information, incubators, low availability of credit);

5. MAIN RESULTS OF PREVIOUS INTERVENTIONS

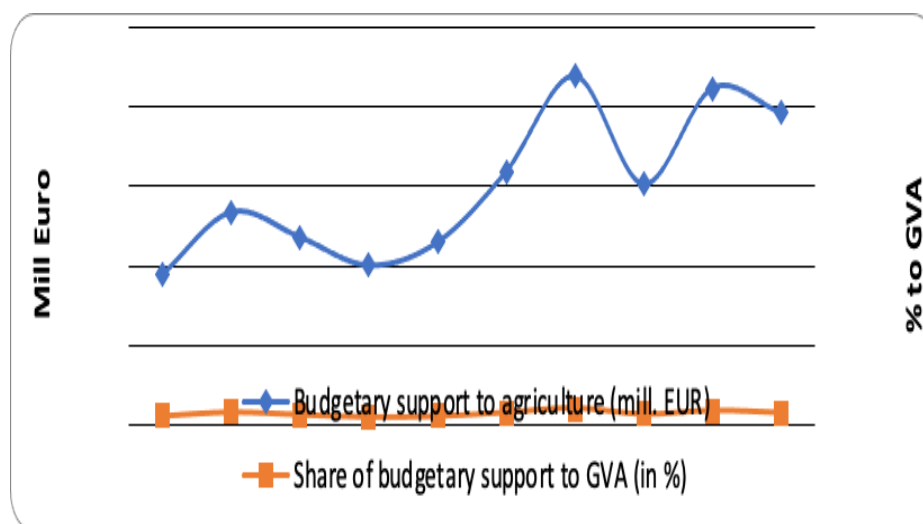
The national schemes for support of agriculture and rural development were introduced in 2007 with the adoption of the Law on Agriculture and Rural Development, no. 9817, date 22.10.2007. It regulates the programming of policy measures related to agriculture and rural development, public advisory services for agriculture, research and training, and for the setting up of an information database. It also provides the legal basis for the institutions responsible for the implementation of agriculture policy by establishing the Agriculture and Rural Development Agency (IPARD Agency) for the implementation of national support schemes and introduces the principles of monitoring and evaluation of the national support schemes.

5.1. Main results of previous national intervention; amounts deployed, summary of evaluations or lessons learnt

Budgetary support to agriculture in Albania fluctuated in years especially between 2017 and 2019. Over the recent decade, support averaged 1.5% of the GVA, with EUR 39 Million allocated in 2018, the last year for which data are available (Figure 10).

It can be assumed that at this level it does not create enough assistance to Albanian farmers to face market competition (meet specific needs and challenges in rural areas, and fulfill accession requirements in near future. Albania is far from *de minimis* principle, which defines that candidate's agricultural budget, should amount to at least a third of the funds that a country can expect from the EU upon accession, or at least 10% of agricultural output (see Volk et al., 2019⁶⁰).

Figure 14: Level of budgetary support to agriculture in Albania, 2010-2019



Source: APM database - Albania 2019; Agricultural statistics database - Albania 2019

In the recent years, the Albania's support structure in 2019 is heavily oriented toward structural and Rural Development measures. The funding for structural and rural development measures has increased in Albania since 2015, reaching nearly EUR 30 million in 2018. Almost the entire funding for rural development measures was allocated for the improvement of competitiveness of the agro-food sector, and more

⁶⁰ Agricultural policy developments and EU approximation process in the Western Balkan countries

specifically, for on-farm investments. The lack of payments for Areas with Natural Constraints⁶¹ where production conditions are extremely unfavorable remains to be addressed⁶² by defining rural areas and areas with natural constraints in consideration of the existing methodologies in EU countries.

In the framework of Integrated Rural Development Program “+100 villages”, within the spectrum of investments related to infrastructural improvements and rural diversification, was introduced a measure for establishment or reconstruction of spaces for rural tourism and investments in agro-tourism. This is relevant with measures and funding supporting rural population resilience and reviving rural areas.

In the past, investments were provided in the form of grants or full or a partial compensation of interest on credit for construction of buildings, purchase of machinery and equipment, irrigation systems, heating and plastic covers, etc. in the main sectors, such as orchards, olive growing, vineyards, greenhouses, medicinal and aromatic plants (MAPs), as well as dairy. Currently investments are oriented to measures to reduce farm production costs related to crop cultivation, certification in the sectors, such as organic agriculture, the olive sector, MAPs, etc.

MARD has recently significantly reduced the share of funding and the number of measures applied to permanent plantations (e.g. orchards) and concentrated support on the olive sector (in 2019), which later switched to the dairy sector (2020). The previous measures, such as investments in productive structures (irrigation systems, planting and improvement of orchards, planting of MAPs, expansion of greenhouses) ceased to exist. The support is concentrated to a few sectors such as greenhouses (plastic cover replacement), dairy (payment per head and output), beekeeping and medicinal and aromatic plants (MAPs) and organic certification as well as tourism.

Direct support in Albania during the recent years included payments based on input used (plastic cover), payments based on output (milk, fruits and vegetables), or payments based on animal heads (sheep, dairy cow, beekeeping).

The importance of other measures related to agriculture”, increased during the years mainly due to the disbursement of funds for donor projects. Food safety is the area attracting the largest share of the funding in MARD budget. The period 2016 - 2018 was accompanied with support measures changing every year (emphasized in 2018) and inconsistencies with regards to policy implementation (emphasized in 2016 and 2017). The year 2018 had a large number of measures (52 sub measures) compared to the reduced number in years 2016-2017 (19 measures). Number of measures radically reduced in 2019 due to budgetary conditions and limitations. Based on the content of the measures, major impact is expected in terms of competitiveness, value chain strengthening, increase of cooperation and increase of sector self-sufficiency.

Some support measures might be also beneficial for rural population livelihood, diversification and support of natural resources such as cultivation of orchards, cultivation of MAPs, improvement of farm irrigation, beekeeping, support for certification (Organic, Global GAP, ISO 2001), support for small ruminants. The government subsidy scheme had a clear net impact on production yields but not on farm size.

⁶¹ SWG has made prior attempts based on a team of researchers see: <http://seerural.org/wp-content/uploads/2009/05/Areas-with-Natural-Constraints-in-SEE-Assessment-and-Policy-Recommendations.pdf>

⁶² Agricultural policy developments and EU approximation process in the Western Balkan countries, Volk et al., 2019

The study of FAO (2020) is one of the few impact assessments studies carried in the last decade. According to this study, based on qualitative approach was found that overall support to new fruit tree plantations has had clear impact in terms of increased area under fruit trees and mobilization of otherwise idle production factors. Payment for matriculated sheep and goat has motivated farmers to remain in the business, and positively affected milk (and meat) yield. Output payments had consolidated chain governance but farmers claimed also for unfair distribution and lack of access. The impact of rural diversification measures has been rather limited except for specific measures mainly due to very demanding procedures particularly for small farmers and low funding. The impact of the grants has positively impacted farm size (i.e. number of milking cows) in the dairy sector while had no significant effect on apple and greenhouse sectors, but while some impact is also verified in terms of farm structure only for orchards.

5.2. Main results of EU assistance, amounts deployed, summary of evaluations or lessons learnt

Under IPA I, the EU provided substantial support for the agriculture and rural development in Albania. IPA I contributed to: capacity building of MARD to design, develop and implement the rural development policies; capacity building in the area of food safety and veterinary services, incl. improving national and local laboratory infrastructure and aligning with EU of the legislation in food safety, statistics, fighting zoonotic diseases; strengthening monitoring, control and surveillance system in fisheries.

With the support of IPA I Albania has made a significant progress in the preparation for implementation of IPARD. The structures responsible for the management of the IPARD were designated and their capacities gradually developed.

IPA 2011 project for Support of Agriculture and Rural Development (SARD) included a grant scheme piloting IPARD-like measures for investments in agriculture and in processing and marketing targeting milk, meat, fruit and vegetable sectors, aimed at modernization and gradual alignment with EU standards. In 2012-2013, three calls for proposals were launched to which 255 applications were submitted for investments amounting to EUR 46 million.

The implementation of the SARD project revealed that well-organized and wide publicity campaign is important to raise awareness of farmers and processing companies on the opportunities for support and eligibility rules. Mobilization of interlocutors, such as public extension services, business support organization and private sector consultant with hands-on experience in agriculture contributes to the improving of the effectiveness of the communication actions.

The implementation of the IPARD-like grant scheme revealed that technical bodies have certain technical capacity to check for compliance with national standards. The public extension service and private sector consultants have an important role to play in the increasing demand for support and improving the quality of applications. The SARD project trained 90 extension services staff and 40 private consultants in preparation of applications. Collaboration and institutionalized communication between the designated IPARD Operational

Structure and the NAO were strengthened as well as NAO support office and National Fund procedures and capacities for the management and control systems of IPARD were improved.

Results and lessons learned

The pilot IPARD-like grant scheme learning-by-doing TA approach was innovative in supporting the preparation of an IPARD Operating Structures for IPARD II accreditation and entrustment of EU funds. The pilot IPARD-like learning-by-doing TA approach was a threefold TA best-practice-example in the pre-accreditation phase:

SARD Project took account to the extent possible of the overall national framework relevant for the agro-food sector such as absence of an administrative farm register, high informality in business operations with predominantly smaller-scale farm sizes.

Market-oriented farmers and agro-processors have become increasingly aware that, in order to access to EU grants and bank loans for increased competitiveness and export-orientation, they need to achieve formal operational business standards.

The learning-by-doing approach has proven to be very effective at staff level of the MA and ARDA as they have constantly and substantially increased their practical capacities to implement their respective IPARD-like tasks.

MA staff has increasingly taking over the ownership on the preparation and implementation of the IPARD-like awareness and publicity campaigns, as well as in the on-going IPARD II programming process and other issues related to the implementation of IPARD.

5.3. Main results of bilateral and multilateral assistance conducted, amounts deployed, evaluations or lessons learnt

During the period 2007-2019, several multilateral and bilateral donors supported interventions for agriculture and rural development in Albania.

The International Fund for Agricultural Development (IFAD) supported '*Sustainable Development in Rural Mountains Area Programme*' (SDRMA), active in 21 districts of Albania, aiming to increase household incomes in Albania's mountain areas, particularly among the poorer rural population. The total programme cost was USD 23.35 million and it was implemented over the period 2007-2013. It had several components targeting private-sector development, small-scale infrastructure and local development planning. IFAD supported also in the period 2009-2014 '*The Mountain to Markets Programme*', amounting to EUR 6.8 million and poverty-reduction measures based on participatory and systematic identification of investment opportunities in poor mountain areas. The goal is to increase the incomes of poor rural people in the northern part of Albania, the most disadvantaged part of the country.

UN agencies' support for agriculture and rural development included also technical assistance to agricultural and livestock productivity and the facilitation of Albania's participation in regional network activities. The UN worked with the MARD on institutional capacities regarding modern techniques to enhance agricultural and livestock productivity, with emphasis on pest control and early detection of trans-boundary animal diseases.

The *World Bank* has supported agriculture in Albania through several projects. According to the WB evaluations, they had a positive impact in poverty reduction by

increasing the income of small private farmers and creating employment opportunities for dependent farm labour in rural areas. Water Resources and Irrigation Project, amounting to EUR 27,3 million was approved in 2012 which is currently under implementation phase, aiming to strengthen the Government's capacity to manage water resources at the both national, river basin and local levels, to improve the performance and sustainability of irrigation systems in the Drin-Buna and Semani river basins, and to pilot public-private partnerships for operating and maintaining the irrigation systems in the three areas.

The WB '*Natural Resources and Development Project*' helped reducing erosion by improving the management of Albania's wetlands, forest, and pasture resources, as well as creating water catchments. The project enhanced productivity and incomes by improving community-based natural resource management in 251 communes in mountainous areas prone to erosion⁶³.

A follow-up '*Environmental Services Project*' (EUR 16.8 million) started implementation in 2014 with an aim to improve and promote the value of ecosystem services. The project was finalized in May 2021. The component 2 '*Investments in Forests – grant*' was implemented by the Paying Agency. Two calls for applications were launched and the results are: improvement of forests – 3835 ha; pastures improvement – 388 ha; afforestation – 253.6 ha.

USAID '*Agriculture Competitiveness Programme*' (2007-2013) had three components: strengthening producer capacity for competitive commercial farming; strengthening capacity for market development; increasing access to reliable market information. It focused on five strategic value chains and associated activities: tree crops; greenhouse crops; open-field crops; medicinal and aromatic plants; and processed commodities.

The Italian Development Cooperation '*Programme for the Development of Albanian Private Sector*' operates since 2009 and provides SMEs with access to favorable credit facilities in order to strengthen their competitiveness on the local and international market through technological innovation and improvement of production standards. It has two financial instruments: Credit Line amounting to EUR 25 million and Albanian Guarantee Fund amounting to EUR 2.5 million. Nearly quarter of the disbursed loans was to food processing industry. The agricultural modernization Programme funded by Italian Development Cooperation includes three initiatives of a total value of EUR 10 million. Two interventions aiming at strengthening the institutional framework: on the one hand, through aligning the management and control of agricultural subsidies to European Union standards, and on the other through the establishment of an insurance system to cover agricultural risks, something which currently does not exist in the country. The third initiative strives to enhance, in a sustainable way, the entire olive oil production process, which has great potential for development given Albania's traditional vocation and characteristics. During 2019, a grant scheme has been implemented by ARDA along with the national scheme, with a total amount of around 1 ml euro. All amounts have been disbursed and the total number of the farmers who benefited from the measures of this subsidy scheme is 339. The implementation of the agricultural modernization Programme (PROMAS) has faced delays through years due to the suspension of funds while currently MARD has reactivated the Program which is ongoing. The main efforts are

⁶³World Bank, *Albania - Natural Resources Development Project*. Washington, DC, 2012.

focused on the establishment of the farm register through the technical support of the Italian Ministry of Agriculture.

In the area of rural development, German Technical Cooperation (GIZ)⁶⁴ has implemented ‘*Programme for Economic Development and Employment Promotion*’, which included components for modernization of the agro-business and food processing in the context of approximation to the EU. Companies in the priority sectors have been supported in introducing modern processes and food safety systems. The GIZ supported also local development initiatives and sustainable tourism development actions. It also implemented a project for building capacity of advisors to support preparation of projects for IPARD II Programme.

Support to Agriculture and Rural Economic Development in Disadvantaged Mountainous Areas (SARED) co-financing by the Federal Republic of Germany (2.5 Mln EUR) and Danish Government (10.6 mln EUR) for a total of 13.1 Million EUR. SARED supported fruits Value Chains quite intensively, lessons learnt, good practices developed and materials produced in the former programme can be used for building capacities of actors along the VCs and service providers. Furthermore, SDR can count on lead actors (especially farmer groups, lead farmers and lead firms) and service providers (especially associations, extension services, ATTC, AMA etc.) and the support of the communal administration. Under SARED, quite a few model examples have been developed that can serve for informing farmer groups, processors and exporters about new technologies, new business approaches and new markets. Material developed for e.g. supporting GlobalGAP certification, investments into improved technologies or strengthening farmer organizations can be used for scaling up.

The new bilateral technical assistance (TA) “*Sustainable Development in Rural Areas in Albania*” (SDR) is jointly implemented since December 2018 by initially with the first financial contribution of 2 million euros. The objective of the project is to improve the preconditions for sustainable income opportunities in rural areas. Economic diversification in rural areas and increased competitiveness of the agricultural sector will contribute to a creation of more income of the rural population.

To achieve the goal, the SDRs areas of intervention (“Outputs”) include:

1. Policy & Strategy Advice for Rural Development;
2. Promotion of selected Value Chains in Agriculture & Rural Tourism;
3. Improvement of Education & Training in Agriculture & Rural Tourism; and
4. Strengthening Knowledge on Agriculture & Rural Development.

Currently, the implementation agreement between Ministry of Agriculture and Rural Development (MARD) on behalf of the Government of Albania and the Deutsche Gesellschaft für Technische Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), subject the second financial contribution of 8 Million Euros for the implementation has been signed and will be subject of the implementation up to 2022.

In 2009-2013 the Netherlands Development Organisation and Danish Government supported the project ‘*Value Chains for Sustainable Livelihoods in Albania*’ (EUR 5 million), which promoted income generation and employment through the

⁶⁴ Funded by German Development Cooperation (BMZ).

development of herbs and spices, fruit trees and small ruminants value chains in the mountainous areas in Northern and Eastern Albania. A new joint German-Danish project for support to agriculture and rural development in the disadvantaged areas of Albania started in 2014 (EUR 10 million). It utilizes a regional development approach and supports value added chains in fruit trees, livestock, medicinal and spice plants, and rural tourism.

IPA 2009 project “The Cross-Cutting Strategy for Agriculture and Rural Development” project (€450 000) implemented by the Food and Agriculture Organization (FAO) of the United Nations. The project drafted a new Cross-Cutting Strategy for Agriculture and Rural Development for the period 2014 to 2020, with an action plan to implement IPARD measures, and a plan for the approximation of legislation in the agricultural fields with the EU acquis.

IPA 2012: Establishment of the Rural Credit Guarantee Fund (RCGF) (€5.5 million including 0.5 million from Albanian Government co-financing). The objective of the project was to set up the Credit Guarantee Fund in order to facilitate bank lending to medium and small- medium enterprises in the agricultural sector and agro-processing industries. The project was completed in 2016.

IPA 2013: “Recovering agricultural damage and restoring productive capacity” (€7.11 million including €0.71 million from Albanian Government co-financing). This project is a direct Grant managed by MARD during 2015-May 2018, with the aim to aid the post-disaster recovery of flood-affected farming households in the country, especially in the 6 most affected Regions of Albania (Fieri, Vlora, Lushnja, Berati, Gjirokastra, and Korça).

IPA 2013: project “Improving the productivity of the Livestock sector” (€ 2 million) , aims to improve the capacity of the Albanian Public Extension Service (ANES) to select, design, communicate and disseminate to farmers useful information on agricultural production and management including appropriate knowledge to the animal farming sector. This in turn will contribute to achievement of the overall objective which is to contribute to the increase of farm income, and particularly the livestock sector, while ensuring economic feasibility, social fairness and environmental sustainability.

IPA 2016: “Support to Food Safety, Veterinary and Phytosanitary Standards” (€ 4.9 million) This project aims to contribute to an increased protection of human, animal and plant health at every stage of the food production process, through the establishment of institutional and administrative capacities in line with the overall public administration reform agenda.

IPA 2016: “Support to Fishery Sector” (€ 3.4 million), aims to increase the contribution of fishery sector to the economic development of Albania by improving management and protection of fishery resources in line with the EU Common Fishery Policy. This objective will be realised mainly through capacity building to institutions of the fisheries sector and through support to investments to modernize and update the Albanian fishing fleet and infrastructures.

The main lessons learnt on support for agriculture and rural development are as follows:

- Despite the difficult environment and constraints, support to agro-food sector has proved to be effective, if companies that have potential to generate large increases in employment and sales are supported to serve as a model to other SMEs.

- A number of EU harmonised on legislation has been adopted, but substantial work still need to achieve full alignment especilly for the food safety, veterinary, phytosanitary and other to reach the EU requirements.
- Access to finance is a serious problem for most of the farms and companies in the sector even though efforts are done by Albanian authorities, by involving EBRD-Guarantee fund and establishing of RCGF by EU Contribution of 5 mln Eur grant.
- Support to development of consultancy services for project preparation and project implementation, including technology identification and application, and development of food safety systems, was another success factor in the donor’s interventions.
- The implementation of interventions in support for rural development – ranging from policy formulation to direct support – allowed accumulation of substantial experience and setting-up of structures that have started building capacity to implement the EU pre-accession assistance under the IPARD. However, support in the future is needed to further build knowledge and expertise to implement the programmes/projects in line with the EU rules and procedures both at programme and project level.
- Local stakeholder involvement has been key determinant for success as a solid awareness raising, communication and confidence building measures are required to be included in all community-based projects

IPA 2017: – “Strengthening the capacities and the effectiveness of the IPARD Structures and Audit Authority in regard to IPARD Programme Implementation” (€ 0.23 million) with the global objective to improve the effectiveness and efficiency of Albania’s use of EU financial assistance in the field of agriculture and rural development. The specific objective of the project is to strengthen the capacity of relevant national IPARD bodies to implement the successive IPARD programmes under indirect management mode in compliance with relevant EU rules and regulations. The project started on 17.05.2021 and is expected to be completed within one year.

6. DESCRIPTION OF THE STRATEGY AND OBJECTIVES OF THE PROGRAMME

6.1. Description of the existing national rural development strategy

The draft SARDF 2021-2027 structure is oriented towards the general and specific objectives of the new CAP 2021-2027 incl. of the EMFF and its new, result-oriented Strategy delivery model (COM(2018) 392 final) while considering the strategic provisions of the Regulatin (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-Accession assistance (IPAI) and the Green Agenda for the Western Balkan (Sofia Declaration 11/2020).

The Strategy for Agriculture, Rural Development and Fisheries for the period 2021-2027 (SARDS 2021-2027), planned to be adopted by the Government of the Republic of Albania by end of the year 2021, reflects the continuity of country’s priorities for development of the agriculture, the rural areas and fishery sector, and to provide support to the agricultural sector to achieve sufficient level of competitiveness to cope with challenges of the open and changeable market and, also to boost the development

of rural areas. Albania is participating in the European Strategy of Adriatic Ionian Region (EUSAIR) having a dedicated flagship priority on “Promoting Sustainability, Diversification and Competitiveness in the fisheries and aquaculture sectors through education, research & development, administrative, technological and marketing actions, including the promotion of initiatives on marketing standards and healthy nutritional habits”. This offers the opportunity for joint new projects for enhancing the development and resilience in fisheries and aquaculture sectors.

In order to address the identified needs of the sector, national agricultural policy interventions in the upcoming strategic period 2021-2027 within the SARDF defines the following overall objectives for the period 2021-2027:

General Objective 1: Reinforcing a sustainable and competitive agri-food sector

General Objective 2: Strengthening environmental protection and climate actions

General Objective 3: Strengthening the socio-economic fabric of rural areas

General Objective 4: Fostering sustainable maritime and aquaculture development

These objectives will be complemented by the horizontal objective of modernizing the sector by encouraging and sharing knowledge, innovation and digitalization in agriculture and rural areas and encouraging their acceptance by farmers and other stakeholders in the sector.

The achievement of the set strategic objectives will be achieved through targeted agricultural policy interventions in nine specific areas that are presented as specific objectives. The specific objectives, ie the areas of policy intervention for the period 2021-2027 are given in successive text, where the connection between them and the three main objectives of the SARDF 2021-2027 strategy is presented.

Specific Objective 1: Increasing the viability and resilience of farms;

Specific Objective 2: Enhancing competitiveness and market orientation;

Specific Objective 3: Improving the response of societal demands for safe, nutritious and sustainable food, as well as for animal welfare;

Specific Objective 4: Contributing to climate change mitigation and adaptation, as well as sustainable energy;

Specific Objective 5: Fostering sustainable and efficient management of natural resources;

Specific Objective 6: Protecting biodiversity, enhancing ecosystem services and preserving habitats and landscapes;

Specific Objective 7: Strengthening rural employment and business development, including sustainable forestry;

Specific Objective 8: Strengthening social capital formation for inclusive local development initiatives;

Specific Objective 9: Fostering sustainable fisheries and the conservation of marine biological resources;

Specific Objective 10: Contributing to food security through competitive and sustainable aquaculture and markets and prosperous coastal communities.

6.2. Identification of the needs and summary of overall strategy

Based on the evidence from the SWOT analysis in this programme (chapter 4), needs are identified, prioritised and ranked, results quantified and interventions determined in accordance with available financial resources for the first three years and against the background of Albania's own policy priorities, merits and specific situation.

The identified main needs are described below and are in full compliance with the needs identified in the overall SARDF 2021-2027:

1. Increase investments in physical assets in agricultural holdings

The competitiveness of farms is constrained by low productivity and efficiency due to insufficient investments in physical assets needed for introduction of new products, technologies, mechanisation and equipment and increase of the scale of production. Similarly, the farms have problems in complying with demanding environmental, animal welfare and other standards as well requirements to improved working conditions due to the lack of sufficient resources to modernise facilities to improve hygiene and waste management systems.

2. Improve access and quality of advisory services to farmers

The effectiveness of extension system needs enhancement by improvement of infrastructure, strengthening human resources and extending outreach. There is a need to improve the quality and enhance the range of provided services, especially in areas of sustainable use of natural resources, environmental protection, protection of autochthon genetic resources and respect of standards (safety, environmental, quality etc.), marketing and farm management, new technologies in horticulture and animal breeding, etc. With respect to IPARD III Programme, capacity needs to be created or strengthened in preparation of business plans, providing assistance to applicants for support under IPARD III in order to improve the quality of applications and reduce the rejection rate in the IPARD Agency. There is a need to improve the assessment of farmers' needs for new technology and compliance with national minimum standards. There is also needs to improve ICT capacities, which is important part of research, advisory function and networking. Extension requires stronger linkages with local demand and national research capacities and more specifically to improve the institutional framework for the interaction between all players, including agricultural universities, research inputs suppliers, etc.

3. Improve irrigation and drainage infrastructure

Climate change is expected to significantly affect water balance in Albania and one of the important adaptation actions is modernization of irrigation and drainage (I&D) systems to increase efficiency of use of water resource. The improvement of I&D systems is also needed to improve productivity in the crop production sectors. The improvement of I&D infrastructure will be addressed by national and donor funds. In order to address this need, support can be provided under measure 1 – Investments in physical assets of agricultural holdings – at a later stage of its implementation.

4. Improve competitiveness of agri-processing industry

The food and agri-processing industry must prepare for future membership in EU, which creates an opportunity for expanding markets, but possess a threat of

increased competition on the domestic market. The industry has structural weaknesses related to outdated production facilities and technologies, which affect quality, productivity and cost. A large part of the enterprises in the agri- and food processing industry needs investments to modernise facilities and production lines. The agri-processing industry has to establish safe collection and storage of raw materials to reduce waste and ensure food safety. Investments in adapting product range and quality to market demand and emerging market opportunities are also needed.

5. *Upgrade physical capital in agri-processing and food industry to comply with EU standards*

The process of harmonisation of Albanian legislation to the European Union standards requires the agri-processing and food industry to make significant investments in upgrading facilities and control equipment. It also needs to increase awareness on the newly introduced standards including standards for working conditions, to develop competences for their correct implementation and to build human resources capacity.

6. *Enhance cooperation among the main actors in the agri-food chain*

The reluctance of farmers to cooperate and the weak links between food chain actors (research, in-put suppliers, farmers, agri- and food processing companies and traders) lead to limited diffusion of knowledge and constrains innovation and long-term investments in agri-food sector. Therefore, there is a need to promote horizontal and vertical co-operation among different actors in the food chain. The increased co-operation is needed for the development of new products, practices, processes and technologies in the agriculture and food sectors. In order to address this need, measure 13 – Promotion of cooperation for Innovation and Knowledge transfer - can be introduced in IPARD III Programme during 2021-2027 programming period.

7. *Improve management of natural resources, resource use efficiency and climate change resilience*

Improvement of management of natural resources and resource efficiency is needed to ensure environmental sustainability and to exploit emerging market opportunities. There is a need to reverse the trend for degradation of natural environment (soil erosion, water pollution and biodiversity loss) due to unsustainable land management and farming practices. There are valuable opportunities related to increased demand for organic products as well as eco-and agri tourism, which both depend on preservation of the environment and contribute to nature conservation. Climate change challenges demonstrate the need for the sector to develop agricultural and agri-processing practices adapting and mitigating these climate changes, including drainage and irrigation systems as described above.

8. *Diversify activities and sources of income for farmers*

There are opportunities to increase farm incomes and rural employment by utilisation of potential and resources for production of MAPs, mushrooms, ornamental plants, honey, and snails. The sustainable development of these sectors requires increasing or upgrading of the physical capital in primary production and processing, knowledge and skills of farmers and strengthening of

the value chain. The national policies need to be strengthened and controls improved to ensure environmental protection and conservation of native species.

The on-farm processing and marketing of milk, meat, fruits and vegetables have long traditions in rural areas and serves as an important source of income for farmers. Its development is favourably influenced by the preference of consumers to local traditional products. On-farm processing of agricultural products faces the challenge of upgrading to the food safety standards, improving quality and the value-added.

9. Develop non-agricultural sectors of rural economy

The high dependence of rural areas on jobs and income from agriculture creates a risk for the sustainable development of rural areas. The slow growth of non-agricultural sectors of rural economy and insufficient demand for labour contributes to rural poverty and motivates outmigration. Therefore, there is a need to support development of non-agricultural sectors of the rural economy. The SWOT analysis shows opportunities for development of nature and rural tourism and renewable energy production. The development of small-scale manufacturing, traditional crafts and local services also provides opportunities for business development in rural areas.

10. Improve rural infrastructure, access and quality of basic services in rural areas

Rural areas have underdeveloped and poorly maintained infrastructure (roads, electricity, water supply and sewage), both in terms of coverage and quality.

The accessibility of rural areas has improved but remains a major weakness of many rural regions. The reconstruction of rural roads and regular maintenance of roads is needed to improve transport of people and goods, investments, development of tourism, access to social services, employment opportunities for people in rural areas. There is a need also for development of electricity supply, water and sewage infrastructure and waste collection and treatment.

The poor quality of basic services (social, health and educational) in rural areas is an important factor that leads to out-migration, especially of young population, and increases the risk of social exclusion of vulnerable groups.

11. Improve local governance and develop capacity for implementation of LEADER approach

The active participation of local stakeholders and partnerships in planning and implementation of territorial development initiatives is needed to enhance and fully utilise socio-economic potential of rural areas. This requires improvement of local governance by encouragement of participation and capacity building of local authorities, non-governmental organizations, business and rural inhabitants on partnership for formulation and implementation of local initiatives. Some capacity for implementation of LEADER has been created in the country by implementation of donor funded projects, but there is a need to increase public awareness, develop capacity for implementation of joint actions at local level and create/strengthen partnerships for elaboration and implementation of LEADER type local development strategies.

Need identified	IPARD	IPA	Other donor – multilateral assistance	National
1. Increase investments in physical assets of agricultural holdings	‘Investments in physical assets of agricultural holdings’		✓	✓
2. Improve access and quality of advisory services to farmers	‘Advisory services’		✓	✓
3. Improve irrigation and drainage infrastructure			✓	✓
4. Improve competitiveness of food processing industry	‘Investments in physical assets concerning processing and marketing of agricultural and fishery products’		✓	✓
5. Upgrade physical capital in food industry to comply with Union standards	‘Investments in physical assets concerning processing and marketing of agricultural and fishery products’		✓	
6. Enhance cooperation among the main actors in the agri-food chain			✓	✓
7. Improve management of natural resources and resource use efficiency	‘Agri-environment-climate and organic farming measure’ ‘Advisory services’ ‘Establishment and protection of forests’	✓	✓	✓
8. Diversify activities and sources of income for farmers	‘Farm diversification and business development’	✓	✓	✓
9. Develop non-agricultural sectors of rural economy	‘Farm diversification and business development’	✓	✓	✓
10. Improve rural infrastructure, access and quality of basic services in rural areas	‘Farm diversification and business development’ and “Investment in rural public infrastructure “	✓	✓	✓
11. Improve local governance and develop capacity for implementation of LEADER approach	‘Technical assistance” and ‘Implementation of local development strategies - LEADER approach’		✓	✓

The financial tables in chapter 7 of this programme reflect the national priorities of the identified needs and their importance for the development of the sectors.

The agricultural and agro-processing sector in Albania still suffers from weak competitiveness due to low level of mechanization and low product quality. The labour productivity in agriculture in 2019 is only 5,515 EUR/AWU, which is 26.5% of the EU average of 20,833 EUR/AWU. The labour productivity in the food industry is 9,080 EUR/AWU (2019), which is equal to 17.9% of the EU average (2017). In order to be able to increase the productivity, product quality level and the fulfilment of national and EU standards of the sector, investments in new technologies and practices are needed. This is the main reason to the high priority given to measures 1 and 3. In order to support the sector, measure Advisory service is introduced to facilitate the development of the sector with enhanced advice and technology transfer via the Agricultural Knowledge and Information System.

Measures “Farm diversification and business development” and “Implementation of local development strategies - LEADER approach” also contribute with investment support to the development of the rural sector. It is urgently needed due to migration and unemployment and the prioritization in the financial table reflects these needs.

Measures “Establishment and protection of forests” and “Agri-environment-climate and organic farming” contribute to the need to enhance biodiversity and protection of the environment and nature. The measures are prioritized in a way reflecting the need for the implementing structures and the potential beneficiaries to learn to use the measures. The same is the case for the measure supporting the development of the rural Infrastructure. It is recognized that the needs in the sector are much higher than can be addressed with the measure under IPARD programme, and it is foreseen that additional assistance and funding must be generated from other sources to meet these needs.

6.3. Objectives of the programme

The overall objective of the Programme is derived by linking the objectives of IPA III assistance within IPA III Strategic Response, under Window 4 – Competitiveness and inclusive growth rural development programmes in Thematic Priority 3: Agriculture and Rural Development and the needs for intervention were identified through the SWOT exercise.

The objective hierarchy of the IPARD III programme is in full compliance with the SARDF 2021-2017 and will address the identified needs described above. The objectives hierarchy is presented below:

General Objective 1: Reinforcing a sustainable and competitive agri-food sector

General Objective 2: Strengthening environmental protection and climate actions

General Objective 3: Strengthening the socio-economic fabric of rural areas

Specific objectives, linked with general objectives, are as follows:

Specific objective 1: To improve the overall performance of agricultural holdings in the production of primary agricultural products, in order to be consistent with EU Standards as regards environmental protection and animal welfare, for the selected sectors;

Specific objective 3: To modernize physical assets of selected priority food processing sectors in order to improve competitiveness and to gradually align with Union standards in the fields of environmental protection, food safety and public health, animal welfare, and occupational safety.

Specific objective 4: Better understanding amongst different stakeholders and groups of stakeholders from public authorities to local farmers how the agricultural practices and sustainable use of resources can contribute to nature conservation and protection of the environment.

Specific objective 5: Improvement of social capital and local governance by creating private-public partnerships (Local Action Groups), which establish and implement bottom up Local Development Strategies.

Specific objective 6: To support economic, social and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the beneficiary countries.

Specific objective 7: Shall aim at the creation, diversification and development of rural activities, through support for investments in farm diversification and development of non-agricultural activities.

Specific objective 9: The aim of this measure is to assist in implementation and monitoring of the programme and its possible subsequent modifications.

Specific objective 10: Provide advice to ensure a wider uptake of IPARD III funds through better quality and diverse projects for the selected measures, sectors and size of projects.

Specific objective 11: To increase forest cover or expand area of other wooded land, whether on agricultural, degraded or other land, in order to provide environmental services.

The operational objectives are presented as quantified targets in table in section 6.5 in this chapter of the programme.

The selected measures and their contribution to addressing the needs is presented in the table below.

The measure “Technical Assistance” is a horizontal measure which supports the successful implementation of the whole programme, therefore this measure could not be directly linked to a special need and it is not listed in the above table. (See measure fiche “Technical Assistance” in section 8.3. of this Programme)

The IPARD measures listed are non-inclusive to address all the needs for intervention and the potential for agriculture and rural development. Thus, the complementary actions will be implemented either via national support and policy, or supported by IPA technical assistance or other multilateral or bilateral donors.

6.4. Consistency between the proposed IPARD intervention and IPA III Programming Framework and Strategic Response

According to IPA III SR⁶⁵, for the upcoming programming period of 2021-2027, the main objectives in the agricultural sector will remain as follows:

- To support in building an agricultural sector capable of competing with market forces. To improve market orientation and competitiveness of the agri-food sector, the sector's response to social demands for safe, healthy, nutritious food and animal welfare and enhance farmers' position in the food chain.
- To increase the competitiveness of the agri-food sector, progressively aligning it with the EU standards and improving the efficiency and sustainability of on-farm production, which will provide a better response to societal demands for safe, nutritious and sustainable food.
- To facilitate business development, growth and employment in rural areas, improve farmers' position in the value chain and attract young farmers.
- To contribute to climate change mitigation and foster sustainable management of natural resources.
- To improve community development and social capital in rural areas and build-up modern public administration for agriculture and rural development, respecting good governance principles.
- To continue the support for the alignment with and the implementation of the EU legal framework in the field of agriculture and rural development and the relevant veterinary, food safety and phytosanitary standards (SPS standards).

IPARD III will continue to provide support to physical investments which should be carried out in order to align to the EU standards (environment, animal welfare), improve the economic and environmental performance of agricultural holdings, provide the infrastructure needed for the development of agriculture and investments necessary to achieve environmental aims, enhance farmers' position in the food chain and promotion of the regeneration of the labour force in the farming sector.

Investments in physical assets are needed to improve overall productivity, economic viability and attainment of national and union standards in agricultural holdings. There is an overall scarcity of own capital at farm level, hence, public support is needed to encourage investments.

To compete successfully in an increasingly open market, the food processing industry needs to modernize technologies and to improve food safety management systems. The food industry has to establish safe collection, transport and storage of raw materials to reduce waste and ensure food safety.

In order to contribute to climate changes mitigation, foster sustainable management of natural resources and decrease the negative impact of agriculture activities on environment, along to the progressive introduction of cross compliance into direct payments, the "Agri-environment-climate and organic farming measure" will be introduced.

The continuation of the 'Technical Assistance' IPARD measure will allow to strengthen the capacities necessary for successful implementation of the programme and further develop the monitoring and evaluation of the programme.

⁶⁵ Window 4 – Competitiveness and inclusive growth (Thematic Priority 3: Agriculture and Rural Development and Thematic Priority 4: Fishery)

In complementarity with IPARD, support will be provided to key transversal issues, such as land consolidation, farmer groups and collective investments, extension services, access to finance, environment friendly irrigation systems, in order to stimulate private investments and increase the competitiveness of the sector.

Rural infrastructure will also be supported with IPARD funds with the objectives to create an enabling environment for rural economic growth, to raise the quality of life in rural communities, and promote territorially balanced and sustainable development in rural areas; this will include physical assets (e.g. village/agriculture roads, water management, waste management, energy supply, etc.).

IPARD will facilitate business development, growth and employment in rural areas, improve farmers' position within the value chain and attract young farmers into agriculture. Also the diversification of economic activities, including rural tourism, will continue to be promoted through a specific IPARD measure.

The involvement of the civil society in the local planning and development process will be promoted through the setting up Local Action Groups.

IPARD III will contribute to increase the forest cover, or expanding the area of other wooded land, whether on agricultural, degraded or other land in order to provide environmental services, to foster the agroforestry practices, to prevent of damage to forests from forest fires and to improve the resilience and environmental value of forest ecosystems

Finally, capacity building activities will address two important issues for agriculture and rural development. First, support will be provided to enhance the quality of farm advisory services in the country. Secondly, IPARD will improve community development and social capital in rural areas and build-up modern public administrations for agriculture and rural development, respecting good governance principles. Results to be achieved include: i) improved competitiveness, efficiency and sustainability of agri-food sector, providing better response for societal demands for safe, nutritious and sustainable food, ii) strengthened territorially balanced and sustainable development of rural areas and, iii) decreased negative impact of agricultural activities on environment, through climate change mitigation and sustainable management of natural resources. Free movement of safe food and protection of human, animal and plant health has been completed.

6.5. Alignment of the selected measures and selection criteria to the main elements of the EU Green Deal and the Green Agenda for the Western Balkans

IPARD III programme integrated - in all measures - different activities to contribute to the achievement of the main goals of the European Green Deal (EGD), which calls for Europe to be “the world’s first climate neutral continent by 2050”, as well as the EU Biodiversity Strategy for 2030 “and the Farm to Fork Strategy and Green Agenda for the Western Balkans: boosting the efficient use of resources by moving to a clean, circular economy, restoration of biodiversity, cutting pollution and horizontal goal on strengthening knowledge for sustainable and innovative development. This applies to all sectors, primary agricultural production, food processing and marketing, as well as to all phases, from production, use and final disposal of waste.

Supporting agro-biodiversity - the ongoing process of polarisation of primary production (slow decrease of subsistence farming, increase of commercial milk

farming and decline of semi-commercial milk farming) also leads to increasing number of some popular breeds much diffused at international level, such as Holstein, Tarantese, etc. There is little or no work for selection of Autochthon breeds, in order to maintain relevant biodiversity presidia. At the same time, at the farm level, figures of bovines and small ruminants from autochthon varieties are decreasing and remaining one are increasingly consisting in mixed breeds. As for small ruminants breeding, the decline of the traditional eco-pastoral socio-economic system and lack of investments in pastures is leading to a general decline in small ruminants' breeding, which also translates into reducing numbers of most autochthon breeds, in favour of a few most popular breeds and imported ones.

Improving manure and breeding waste management - this is the most environmentally sensible topic, especially when considering that some larger-scale milk breeding activities are being established, with a potential major environmental impact at the local level. Breeding waste and manure impact on two EU Green Deal components, namely EU Climate Ambition (because of production of greenhouses gases) and Farm to Fork, which is highly relevant to all aspects of animal breeding. Optimize the use of inputs, including feeding, and veterinary medicines.

Improving quality along the milk supply chain and establishment of larger and more competitive farms is requiring increasing quantities of energy, especially in primary production (farm machinery, milking stations, cooling system, and different in-stable equipment). Lack of investments and decline of traditional eco-pastoral systems contributed to the loss and degradation of pasture resources, especially summer pastures in highlands.

The EU Green Deal principles have high relevance to the *wine sector*, covering a number of areas that might be considered, covering the farm-to-fork principles, waste management, renewable energies biodiversity preservation, for example paying attention to autochthonous grape cultivars.

The Green Deal takes on a great importance for the *fishery sector* due to finding that the ocean ecosystems remain the epicentre of global warming.

MAPs sector is not ranking high among those ones posing environmental threats: it does not generate harmful waste and the waste can be easily used for composting or to produce biomass fuel; it does not consume many natural resources per unit of value and is not a major producer of greenhouses gas emissions nor an important cause of water pollution.

Olive and olive oil sector is not ranking high among those ones posing environmental threats, with the important exception of the oil milling effluents (vegetation waters and olive oil cake) which are important pollutants if not properly managed. However, there is a wide range of technologies and centuries old experiences on different management practices. In particular, about olive cake, there is a growing understanding that it could become a source of additional revenue, rather than a waste whose disposal cost is to be minimised.

The role of *forest products and forest resource* can play in mitigating climate change and contributing to a green deal is linked to the way forests are managed.

The *concept of sustainable forest management* (SFM) becomes even more critical now that forests are recognized for their crucial role as carbon sinks. This implies inter alia that forest resources must be preserved if not developed, protected against excessive exploitation and against other disturbances of a biotic and abiotic nature.

6.6. A summary table of the intervention logic showing the measures selected for IPARD, the quantified targets

Measure	Quantified target	Programme targets
<p>Investments in physical assets of agricultural holdings</p>	<p>Number of farms and agri-food processing enterprises supported by IPARD in modernization - 600</p> <p>Total investment on farms and agri-food sector in modernization – EUR 72,600,000</p> <p>Number of farms receiving IPARD investments support to progressively align with the EU hygiene and animal welfare standards - 400</p> <p>Number of new jobs created – 130</p> <p>Number of young farmers receiving IPARD support for investment – 90</p> <p>Number of supported producer groups/organisations – 0</p> <p>Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes – 0</p> <p>Number of collective investments - 0</p> <p>Number of IPARD recipients with support in investments related to care for the environment or climate change – 20</p> <p>Number of IPARD recipients with support in investments related with manure management – 20</p> <p>Number of IPARD recipients with support in investments in waste treatment or management - 15</p> <p>Number of IPARD recipients with support in investments in renewable energy production - 20</p> <p>Number of projects with circular economy-type investments - 0</p> <p>Number of IPARD recipients with support for non-productive investments - 30</p> <p>Number of non-productive investment operations supported in complementarities with M4 - 30</p>	<p>Number of projects having received IPA support in agri-food sector and rural development – 1150</p> <p>Total investment generated via IPA in agri-food sector and rural development – EUR 225,811,327</p> <p>Number of economic entities performing modernisation projects in agri-food sector – 930</p> <p>Number of economic entities progressively upgrading towards EU standards – 700</p> <p>Number of jobs created (gross) – 2180</p> <p>Number of recipients investing in promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors – 174</p>
<p>Investments in physical assets concerning processing and marketing of agricultural and fishery products</p>	<p>Number of farms and agri-food processing enterprises supported by IPARD in modernisation– 300</p> <p>Total investment in agri-food processing enterprises supported by IPARD in modernisation– EUR 118,000,000</p> <p>Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare</p>	

Measure	Quantified target	Programme targets
	standards – 300 Number of jobs created (gross) – 500 Number of supported producer groups/organisations – 0 Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes – 0 Number of collective investments – 0 Number of IPARD recipients with support in investments related to care for the environment or climate change – 12 Number of IPARD recipients with support in investments in waste treatment or management – 12 Number of enterprises investing in renewable energy production – 20 Number of projects with circular economy-type investments - 0	
Agri-environment-climate and organic farming measure	Number of contracts - 375 Agricultural land (ha) under environmental contracts - 910 Number of operation types supported - 3 Total area per type of type of operation: - Organic farming (ha) - 410 Support for endangered breed: - Conservation of local breeds of small ruminants (goats and sheep) (heads) - 4100 - Number of supported species of endangered breeds - 75 Maintenances of the traditional olive groves(ha) - 500 Number of holdings supported - 375 Number of holdings supported under organic farming type of operation - 150	
Implementation of local development strategies LEADER approach	Number of local development strategies (LEADER) - 10 Number of jobs created (gross) - 50 Population covered by LAGs – 300,000 Number of IPARD recipients with support in investments in renewable energy production - 0	

Measure	Quantified target	Programme targets
	Number of small projects paid - 220	
Investment in rural public infrastructure	<p>Total investment in rural diversification, business development and infrastructure (EUR) – 16,000,000</p> <p>Number of new jobs created - 1000</p> <p>Number of supported local infrastructures - 90</p> <p>Number of IPARD recipients with support in investments related to care for the environment or climate change - 10</p>	
Farm diversification and business development	<p>Number of farms and agri-food processing enterprises supported by IPARD in modernisation - 30</p> <p>Total investment on farms and agri-food sector in modernisation –(EUR) – 7,500,000</p> <p>Number of recipients of IPARD investment support in rural diversification and business development – 250</p> <p>Total investment in rural diversification, business development and infrastructure – EUR 35,500,000</p> <p>Number of jobs created (gross) - 500</p> <p>Number of young farmers receiving IPARD support for investment – 70</p> <p>Number of supported producer groups/organisations – 0</p> <p>Number of farmers participating in supported Producer Groups, Producer Organizations, local markets, short supply chain circuits and quality schemes - 0</p> <p>Number of collective investments – 0</p> <p>Number of IPARD recipients with support in investments related to care for the environment or climate change -0</p> <p>Number of IPARD recipients with support in investments in waste treatment or management – 10</p> <p>Number of IPARD recipients with support in investments in renewable energy production – 25</p> <p>Number of organic farms with IPARD support to investments - 0</p> <p>Number of projects with circular economy-type investments - 0</p>	

Measure	Quantified target	Programme targets
Technical Assistance	Number of meetings of the IPARD II Monitoring Committee assisted - 12 Number of Programme evaluation reports supported – 2 Number of workshops, conferences, seminars - 60 Number of studies on elaboration and implementation of Programme measures – 10 Number of promotion materials for general information of all interested parties (leaflets, brochures etc.) (copies) – 30 000 Number of rural networking actions supported - 20 Number of potential LAGs supported - 10	
Advisory services	Number of recipients of group advice – 8700 Number of recipients of one to one advice – 6700 Number of advice provided by themes- IPARD application – 6700 Number of advice provided by themes – sustainable agriculture & new techniques – 7000 Number of advice provided by themes – Agri-environment, climate, organic farming - 1000	
Establishment and protection of forests	Afforested agricultural and non-agricultural land (ha) - 330 Area of agroforestry systems established (ha) - 751 Area of forests having benefited from support to improve the resilience and environmental value of forest ecosystems (ha) - 1176 Area of forest having benefited from support to prevent damages to forest from forest fires (ha) - 588	

7. AN OVERALL FINANCIAL TABLE

7.1. Maximum EU contribution for IPARD funds in EUR by year, 2021-2027

Year	2021	2022	2023	2024	2025	2026	2027	2021-2027
Total	8,000,000	10,000,000	12,000,000	16,000,000	19,000,000	23,000,000	24,000,000	112,000,000

7.2. Financial Plan per measure in EUR, 2021-2027

Measures	Total public aid (EUR)	EU contribution (EUR)	EU contribution rate (%)	National contribution (EUR)	National Contribution rate (%)
Investments in physical assets of agricultural holdings	41,973,333	31,480,000	75%	10,493,333	25%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	40,480,000	30,360,000	75%	10,120,000	25%
Agri-environment-climate and organic farming measure	2,528,235	2,149,000	85%	379,235	15%
Implementation of local development strategies – LEADER approach	4,800,000	4,320,000	90%	480,000	10%
Implementation in Rural Public Infrastructure	16,000,000	12,000,000	75%	4,000,000	25%
Farm diversification & Business Development	28,434,667	21,326,000	75%	7,108,667	25%
Technical assistance	2,235,294	1,900,000	85%	335,294	15%
Advisory services	2,900,000	2,465,000	85%	435,000	15%
Forestry	7,058,824	6,000,000	85%	1,058,824	15%
Total	146,410,353	112,000,000		34,410,353	

7.3. Indicative budget breakdown by measure in EUR, 2021-2027

Measures	Total public aid (EUR)	Private contribution (EUR)	Total expenditures (EUR)
Investments in physical assets of agricultural holdings	41,973,333	23,610,000	65, 583,333
Investments in physical assets concerning processing and marketing of agricultural and fishery products	40,480,000	40,480,000	80,960,000
Agri-environment-climate and organic farming measure	2,528,235	0	2,528,235
Implementation of local development strategies – LEADER approach	4,800,000	0	4,800,000
Implementation in Rural Public Infrastructure	16,000,000	0	16,000,000
Farm diversification and business development	28,434,667	15,310,974	43,745,641

Technical assistance	2,235,294	0	2,235,294
Advisory services	2,900,000	0	2,900,000
Forestry	7,058,824	0	7,058,824
Total	146,410,353	79,400,974	225,811,327

7.4. Indicative budget of EU Contribution by measure 2021-2027 in EUR for monitoring

Measures	EU Contribution (EUR)							
	2021	2022	2023	2024	2025	2026	2027	2021-2027
Investments in physical assets of agricultural holdings	3,000,000	4,000,000	3,000,000	3,500,000	5,104,083	6,247,677	6,628,240	31,480,000
Investments in physical assets concerning processing and marketing of agricultural and fishery products	3,000,000	3,000,000	3,920,000	3,875,927	4,700,000	6,100,000	5,764,073	30,360,000
Agri-environment-climate and organic farming measure	-	-	96,356	141,687	225,947	294,823	1,390,188	2,149,000
Implementation of local development strategies – LEADER approach	-	-	1,080,000	1,080,000	1,080,000	1,080,000	-	4,320,000
Implementation in Rural Public Infrastructure	-	-	-	2,000,000	2,500,000	3,500,000	4,000,000	12,000,000
Farm diversification and business development	1,915,000	2,830,000	2,068,644	3,482,386	3,469,970	3,560,000	4,000,000	21,326,000
Technical assistance	85,000	170,000	380,000	380,000	380,000	295,000	210,000	1,900,000
Advisory services	-	-	255,000	340,000	340,000	722,500	807,500	2,465,000
Forestry	0	0	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
Total	8,000,000	10,000,000	12,000,000	16,000,000	19,000,000	23,000,000	24,000,000	112,000,000

7.5. Percentage allocation of EU contribution by measure 2021-2027

Measures	EU Contribution (%)							
	2021	2022	2023	2024	2025	2026	2027	2021-2027
Investments in physical assets of agricultural holdings	37,50%	40,00%	25,00%	21,88%	26,86%	27,16%	27,62%	28,11%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	37,50%	30,00%	32,67%	24,22%	24,74%	26,52%	24,02%	27,11%
Agri-environment-climate and organic farming measure	-	-	0,80%	0,89%	1,19%	1,28%	5,79%	1,92%
Implementation of local development strategies – LEADER approach	-	-	9,00%	6,75%	5,68%	4,70%	-	3,86%
Implementation in Rural Public Infrastructure	-	-	-	12,50%	13,16%	15,22%	16,67%	10,71%
Farm diversification and business development	23,94%	28,30%	17,24%	21,76%	18,26%	15,48%	16,67%	19,04%
Technical assistance	1,06%	1,70%	3,17%	2,38%	2,00%	1,28%	0,88%	1,70%
Advisory services	-	-	2,13%	2,13%	1,79%	3,14%	3,36%	2,20%
Forestry	-	-	10,00%	7,50%	6,32%	5,22%	5,00%	5,36%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

8. DESCRIPTION OF EACH OF THE MEASURES SELECTED

8.1. Requirements concerning all or several measures

General requirements include:

- national standards;
- eligible expenditure;
- ineligible expenditure;
- rules of origin;
- application of durability condition;
- information on the prevention of deadweight; and the use of simplified cost options if applied under any measure.

8.1.1. National Minimum Standards relevant to the Programme

Operations supported shall comply with the relevant provisions of the IPA legal framework, provisions of the FFPA and Sectoral Agreements and the national law relating to its application.

In order to be eligible for support, investment operations shall be subject to an assessment of the expected environmental impact in accordance with national law specific to that kind of investment.

The applicable national legislation referring to the national minimum standards is listed in Annex 1.

National minimum standards: recipients supported under IPARD III should meet the relevant national standards as regards registration of the farm, recognition of the producer organisations or other associative forms, animal welfare and environmental protection, food and feed hygiene as well as identification and registration of animals. The recipient shall be acquainted with the list of requirements, which he/she shall respect. No later than before final payment of the investment, the entire holding/enterprise must comply with relevant national standards in force and applicable to the respective measure.

The investment, when concluded, must respect the relevant European Union standards as regards environmental protection and animal welfare for measure 1 and environmental protection, public health, animal welfare, and occupational safety for measure 3. If the national standards are similar to the Union standards, in duly justified cases, derogation from this rule may be approved by the Commission. This must be clearly written in the IPARD III Programme.

8.1.2. Definition of Rural Areas

Rural areas include the territory of all municipalities with population, as established by the Population Census 2011, below 50,000 people.

The list of rural areas is attached in Annex 2.

8.1.3. Common eligibility criteria applicable to all or several measures

a. Eligible expenditure

Supported investments in production and/or processing and/or marketing of products (Measures 1 and 3) must be covered by Annex I to the TFEU, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the TFEU, including fishery products.

The following expenditure is considered eligible for investments in line with the Sectoral Agreement:

- a) the construction or improvement of immovable property shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
- b) the purchase of new machinery and equipment, including computer software, shall be eligible, up to the market value of the asset, as established in accordance with Article 11(2)(f) and Article 11(3)(d);
- c) general costs linked to expenditure referred to in points (a) and (b) such as architects', engineers' and other consultation fees and feasibility studies shall be eligible up to a ceiling of 12% of the costs referred to in those points (a) and (b) under the following conditions:
 - i. the eligible amount of the general costs shall not exceed the reasonable cost established in accordance with Article 11(2)(f) and Article 11(3)(d);
 - ii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of at least EUR 1 million and no more than EUR 3 million, the business plan preparation costs shall not exceed 4% of the eligible expenditure of these investments;
 - iii. for projects with eligible expenditure of the investments referred to in points (a) and (b) of less than EUR 1 million, the business plan preparation costs shall not exceed 5% of the eligible expenditure of these investments.

The complete lists of eligible expenditures for each measure under IPARD programme will be drawn up separately and agreed with the Commission before launching implementation of the IPARD III Programme.

Any contracts and addenda signed or expenditure incurred by the recipients and payments made by the country is not be eligible for funding under the IPARD III programme before the signature of the relevant Financing Agreement. This principle does not apply to actions under the Technical Assistance measure and to expenditure relating to general costs, provided that the expenditure is incurred by the recipients after 1 January 2021.

For other measures, costs are considered eligible for co-financing if incurred after the contract for project co-financing between the recipient and the IPARD Agency has been signed.

- General costs may occur before the contract for project co-financing between the recipient and the IPARD Agency is signed or the decision on approving the project for implementation is issued, but not earlier than 1 January 2021. The general costs can only be considered eligible for co-financing if the applicant has requested support for general costs in the application providing detailed

documentation justifying the reality and validity of the costs and if the project to which they relate is actually selected and contracted by the IPARD Agency.

- Costs for information and publicity activities at project level, which are of the responsibility of the recipients will be considered eligible for co-financing if the activities are in compliance with the publicity and visibility rules applicable for the Programme.
- The recipient has to provide detailed documentation justifying the reality and validity of the costs with the claim for payment/s submitted to the IPARD Agency. The IPARD Agency is responsible to check the reality and validity of the costs and to publish in the recipients' guidelines the set of requirements and documents needed for justification of costs by the applicant/recipient.
- For investments in renewable energy plants, for the measures 1 and 3, the selling of electricity into the grid is allowed as far as the "self-consumption" limit is respected (i.e. electricity sold into the grid equals on average the electricity taken out. This is justified by the fact that, as electricity cannot be stored, it must, unless wasted, be sold into the grid; the electricity grid can be conceived as a storage place for electricity where it is introduced and withdrawn during the year in the similar amount and at a different rhythm. The concept of "self-consumption" should be checked at the stage at which a project is submitted. The investment is considered eligible when the (theoretical) power capacity of the renewable energy plant ("the investment") does not exceed 120% of the 3 years-average (self-) consumption of the farm.
- For an investment in irrigation system water metering enabling measurement of water use at the level of the supported investment shall be in place or shall be put in place as part of that investment.

The applicant must prove that he/she is the owner of the land/building/s relating to the investment or they have the right to use it for a minimum of 10 years counting from the date when the application is submitted. In case of investments in immovable property, irrigation, perennials, the applicant has to prove ownership of the land/building/s relating to the investment concerned or the right to use it for a minimum of 10 years counting from the date when the application is submitted.

Eligible are expenditures incurred after entrustment of budget implementation tasks (except for Technical Assistance measure) and after the signature of a Contract for allocation of IPARD funds between the recipient and IPARD Agency (except for general costs linked to the investment related expenditure).

b. Application of the durability condition

- The investment for which the recipient has received support must not undergo a substantial modification within five years from the date of the final payment to the recipient.
- Substantial modifications to an investment are those which result in:
 - Cessation or relocation of a productive activity co-financed outside the Programme area.
 - Change in ownership of an item of infrastructure, which gives to a firm or public body an undue advantage;

- Substantial change affecting its nature, objectives or implementation conditions, which would result in undermining/changing its original objectives.
- In the case of exceptional situations that might affect the investments (e.g. fire or flooding) or ‘force majeure’ (e.g. pandemic), the recipient must inform the IPARD Agency within deadlines according to the Sectoral Agreement or the contract for co-financing.
- The recipients are obliged to keep all accounting records for at least 7 years after the investments take place as well as to collaborate and provide any requested information to the officials of the respective Ministry, IPARD Agency, European Commission and European Court of Auditors authorised to control and audit the implementation of the project as well as NAO/NF and Audit Authority and to other authorised organisations and institutions upon request from the IPARD Agency.

c. Ineligible expenditure for support under the Programme

- In line with Article XXX of the Sectoral Agreement, the following expenditures shall not be eligible under the IPARD III Programme:
 - (a) taxes, including value added taxes;
 - (b) purchase, rent or leasing of land and existing buildings, irrespective of whether the lease results in ownership being transferred to the lessee unless the provisions of the IPARD III programme provide for it;
 - (c) fines, financial penalties and expenses of litigation;
 - (d) operating costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;
 - (e) second hand machinery and equipment;
 - (f) bank charges, costs of guarantees and similar charges;
 - (g) conversion costs, charges and exchange losses associated with the IPARD euro account, as well as other purely financial expenses;
 - (h) contributions in kind;
 - (i) the purchase of agricultural production rights, animals, annual plants and their planting;
 - (j) any maintenance, depreciation and rental costs, except where duly justified by the nature of the measure in the IPARD III programme or in the case of force majeure or exceptional circumstances;
 - (k) any cost incurred and any payments made by the public administration in managing and implementing assistance, including those of the management and operating structure and, in particular, overheads, rentals and salaries of staff employed on activities of management, implementation, monitoring and control, except where duly justified by the nature of the measure in the IPARD III programme.
- Unless the Commission expressly and explicitly decides otherwise, the following expenditure shall also not be eligible:

- (a) expenditure on projects which, before completion, have charged fees to users or participants unless the fees received have been deducted from the costs claimed;
- (b) promotional costs, other than in the collective interest. Promotional costs are not eligible unless a 'collective interest' can be claimed. Collective interest should be understood as an interest bigger than the individual interest of the recipient.
- (c) expenditure incurred by a recipient of whose capital more than 25% is held by a public body or bodies unless the Commission has so decided in a specific case on the basis of a complete reasoned request from the country. The Commission shall take its decision within three months of receiving the request. This exclusion is only valid for measure 1, 2, 3, 4 and 7. The rule is not applicable for measure 11.

- Investment in the tobacco sector is not eligible under IPARD.

d. Rules of origin

Compared to IPARD II, the rule of origin does not apply anymore for supplies and materials under IPARD III. However, it remains as a verification of the entity signing the contracts.

In case of the entity (Article 11 of Regulation (EU) 2021/1529), it should be established in

- Member States, beneficiaries listed in Annex I to Regulation (EU) 2021/1529, contracting parties to the Agreement on the European Economic Area and countries covered by the Annex I to Regulation (EU) 2021/947; and
- countries for which reciprocal access to external assistance is established by the Commission.

e. Economic viability

The economic viability of the recipient making an investment is an eligibility condition for measure 1, 3 and 7.

Eligible for support are recipients who are economically viable at the end of the realisation of their investment. The viability should be demonstrated and proven at the application stage, through the business plan for the whole holding considered as a single legal and economic entity, otherwise the application will not be considered eligible.

The purpose of the viability check is to ensure the investment can be feasibly financed by the recipient and that the recipient can sustain the economic activity related to the supported investment for the life span of the project (typically at least 5 years past the final payment).

Economic viability of the recipient making an investment is assessed on the basis of a business plan. Main criteria for the assessment of business plans are explained further under the description of relevant measure. Detailed description of requirements will be provided in the Guidance for applicants before each call.

The IPARD funds granted to the recipient must be taken into account when calculating the economic viability of the recipient. The criteria that will be used by the

IPARD Agency to assess the economic viability of investment are presented in the Annex 3.

Ex-post verifications shall be carried out on investment operations in order to verify whether substantial modifications were made to the project. As a check of economic viability, it is verified whether the project is operational and operating or not.

f. Rules applied for payment of instalments and advanced payments

The eligible investment activities have to take place after the signature of the contract with the IPARD Agency. The payment of the public aid will be made on the basis of payment claim and justifying documents, which prove the accomplishing of the activities and their eligibility. The form of payment claim is established by the IPARD Agency as specific to the contract provisions and activities concerned.

Concerning purchase of machinery and equipment, the payment will be made as a single payment at the end of the investment. For private investments, which involve construction activities, the payment can be made in a maximum of two instalments according to recipient's choice, stipulated in the contract. In this case, the first instalment shall be paid after the finalisation of the construction or reconstruction works, and the second instalment - after the installation of the equipment, i.e. at the end of the investment.

In case of public investments under measure "Investments in rural public infrastructure" implemented by public recipient (municipalities and public enterprises), the number of instalments may be extended in line with the number of construction phases, according to public recipients' choice, stipulated in the contract.

Advance payments to recipients may be provided from the budget of this Programme, according to rules and conditions of advance payments being established on the basis of the Sectoral Agreement. Payments of advances qualify as eligible expenditure up to 50% of the public aid related to the investment and shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 110 % of the amount of the advance.

g. Deadweight

Deadweight spending is a serious indicator of inefficiency in public financing. It means that recipients receive subsidies for projects that would have been implemented even without the subsidy. Those projects should be excluded by a tailored procedure. In the ex-post evaluation deadweight is something to be looked at. Some ideas for avoiding deadweight.

- Targeting of recipients, e.g. by wealth/size,
- Prioritising of economic unattractive types of projects, for example focussing on environmental protection.

The deadweight loss risk is reduced by focusing of the Programme towards sectors and territories with structural disadvantages resulting in underinvestment and slow or negative growth rates. Thus, programme resources are focused on the investments that would not be implemented without public support.

To further reduce the deadweight risk in some of the selected sectors, only investments aiming to environmental protection or renewable energy production are eligible for support. In addition, in all measures, a priority is given to investment

bringing benefits mainly for nature and environment protection, which are with a lower deadweight risk.

8.2. Administrative procedure

8.2.1. Controllability and verifiability

In line with Article 8 and Article 9 of the SA, the Managing Authority based on an opinion of the IPARD Agency confirms that verifiability and controllability of measures has been ensured.

Under the Programme, the controllability and verifiability of the measures will be ensured by following:

Definition and application of clear, quantifiable and transparent eligibility and selection criteria, which can be measured and controlled.

Selection process based on the pre-defined and publicised criteria with transparent and well-documented procedures (audit trails) and administrative capacity, ensuring compliance with the principles of sound financial management, including selection of applications, administrative and on-the-spot verification of eligibility of expenditure, verification of compliance with the principle of value for money and public procurement legislation and adequate IT systems.

The reasonableness of the costs proposed, will be evaluated based on a suitable evaluation system, such as reference costs, standard unit costs, a comparison of different offers or an evaluation committee.

Proper documentation management and verification of documents – recipient shall be required to keep records of operations, invoices and accounting records.

Ex-post verifications carried out on investment operations to verify the respect of commitments laid down in the IPARD III Programme. The *ex-post* verifications shall be carried out within 5 years of the date of final payment to the recipient. Agri-environment projects are normally carried out for the duration of 5 years. Therefore, verifications for agri-environment are in this period. All investments shall be checked at least once during the five-year period. The *ex-post* verifications, carried out throughout the five-year period, shall be based on an analysis of the risks and financial impact of different operations, groups of operations or measures.

8.2.2. The risk of errors

The risk of errors will be reduced by the following measures:

- Well established internal control system, guaranteeing that controls described in procedure manuals are actually applied in the way that they are accredited and supervisory personnel reviews the functioning of controls.
- Publication and wide dissemination of guidance documents to potential applicants, describing clearly the eligibility criteria and requirements for application, criteria for selection, rules for implementation of projects and preparation of payment claims.
- Training and issuing of guidelines to recipients on eligibility, implementation and preparation of payment claims.
- Regular training of IPARD Agency staff and technical bodies on procedures for

verification of eligibility of applicants, applications, and payments claims, irregularities prevention and detection.

- The controllability and verifiability of the measures to be *ex-ante* assessed jointly by the MA and IPARD Agency during the process of preparation of the Programme and the assessment will be updated during the implementation based on results of controls, audit findings or after modification of measures or inclusion of new measures.

8.2.3. Targeting of measures

Targeting of measures is achieved through:

- Eligibility criteria limiting support to priority sectors and target groups based on sectoral studies;
- Selection criteria targeting support to the priorities of IPARD III programme and measures' objectives.

Eligibility and selection criteria aim to ensure equal treatment of applicants, transparency and better use of financial resources and minimising deadweight investments. In defining eligibility and selection criteria, the principle of proportionality is taken into account in relation to small grants.

8.2.4. Administrative procedures for selection of investment projects

Projects under investment measures⁶⁶ will be selected through open calls of applications. The Managing Authority, in agreement with the IPARD Agency, shall each year draw up an Annual Work Programme of Calls for applications (AWP), indicating the number of calls, time for launching and deadlines for submission of applications of each call, the indicative budget of each measure under each call for applications. The annual programme will be published on the Programme website no later than 31 January of the “n” year. In case of substantial change/need for adjustment of above stated conditions during the year an update of the annual work programme will be published. For each call for application, a Guidelines for Applicants (GfA) will be published, which will specify: the objectives of the measures, eligibility criteria (eligibility of applicants, investments and eligibility of expenditures) and selection criteria, specified in this Programme; the total budget of the call and per measure, aid intensity, list of supporting documents for applications and payment claims; deadlines for submission of applications, procedure for submission and selection of applications. Procedure for selection of projects and payments will also be described in the GfA. Standard grant contract and payment claim will be included for information. The GfA will strictly respect all provisions (eligibility and selection criteria) set out in the IPARD III programme, FFPA and IPARD SA.

The GfA will include annexes with the templates of application forms, claim for payment and other documents to be filled in by the applicants. The GfA will contain also templates of the business plan.

⁶⁶Measures: ‘Investments in physical assets of agricultural holdings’; ‘Investments in physical assets concerning processing and marketing of agricultural and fishery products’; ‘Farm diversification and business development’;

IPARD Agency will launch the calls for application within the deadlines approved in the Annual Programme and will implement information campaign in co-operation with the MA.

All submitted applications will be registered and those submitted before the deadline of the Call for applications will be processed and controlled for administrative compliance and eligibility based on submitted supporting documents. In case of minor omissions in the supporting documents, applicants shall be required to correct them.

The applications that have passed the first administrative and eligibility check will be assessed for economic viability and reasonableness of the costs proposed.

All applicants that comply with the administrative and eligibility rules will be checked on-the-spot to verify that the information submitted in the application form and supporting documents is correct.

The compliant and eligible applications shall be ranked according to the selection criteria and funded up to the limit of the budget of the call for applications. If the budget is not sufficient to fund two or more equally ranked proposals, the grant shall be awarded on the first-come, first-served basis. The ranking procedure shall not be applied when the total grant amount requested by the submitted applications is lower than the total budget of the call for applications. A reserve list shall be also drawn. If after the completion of contracting of all selected application, for whatsoever reason, the total budget of the call for applications is not contracted, the projects from the reserve list will be contracted.

All the provisions stated above are subject to accreditation and may change. The final provisions will be laid down in IPARD Agency procedures.

8.3. Description by Measure

8.3.1.1. MEASURE ‘INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS’

8.3.1.2. Legal basis⁶⁷

8.3.1.3. Rationale

Under this measure, physical investments should be carried out in order to align to the EU standards (environment, animal welfare), improve the economic and environmental performance of agricultural holdings, provide the infrastructure needed for the development of agriculture and investments necessary to achieve environmental aims.

Milk production is one of the most important agricultural sectors in Albania. The farms need to be supported to improve the competitiveness and standards for raw milk hygiene and quality, animal welfare and waste treatment.

The measure will support potentially economically viable farms in the *meat sector*. In the sheep and goat meat production transhumance is widely practiced, taking advantage of the potential of mountain pastures and high meat quality, using local breeds raised under the natural mountain conditions.

⁶⁷ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

There is a need for raising the standards of **cattle, pig and poultry** farming in order to improve animal welfare conditions (housing, ventilation, etc.), fodder preparation and storage, and manure storage, treatments and handling to enable farmers to comply with the Union environmental animal welfare standards.

Poultry meat: Poultry meat mainly consists in broiler meat, even if there is a certain tradition in small-scale turkey breeding. The sub-sector is promising, but extremely competitive.

Pig meat: Demand of pig meat is growing, so that also the import of live animals for short-term breeding (i.e., bringing animals to slaughtering weight) is growing (+80% in the decade)

The increase of the competitiveness of the **fruit and vegetables sectors** requires support for reduction of production costs and improvement of quality through increase of the production scale, introduction of new technologies, improvement of crop husbandry and harvesting mechanisation and post-harvest infrastructure.

The greenhouse sector is dominated by unheated (solar) greenhouses, most of which are simple plastic greenhouses.

Albania has very good soil and climatic conditions for development of **viticulture** and grape cultivation is widespread and important source of income and self-employment for a high number of agricultural holdings. **Cultivation of olives** has grown in Albania.

The Albanian production of olives has been increasing faster than the world production trends. When analysing olive production in more detail, it is usually distinguished between table olives and olives for olive oil production. More than 100,000 farmers are involved in olive growing.

MAP farms are usually small-scale, with few exceptions. The surface of land grown with MAPs is more extensive in the Malesia e Madhe region than other regions. This tendency is due to a long experience with MAP cultivation during the communist era and the lack of alternative use of usually unproductive land. However, consolidators and processors, especially those focused on organic production, have been investing in large plantations of MAPs (respectively 120 hectares and around 10 hectares).

Priority is given also to investments in production of **renewable energy** for own consumption and waste treatment.

8.3.1.4. General objectives

The *general objectives*:

- To increase the efficiency, competitiveness and more sustainable agricultural production in the agri-food sector, e.g., by progressive alignment to the Union standards, enhancing the position of farmers in the food chain and supporting young farmers.
- To improve the response of the agri-food sector to public demand for high-quality, safe, nutritious and sustainable food as well as animal welfare.
- To contribute to climate change mitigation as well as sustainable energy and foster sustainable management of natural resources, such as water, soil and air.

8.3.1.4.1 Specific objectives

- To improve the overall performance of agricultural holdings in the production of primary agricultural products;
- To be consistent with EU Standards as regards environmental protection and animal welfare;
- To encourage investments in physical assets in milk, meat, fruits, vegetables, olive trees; Medicinal and Aromatic Plants, and grape agricultural sectors; Support introduction of environmentally friendly and climate relevant manure handling, storage and treatment facilities;
- Improve production technique and technology, and also certified seedlings production to enable farmers to produce fruit, vegetables, olive trees and grape;
- Reduce postharvest losses through on-farm investments;
- Achievement of agri-environment-climate objectives by supporting non-productive investments enabling the implementation of the agri-environment – climate and organic farming measures.

8.3.1.5. Linkage to other IPARD measures in the programme and to national measures

The measure is linked to the measure "Investments in physical assets concerning processing and marketing of agricultural and fishery products", "Agri-environment-climate and organic farming measure", "Farm diversification and economic development". MAPs will not be eligible to the measure 7.

The Measure will support investments in viable agricultural holdings, which should lead to improving quality and food safety of raw materials needed for the processing industry and aligning of the food chain with the Unions standards.

The national measures will provide investment support to sectors/investments not supported by IPARD, but important for the modernization of the agriculture as well as to small farms to restructure and achieve viability (see Section 10.3).

8.3.1.6. Recipients

Recipients under this measure are farmers or groups of farmers, whether natural or legal persons and other agricultural legal entities (micro, small and medium size private agricultural enterprises⁶⁸, producer organizations (e.g., cooperatives, associations) etc.) responsible for carrying-out and financing investments on agricultural holdings (as defined by the national law of the beneficiary country and included in the national farm register).

When the recipient is not the owner of the holding where the investment is carried out, a contract which includes provisions allowing for the structural effects of the project during at least 5 years after its conclusion should be established between the parties concerned and registered in the Cadaster.

All recipients must be included in the relevant Regional (farm/business) register.

⁶⁸ In line with the SME definition as listed in Section 8.1 of the IPARD programme

8.3.1.7. *Common eligibility criteria*

8.3.1.7.1. *Type of eligible holdings*

- The recipient, if natural person, or in case of legal entity, the legal representative or employee at management level, must have university degree or vocational qualification diploma in the agriculture related field (agricultural or veterinary sciences, agricultural economics) or at least 3 years of work experience in agriculture production, processing or services related to agriculture. A recipient that fails to meet the above skills and competences shall commit following training course with a minimum duration of at least 50 teaching hours in the relevant sector before applying for final payment, except the applicants, applying only for non-productive investments

8.3.1.7.2. *Economic viability of the recipient*

- The applicants must present a simplified form of a business plan or a business plan proving the economic viability of the project investment at the end of the investment (see Annex 3) except the applicants, applying only for non-productive investments

8.3.1.7.3. *National standards/EU standards*

- For investment for on-farm-irrigation systems, before submission of claim for payment, the recipient has to prove the appropriate license, authorization, or concession for water use. Investments in on-farm irrigation must comply with Articles 38, 39, and paragraph 1/e of article 41 of Law no. 111/2012 “On the integrated management of water sources”, as well as in the decision “On the adoption of special conditions, accompanying documents, validity deadline, application forms for issuing authorizations and permits, assessment and decision making procedures, as well as authorization and permit templates for using of the water sources”.
- If the investment is in animal breeding (milk or meat), the farmer must provide a copy of RUDA (Animal and Veterinary Information System animal register certificate stating number of animals registered at the moment of submitting the application and, for contracted projects, at the moment of submitting the payment claim.
- Fruits and/ or vegetable propagation material and/or seedlings and/or seeds must be certified according to the relevant national legislation in force.

8.3.1.7.4. *Other eligibility criteria*

- The investment project must concern production of primary agricultural products from the selected sectors – milk, meat, fruit and vegetables, grapes, olive trees, Cereals, Medicinal and Aromatic Plants, listed in the Annex I to the Treaty on the European Union
- The projects only for non-productive investments the project must contribute to the fulfilment of the agri-environment-climate and organic farming objectives, as listed in measure 4.
- The investment must concern production, storing and processing of agricultural products as listed in Annex I to the Treaty and described in the Section 8.1 of the programme.
- In the case of investments for the purchase of tractors and farm equipment, these investments shall respect the relevant European Union legislation as regards

environmental protection⁶⁹, in particular as regards gaseous and particulate pollutant emission limits⁷⁰. Recipient should follow the general eligibility rules as described in Section 8.1 of the IPARD programme (incl., eligible and non-eligible expenditure).

For the whole programming period, one recipient may receive support for purchase of only one tractor, with a maximum power not exceeding 100 KW based on scale and nature of activity.

- An applicant may not submit a new application under the same measure before a final payment on a previous grant contract or only after the earlier contract has been terminated or the project is withdrawn.

8.3.1.7.5. *Non-productive investments*

Non-productive investments are investments which do not generate a significant return, income, or revenue, or significantly increase the value of the beneficiary's holding, but have a positive environmental impact.

Support for non-productive investments covers capital works related to the implementation of agri-environment-climate objectives. The following non-productive investments will be supported:

- Fencing (including purchase of electric fences) and other works needed to facilitate conservation management and grazing of rare breeds;
- Restoration or creation of landscapes features such as hedges;
- Restoration of traditional terraces;
- Traditional dry stone walls restoration;
- Creation or restoration of shelters for the herds and the shepherds in remote mountain areas, that will prevent the abandonment of the remote grasslands;
- Creation and restoration of livestock watering points;
- Planting of trees or group of trees (from traditional olive varieties) and their maintenance for at least 5 years;
- Other well justified investments that will contribute to biodiversity conservation in the applicants land.

8.3.1.7.6. *Investments in renewable energy plants*

Conditions as set in point a) of Chapter 8.1.3 are applicable.

In the case of new farms or in the case of farms which have substantially changed the size of their operations in the last three years the expected consumption should be estimated by the IPARD agency. The same concerns expected power consumption increases due to the new investments to be made as part of the same application by the potential recipient⁷¹.

⁶⁹ There is a specific section for the automotive industry relating to tractors:
https://ec.europa.eu/growth/sectors/automotive/legislation/tractors_en.

⁷⁰ Regulation (EU) No 167/2013 of the European Parliament and of the Council on 5 of February 2013 on the approval and market surveillance of agricultural and forestry vehicles, and Commission delegated regulation (EU) 2018/985 supplementing Regulation (EU) No 167/2013 of the European Parliament and of the Council as regards environmental and propulsion unit performance requirements for agricultural and forestry vehicles and their engines and repealing Commission Delegated Regulation (EU) 2015/96.

⁷¹ In line with DG AGRI guidance of Ares(2018)6385137-12/12/2018

8.3.1.8. Specific eligibility criteria (per sector)

At the end of the investment (before final payment) the agricultural holding of the recipient must have the following minimum size:

Milk sector:

- minimum 10 cows registered under the animal register;
- minimum 100 sheep and/or goats registered under the animal register.

Meat

- 10 cattle registered under the animal register;
- 100 sheep and/or goats registered under the animal register;
- 1,000 heads of poultry (broilers and laying hens);
- 10 breeding sows

Fruit and open field vegetables sector

- minimum 0.5 ha of land cultivated with vegetables or minimum 0.5 ha of land cultivated with fruit in one or several blocks.

For Protected Crops

- minimum of 0.5 ha of protected area in a form of glasshouses/ greenhouses/or tunnels

Vineyards

- minimum of 0.5 ha of vineyards.

Olive's trees

- minimum of 0.3 ha for individual/1 ha for group of farmers of Olive trees.

MAPs

- minimum of 0.3 ha of MAPs.

8.3.1.9. Eligible expenditure

Eligible expenditures are limited to expenditure related to investments in tangible and intangible fixed assets specified in Section 8.1.3 point b. To be eligible for support, investments must comply with all provisions stated in Section 8.1.3.

Milk and meat sector

- Construction and/or reconstruction of facilities and premises including installations of prefabricated animal housing, storage, sheds or machine sheds. Facilities for the accommodation, feed administration, storages and machineries and equipment, areas for milking, installation of ventilations and heating;
- Equipment, machinery and devices for milking, cooling, storage, safe disposal of carcasses, feed administration, manure handling, etc.

Fruit, vegetables, olive trees, MAPs and vineyards sector

- Construction and/ or reconstruction of glasshouses/ greenhouses/ tunnels, including installations encompassing also renewable energy technologies for heating or watering systems;
- Investments in harvesting and post-harvest specialised equipment and facilities on the farm (such as temporary storage facilities, pre-cooling

equipment and tools, cleaning, sorting, grading, packaging lines, cooling units and cold stores, and non-conditioned potato storages);

- Purchase of new or upgrading of existing on-farm drip-irrigation and water sprinkling systems and services for digging wells, when primary irrigation is not available;
- Plantation of autochthon olive varieties whose population is classified as “small”, limited to the areas of origin of such varieties;
- Investments in creation of new or restructuring (rehabilitation) of existing orchards and vineyards, including cost of certified propagation material; planting, pruning, installation of trellis and other services carried out by a third party, with the exception of soil fertilizing;
- Production of energy from renewable energy sources for on-farm consumption only - heating, cooling, ventilation, irrigation or water pumps (such as solar panels or other technologies except bio-gas facilities).
- Purchase of specialized horticultural machinery and equipment (such as specialized tractors and cultivators, sprayers, harrows, trailers or other specialized equipment);
- Facilities and technologies for renewable energy generation for on farm use,
- Internal road network and parking places within a farm holding ,
- Administrative building with associated facilities.

The eligible expenditure per sector shall be further detailed in the 'list of eligible expenditure'.

8.3.1.10. Selection criteria

	Criteria	Points
1	The investment in mountain areas listed in Annex 5	5
2	Investments concern manure storage, effluent treatment and/ or handling	15
3	Investments in renewable energy production and technologies	15
4	Organic production	15
5	Project implemented by an agricultural cooperative and application is part of collective investment	15
6	Young farmer as an applicant	15
7	Woman as an applicant	10
8	Applicant for the first time in IPARD Programme	10
	Total (maximum)	100

8.3.1.11. Aid intensity and EU contribution rate

The minimum total eligible cost of the investment per project is EUR 10,000 and the maximum - EUR 500,000. One applicant may be granted more than one project, but the total eligible cost of investments per recipient under this measure may not exceed EUR 1,500,000 for the whole programming period.

For non-productive investments the minimum total eligible costs of the investment per project is EUR 1,000 and the maximum – EUR 5,000. One applicant may be granted more than one project for non-productive investments, but total eligible costs of the non-productive investments per recipient under this measure may not exceed EUR 10,000.

Public aid under this measure can amount up to a maximum of 60% of the total eligible cost of the investment. It can be increased up to:

- 65% for investments in mountain areas,
- 70% for investments in physical assets of agricultural holdings made by young farmers and/or certified organic farmers.
- 100% for non-productive investments

An additional 10% can be given for:

- investments related to effluent and waste management and renewable energy provided that cumulative combined support does not exceed 75%.

EU co-financing rate is 75% of the public aid, except in case of non-productive investments aid intensity can be up to 85%.

8.3.1.12. *Indicative budget per measure*

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution			
	EUR	EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2021	6,250,000	4,000,000	64%	3,000,000	75%	1,000,000	25%	2,250,000	36%
2022	8,333,333	5,333,333	64%	4,000,000	75%	1,333,333	25%	3,000,000	36%
2023	6,234,375	3,990,000	64%	2,991,500	75%	998,500	25%	2,244,375	36%
2024	7,276,042	4,656,667	64%	3,491,500	75%	1,165,167	25%	2,619,375	36%
2025	10,617,881	6,795,444	64%	5,095,583	75%	1,699,861	25%	3,822,437	36%
2026	13,000,369	8,320,236	64%	6,239,177	75%	2,081,059	25%	4,680,133	36%
2027	13,793,208	8,827,653	64%	6,619,740	75%	2,207,913	25%	4,965,555	36%
Total	65,505,208	41,923,333	64%	31,437,500	75%	10,485,833	25%	23,581,875	36%

Under the measure, a maximum of 20% of the total budget for the measure can be spent on purchase of tractors.

8.3.1.12.1. *Indicative budget for non-productive investments*

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	%	EUR	%
1	2=3	3=5+7	4=3/2	5	6=5/3	7	8=7/3
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	10,000	10,000	100%	8,500	85%	1,500	15%
2024	10,000	10,000	100%	8,500	85%	1,500	15%
2025	10,000	10,000	100%	8,500	85%	1,500	15%

2026	10,000	10,000	100%	8,500	85%	1,500	15%
2027	10,000	10,000	100%	8,500	85%	1,500	15%
Total	50,000	50,000	100%	42,500	85%	7,500	15%

8.3.1.13. *Indicators and targets to be used in the programme*

Indicator	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernization	600
Total investment on farms sector in modernization - EUR	72,600,000.00
Number of farms receiving IPARD investments support to progressively align with the EU hygiene and animal welfare standards	400
Number of new jobs created	130
Number of young farmers receiving IPARD support for investment	90
Number of supported producer groups/organisations	0
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
Number of collective investments	0
Number of IPARD recipients with support in investments related to care for the environment or climate change	20
Number of IPARD recipients with support in investments related with manure management	20
Number of IPARD recipients with support in investments in waste treatment or management	15
Number of IPARD recipients with support in investments in renewable energy production	20
Number of projects with circular economy-type investments	0
Number of IPARD recipients with support for non-productive investments.	30
Number of non-productive investment operations supported in complementarity with M4	30

8.3.1.14. *Administrative procedure*

The selection of projects follows the administrative procedure described in Section 8.2 of the Programme.

8.3.1.15. Geographical scope of the measure

The measure will be applied on the whole territory of the Republic of Albania.

8.3.1.16. Other information specific to the measure

N/A.

8.3.2.1. MEASURE ‘INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS’

8.3.2.2. Legal basis⁷²

8.3.2.3. Rationale

To compete successfully in an increasingly open market, the Agri- processing industry needs to modernize technologies and to improve food safety management systems. The food industry has to establish safe collection, transport and storage of raw materials to reduce waste and ensure food safety.

Milk and dairy sector needs substantial investments to modernize technologies, to improve quality and to comply with Union standards. Closed cooling chains from producer to consumer are still rare. Milk collecting points and appropriate milk transport trucks with cooling systems are missing.

To increase competitiveness and environmental performance of **meat processing sector** there is a need to encourage investments in compliance with EU standards and improvement of waste management and processing of by-products. **Slaughterhouses** still need to be upgraded and meet the food safety and animal welfare standards.

The measure targets all **fruit and vegetables processing enterprises** and focuses on boosting investment in improving quality and food safety and reduction of losses in the production process. The Albanian **wine sector** may seize emerging opportunities of increasing domestic demand for quality wines, if supported for investments in quality improvement, modernization of technologies, upgrading equipment, especially storage tanks, fermenting and laboratory equipment, and developing the quality wines based on local/autochthon grape varieties.

MAPs sector Consolidator level and Processing/exporting level

Consolidators appear to be more inclined to invest primarily in new warehouses, drying facilities, and processing equipment.

At the processor/exporting level, competition between Albanian exporting companies and between them and other foreign processors in countries.

Olive oil production has increased significantly, exceeding 20,000 tons since 2017, while in 2018 it was almost triple the level of production when compared to 2010 – since most olives are used for olive oil, olive oil production increase is triggered by increase in production of raw olives.

⁷² Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

Fish processing - The fish processing sub-sector is mainly oriented to the export market and it shows a growing trend justified by a growing interest for the domestic production, demonstrated by the increasing of the labour force and supported by the devaluation of the Euro. The export capacity is growing year by year with a very large capacity often over 20% per year.

8.3.2.4. General objectives

The *general objectives* of the measure are:

- To increase the competitiveness of the agri-food sector, improve the efficiency and sustainability of on-farm production, providing a better response of the food sector to societal demands for healthy food, including safe, nutritious and sustainable food, by investments in physical infrastructure in line with the relevant EU standards.
- To help in addressing the challenge of climate change, by promoting renewable energy and the circular economy.
- To reinforce the farmer's position in the food chain, by encouraging them to cooperate in short supply chains and produce higher added value products.

8.3.2.4.1. Specific objectives

The *specific objectives* of the measure are:

- To modernize physical assets of selected priority food processing sectors in order to improve competitiveness and to gradually align with Union standards in the fields of environmental protection, food safety and public health, animal welfare, and occupational safety;
- To encourage investments in milk, meat, fruits and vegetable, MAPs, olive oil and wine processing enterprises with the aim to:
 - Improve milk hygiene at milk collection points through support to investments in milk cooling tanks and specialised milk transport vehicles;
 - Encourage introduction and improvement of technologies and practices at food processing plants, contributing to the production of products gradually meeting Union standards and improving competitiveness;
 - Encourage investments in slaughtering facilities, which would comply with the Union standards;
 - Reduce the post-harvest losses and improve storage techniques and capacities in fruits and vegetables, olives, MAPs and grapes;
 - Strengthen the supply chain and integration between processors and agriculture producers;
 - Support introduction and improvement of food safety, quality systems and traceability;
 - Improve treatment and handling of waste and utilisation of by-products.

8.3.2.5. Linkage to other IPARD measures in the programme and to national measures

The measure is particularly linked with the measure "Investments in physical assets of agriculture holdings" which ensures the provision of agricultural raw materials. MAPs will be not eligible for the measure 7.

Linkage to national measures.

After the start of the Programme, the national support investment schemes will not overlap with the eligible sectors and investments under this Measure. Further information on complementarity and demarcation is provided in the chapter 10.3.

8.3.2.6. Recipients

Recipients are food-processing enterprises, responsible for carrying-out the project in their establishment in line with definition of SME provided in Annex 4.

The size of the company is established considering the linked and partner companies), and have to be:

- Natural persons or legal entities, with no more than 25% of the capital held by public body (-is), and
- Established according to the national legislation in force, and registered in accordance with the Albanian legislation in force at the National Business Centre and licensed, if required in accordance with the Albanian legislation in force for the eligible processing activity (eligible investments) under this measure.

8.3.2.7. Common eligibility criteria

8.3.2.7.1. Types of enterprises and producer organisations supported

Enterprises not covered by the SME definition, but with fewer than 750 employees or an annual turnover not exceeding EUR 200 million, can also be eligible, however in this case support can only be granted for investments specifically intended to make the entire establishment fully compliant with the relevant EU standards.

The Commission may, on the basis of a duly substantiated request from the beneficiary country, decide that assistance can also be provided to other enterprises other than those mentioned above only for investments necessary to meet specific EU standards, which involve particularly costly investments.

Such support may be granted only to enterprises identified in the national plan for upgrading to EU standards for investments specifically intended to make the entire establishment compliant with the relevant EU standards.

The national plan is prepared by the Albanians responsible authorities and supervised by DG SANTE as part of the accession process. In such cases, the country authorities shall submit a specific request to the Commission to consider this type of company as eligible. This can only be done after the national plan for upgrading establishments to EU standards has been drawn up. The national plan is subject to negotiations with DG SANTE (in the framework of the accession negotiations). The country authorities must identify the type of investments necessary to meet the EU standards as well as the type of companies with 750 employees or more and with an annual turnover exceeding EUR 200 million justifying why such companies cannot conduct the investments without IPARD assistance.

For investments in renewable energy or the circular economy, the establishments, which already are on the SANTE list of non-EU establishments authorized to export food of animal origin to the EU can apply irrespective of the national plan.

Before submission of application to the IPARD Agency, the relevant national authorities (technical bodies) must analyse if the proposed project gives sufficient

grounds to expect that the recipient enterprise will be able to meet the relevant national minimum standards at the end of the project.

In case the collective investment is implemented by a legally established entity on behalf of their members, the national standards apply to the assets of the entity and not to the assets owned by each participant/member of this entity.

Investments supported must concern the processing and/or marketing of products covered by Annex I to the Treaty, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the Treaty, including fishery products.

Processing of tobacco is not eligible under IPARD.

The applicants must have fulfilled all obligations relating to the payment of taxes, including land tax, and social security (pension and health) contributions and must not be on the bad debtor list of ARDA.

An applicant may not submit a new application under this measure before a final payment on previous grant contract.

8.3.2.7.2. Economic viability of the recipient

The applicants must present a business plan proving the economic viability of the project at the end of the investment. Requirements for the business plan are set in Annex 3.

8.3.2.7.3. National standards/EU standards

The recipient must submit with the final payment claim a certificate from the relevant national authorities confirming that all applicable national minimum standards (see Annex 1) are respected on the *enterprise* and that the *investment* meets the relevant EU standards.

8.3.2.8. Specific eligibility criteria (per sector)

At the end of the investment (before final payment) the recipient must have the following minimum capacities:

Milk processing

- milk processing capacity of 1500 litres per day/750 litres in mountain areas;

Slaughtering

- bovines slaughtering: minimum 10 heads per day; or
- small ruminants slaughtering: minimum 40 heads per day; or
- pigs slaughtering: minimum 15 heads per day; or
- poultry slaughtering: minimum 5,000 birds per day.

Wine processing

- wine processing capacity: 200 hectolitres per year.

The measure will support only investments in renewable energy technologies for self-consumption (see chapter 8.1).

For meat processing plants, the entire establishment must comply with EU standards at the end of the investment.

8.3.2.9. Eligible expenditure

Eligible expenditure are limited to expenditures related to investments in tangible and intangible fixed assets specified in Section 8.1.3 point 1. To be eligible for support investments must comply with all provisions stated in Section 8.1.3.

Type of eligible investments

Milk sector, Meat sector, Fruit and vegetables sector, Wine sector, Olive Oil sector, MAPs sector and Fish Processing sector are:

- Construction and/or reconstruction of facilities and premises for milk collection, storage and processing.
- Equipment, machinery and devices for milk collection, storage and processing.

Further details are given in the List of eligible expenditure.

8.3.2.10. Selection criteria

	Criteria	Points
1	The investment involves the establishment of food safety standard systems	20
2	Investments concern waste treatment, water purification, and/ or utilization of waste products - circular economy	20
3	The investment in renewable energy production and technologies	20
4	The investment targets alignment of the entire establishment with all relevant Union standards	20
5	Investment involves the creation of new jobs based on the business plan	10
6	Applicant for the first time in IPARD programme	10
	Total (maximum)	100

8.3.2.11. Aid intensity and EU contribution rate

The minimum total eligible cost of the investment is EUR 25,000 and the maximum – EUR 2,000,000. One applicant may be granted more than one project, but the total eligible cost of the investments per recipient under this measure may not exceed EUR 3,000,000 for the whole programming period.

Aid intensity is up to 50% of the total eligible cost of the investment. In case of investments related to effluent and waste management it may be up to 60% of the total eligible cost of the investment.

EU contribution rate is 75 % of the public aid.

8.3.2.12. *Indicative budget per measure*

Year	Total eligible cost	Public aid						Private contribution	
		Total		EU contribution		National contribution		(EUR)	(%)
	(EUR)	(EUR)	(%)	(EUR)	(%)	(EUR)	(%)		
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2021	8,000,000	4,000,000	50%	3,000,000	75%	1,000,000	25%	4,000,000	50%
2022	8,000,000	4,000,000	50%	3,000,000	75%	1,000,000	25%	4,000,000	50%
2023	10,453,333	5,226,667	50%	3,920,000	75%	1,306,667	25%	5,226,667	50%
2024	10,335,805	5,167,903	50%	3,875,927	75%	1,291,976	25%	5,167,903	50%
2025	12,533,333	6,266,667	50%	4,700,000	75%	1,566,667	25%	6,266,667	50%
2026	16,266,667	8,133,333	50%	6,100,000	75%	2,033,333	25%	8,133,333	50%
2027	15,370,861	7,685,431	50%	5,764,073	75%	1,921,358	25%	7,685,431	50%
Total	80,960,000	40,480,000	50%	30,360,000	75%	10,120,000	25%	40,480,000	50%

8.3.2.13. *Indicators and targets to be used in the programme*

Indicator	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	300
Total investment in physical capital by enterprises supported (EUR)	118,000,000
Number of farms and food processing enterprises receiving IPARD investment support to progressively align with the EU hygiene and animal welfare standards	300
Number of jobs created (gross)	500
Number of supported producer groups/organisations	0
Number of farmers participating in supported Producer Groups, Producer Organisations, local markets, short supply chain circuits and quality schemes	0
Number of collective investments	0
Number of IPARD recipients with support in investments related to care for the environment or climate change	12
Number of IPARD recipients with support in investments in waste treatment or management	12
Number of IPARD recipients with support in investments in renewable energy production	20
Number of projects with circular economy-type investments	0

8.3.2.14. Administrative procedure

The selection of projects follows the administrative procedure described in Section 8.2 of the Programme

8.3.2.15. Geographical scope of the measure

The measure will be applied on the whole territory of the Republic of Albania.

8.3.2.16. Other information specific to the measure

N/A.

8.3.3.1. MEASURE ‘AGRI-ENVIRONMENT – CLIMATE AND ORGANIC FARMING’⁷³

8.3.3.2. Legal basis⁷⁴

8.3.3.3. Rationale

Albanian agriculture and environment are closely linked with the natural resources, traditional landscapes and biodiversity of rural areas. The available agriculture and forestry resources are still managed in a traditional way in certain parts of Albania while in other regions intensification is overtaking the management systems.

Albania is a small country, but it is very rich in biological and landscape diversity. This is due to its geographical position, geological factors, and hydrology, climate, and soil conditions. The country is known for the high diversity of ecosystems and habitats (marine and coastal ecosystems, wetlands, river deltas, sand dunes, lakes, rivers, Mediterranean shrubs, broadleaf, conifers and mixed forests, alpine and subalpine pastures and meadows, and high mountain ecosystems) with rich species variety of plants and animals.

In Albania, there are around 3,250 species of vascular plants and 756 vertebrate species. Approximately 32% of all European floras occur in Albania. There are 27 endemic and 160 sub-endemic species of vascular plants, which have a special protection importance for the country. Forests cover 33% of the Albanian territory where the communities of large mammals such as wolf, bear, lynx, and wild goat, and bird communities are maintained. Pastures are around 15% and are still managed in a traditional way with extensive grazing and mowing depending on the natural conditions.

According to the Albanian Biodiversity strategy and action plan (2015-2020) the main threats to biodiversity are related industrial development, urbanization, illegal hunting, fishing, soil erosion; energy and mining, transport and tourism are the sectors that have an impact on biological diversity. The main factors for biodiversity loss are anthropogenic activities where deforestation and desertification of arable land, destruction and abandonment of meadows and pastures have big impact on habitat

⁷³ The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.

⁷⁴ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

changes. Animal husbandry and especially small ruminants' activities have a long tradition in Albania due to the favourable natural resources for both large and small ruminants.

In the plains, cattle production is dominant, while the pastures and meadows in the hills and mountains are more suitable for sheep and goat production. Livestock production is seen as the backbone of Albania's agriculture. Livestock products constitute a main source of food and a high share of production still serves subsistence purposes. Local indigenous breeds still exist, but the pure breeds are threatened by extinction and specific efforts and measures need to be taken to support this genetic diversity.

According to the Albanian biodiversity strategy and action plan concrete actions are needed for the conservation and sustainable use of genetic resources for agriculture that include: (1) primarily conservation of species - local varieties and animal breeds, and (2) development of adequate gene banks useful for ex-situ conservation of genetic resources.

Organic production is still not developed and is dominated by wild collection. In 2018 there are 82 organic operators from which 75 producers, 58 processors and 30 exporters. The operators that collect or cultivate and process the medicine and aromatic plants (MAP-s) account for 60% of total number of operators. The total area under organic certification is 614,632.04, of which the cultivated area is 739.04 ha. The main organic products are organic herbs, olive oil, fruits, grapes, vegetables, forest fruits and mushrooms. Also, smaller amounts of produced products are dairy products, wine and meat. Organic certification is more common for MAPs, under which 599,747 ha are under certification process, mostly for wild collection in rural areas and introduction of support for organic cultivation of MAPs can decrease the pressure and the uncontrolled gathering.

Olive cultivation has always been an important one for Albanian agriculture. Taking advantage of the olive tree features, farmers living in pre-mountainous areas of the country have always attempted to cultivate it. In many areas, especially in the south part of Albania, olive trees are grown outside the arable land on the poor hilly soils and even on the rocks typical for the southern coastal area. This has given a high landscape value by changing the massive bare hills and mountain foothills. A typical example is the "crown of Tirana": large plantations around the capital which half a century ago was bare land full of shrubs. In most such interventions, terraces were constructed to avoid erosion. Traditional olive plantations are also home of different species and habitats. Nowadays around 50% of the olive plantations are not managed due to inefficiency, population emigration and land clearance to open construction sites. This led to various shrubs and vegetation invasion that causes biodiversity loss and significantly increases the risk of bush fires. Introducing a pilot agri-environmental scheme for support of traditional olive groves will help reducing the risk of fires, prevention of soil erosion and biodiversity loss.

Implementation of effective agri-environmental-climate measure has the capacity to decrease and prevent degradation of Albanian biodiversity and natural resources caused by intensification or abandonment of agricultural practices. The implementation of the agri-environmental measure will also contribute to capacity building in Albanian administration and farmers and enable it to develop and implement agri-environmental schemes.

8.3.3.4. General objectives

The overall objective of the agri-environmental measure is to contribute to the sustainable management of Albanian natural resources and to reduce the negative impacts from agricultural activity. This will be achieved by testing agri-environment management options through a set of pilot schemes in order to gain practical experience for the roll out of a full agri-environment programme in Albania.

8.3.3.4.1. Specific objectives

The pilot agri-environment schemes will contribute to:

- Better understanding amongst different stakeholders and groups of stakeholders from public authorities to local farmers how the agricultural practices and sustainable use of resources can contribute to nature conservation and protection of the environment;
- Conservation of soil quality by introducing organic farming practices;
- Prevent further erosion of genetic resources by supporting conservation of local breeds and organic production of medical and aromatic plants (MAPs);
- Reduce biodiversity loss and risk of bushes fires by maintaining traditional olive plantations;
- Build capacity and gain practical experience for implementation, monitoring and control of agri-environmental payments both in the state administration and farm advisors as well as farmers and farmers' associations.

Dissemination of results and experiences

Regular information and awareness activities and dissemination of the best practices, results and experience gained during the implementation of the measure will be organised through Public extension service and the Agriculture Technology Transfer Centres and their structures at both central and regional level.

8.3.3.5. Linkage to other IPARD measures in the programme and to national measures

This measure is linked to the measure "Investments in physical assets concerning agricultural holdings" and "Investments in physical assets concerning processing and marketing of agricultural and fishery products". In its selection criteria, the measure "Investments in physical assets, concerning agricultural holdings" provides priority to investment projects of certified organic producers and thus contributes to implementation of the agri-environmental measure.

Upgraded processing and marketing conditions could act as a driver to improve primary production of specific products with added value. This should lead to the improved quality and food safety of raw materials needed for the processing industry and which should increase potentials for export. Hence, it will be followed by rational and efficient processing, which results in a synergistic effect on both sides. This measure is also linked with the measure 'Farm Diversification and Business Development', where selection criteria also give priority to farmers involved in organic production. Additionally, the measure will support the investments related to the cultivation of the MAPs while the agri-environment-climate and organic farming measure will support the organic production of such MAPs. The investments in rural

tourism will indirectly stimulate the consumption of the traditional local products that are produced from local autochthonic breeds and varieties (olives).

The preparation of the applications (application forms plus agri-environmental plans) will be supported by IPARD measure ‘Advisory service’ measure, once the measure is implemented. The advice offered will be free of charge for the farmers.

The Technical assistance measure will support the implementation and the dissemination of the results of the agri-environment-climate and organic farming measure.

8.3.3.6. Recipients

Eligible beneficiaries are farmers (physical persons and legal entities).

The final recipients for the measure are farmers that undertake the agri-environment commitments for at least 5 years. The beneficiaries will have to respect the relevant mandatory standards on the entire holding.

8.3.3.7. Common eligibility criteria

Minimum size of farming operations

To be eligible for support, applicants have to ensure that they meet the minimum requirements for the farming operations expressed as minimum area of land or minimum number of livestock per each scheme.

Duration of agri-environmental commitment

The recipient commits contractually to implement Agri-environmental activities for a minimum 5 years’ period.

Keep a Farm diary

The recipient has to keep a Farm diary describing each activity performed on the farm relevant to the commitment, including e.g. mowing, ploughing, fertilisation, pruning, etc.

Baseline (Respect of the Minimum Mandatory Standards)

The recipient shall respect the minimum mandatory standards as established by the national legislation that refer to the specific AEC scheme.

Relevant knowledge

All of the recipients will be required to undertake training for the commitment that they will be implementing. The duration of the training is specified for each type of operation.

8.3.3.8. Specific eligibility criteria (per sector), type of operations, baseline

Scheme 1: Organic Farming (OF)

Rationale	Organic farming improves the natural balance of plant nutrients by using crop rotations and the integration of crop and livestock production. Due to limited use of fertilisers and pesticides, organic farming improves soil and water quality, plays a positive role in biodiversity conservation, and contributes to the sustainable management of the soil, crops and livestock. The pilot implementation of the OF scheme will contribute to the
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	development of organic farming in Albania.
Environmental Objectives	The support to organic farming practices in Albania will contribute to: Reduction of the use of fertilizers and pesticides on agricultural land; Sustainable management of soils; Reduction of soil and water pollution; Reduction of the uncontrolled gathering of wild herbs and forest fruits, by introducing support for cultivation of MAPs.
Pilot Scope	Support will be provided only to vegetables, orchards` (including vineyards) and MAPs that are certified as organic or are in conversion on the whole territory of Albania.
Specific eligibility requirements	The minimum size of the area under certification is at least 0.1 ha;
Minimum mandatory standards	<ul style="list-style-type: none"> The owners and users of the agricultural land are obliged to conduct agriculture in a way that erosion is prevented or minimized; It is forbidden to burn the arable stubble on the fields; Trees, shrubs, woodlands, hedges and shelterbelts on the agricultural land (outside of the Forest Law) shall be preserved as important landscape elements reducing wind and water erosion (removal is subject to written permission from the Municipal competent body); It is prohibited to remove humus and topsoil from agricultural land without written permission.
Management Requirements	To undertake a 5 days training on organic farming, organised by the Institute for Organic farming or another institution approved by MARD by the end of the 1 st year; To manage the land in compliance with the Law on Organic farming (106/2016) and corresponding by laws; To have a contract on control and certification of organic production with the authorized control body in compliance with the Law on Organic farming for the area they are applying with. At least once for the five years to receive a certificate for organic production.
Payment rates	Estimated payment rates: Organic vegetables – 410 Euro/ha Organic orchards and vineyards – 843 Euro /ha Organic medical and aromatic plants– 300 Euro /ha The methodology for payment calculations is presented in Annex 6.
Indicators:	<p>Baseline (2018)⁷⁵</p> <p>740 ha under organic certification or in conversion (orchards, vegetables and MAP)</p> <p>71 farms with certified organic land or in conversion (orchards, vegetables and MAP)</p> <p>Output</p> <p>410 ha under organic certification or conversion supported by the</p>

⁷⁵Ministry of Agriculture and Rural Development, 2020

	<p>measure 150 farms with organic production or in conversion supported by the measure</p>
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Scheme 2: Conservation of Local breeds of Small Ruminants (goats and sheep)

<p>Rationale</p>	<p>Small ruminants are important for the Albanian economy, as they produce about 34.6% (2018, Instat data) of the meat and 15% (2018, Instat data) of milk. The local breeds account for over 90% of goat population and 40% of sheep population. Local breeds are important from economic, social, cultural and environmental perspectives as they help sustaining rural livelihoods, especially for people in remote areas.</p> <p>The pilot implementation of the Conservation of Local breeds of small ruminants' scheme will contribute to the protection and increase of their numbers in Albania.</p>
<p>Environmental Objectives</p>	<p>To maintain genetic resources by increasing the numbers of breeding animals of specified local traditional breeds which are in danger of further decline in numbers and, in some cases could be lost for farming;</p> <p>To preserve genetic resources naturally adapted to the local and regional conditions;</p> <p>To contribute to sustainable management of natural and semi-natural pastures.</p>

Pilot Scope	Support will be provided only to the herds that are endangered and are certified by ATTC in Korca and/ or Department of Animal Production of University of Tirana, or another institution approved by MARD, as listed below: Goat breeds: "Capore e Mokres", "Lara e Kallmetit", "dhia e Hasit", "dhia e Velipojes", "dhia e Dukatit", "dhia e Liqenasit", "Capore e Dragobise"; Sheep breeds: "Lara e Polisit", "Shkodrane" and Syska e Matit"
Specific eligibility requirements	Herds have to have at least 10 heads per sheep or goat breed per recipient
Minimum mandatory standards	All animals of a farm should be identified with an ear tag in each ear. Each animal bearing its unique code The owner (keeper) of the animal maintains records of identification and registration of animals and provides traceability in the event of movement. Animals are being kept in good condition in compliance with legal requirements of animal welfare.
Management Requirements	By the end of the 1 st year to undertake a 3-days training on pasture management and good livestock practices, organized by the Department of Agriculture of University of Tirana and/or ATTC in Korca, or another institution approved by MARD; To manage the flock in accordance with the Law on Livestock Management (Law No 9426 date 06.10.2005) and veterinary legislation requirements (farm book, treatment book) By the end of the 5 th year to have the same or increased number of the animals per supported breed
Payment rates	Estimated payment rates: Sheep: 126 EUR/LU (18 EUR/sheep) Goats: 133 EUR/LU (19 EUR/goat) Certificates of origin – 10 EUR/head The methodology for payment calculations is presented in Annex 6.
Indicators:	Baseline (2020)⁷⁶ 436 heads of sheep breed "Lara e Polisit" 481 heads of sheep breed "Shkodrane" 689 heads of sheep breed "Syska e Matit" 223 heads of goats breed "Caporeof Mokrra" 5425 heads of goats breed "Dukati" 5442 heads of goats breed "Capore of Dragobia" 866 heads of goats breed "Liqenasi" 4900 heads of goat breed „dhia e Hasit" 170 heads of "Lara e Kallmetit" goat 930 heads of "Velipojes" goat Output 1100sheep supported by the measure. 3000 goats supported by the measure.

⁷⁶Data provided by the MARD, ATTC in Korca and Agricultural University of Tirana

Scheme 3: Maintenance of the traditional olive groves

Rationale	<p>Traditional, low-input types of olive farming are well placed to provide multiple public benefits, especially in upland areas where they predominate. Unfortunately, this type of farming, mostly on very small holdings, generates almost no income under the current market and policy framework. Understandably, farmers intensify their production in hope of improved income, or increasingly they choose abandonment as a simpler option. Abandonment of low-input olive farming leads to the loss of open habitats of great value for some of the declining species, such as certain butterflies and reptiles. The resulting closed landscapes of dense scrub and forest are highly vulnerable to destructive wild fires, which can lead to significant loss of ecosystems and biodiversity.</p> <p>National survey data in Albania show the state of the olive trees by age, in three categories: (i) centuries-old trees, (ii) less than a century and (iii) planted after 1990.</p> <p>Most olive groves are located in hilly and mountainous areas, raising problems for timely harvesting, handling and processing. In many areas, especially in the south of Albania, olive trees are grown outside the arable land, even beyond the poor hilly soils, on the rocks typical of land in the southern coastal area. This has given a high landscape value to massive bare hills and mountain foothills. A typical example is the “crown of Tirana”; large plantations around the capital which half a century ago was bare land full of shrubs. In most such interventions, terraces were constructed to avoid erosion. Moreover, the plantation of large areas has also created and maintains rich biodiversity.</p>
Environmental Objectives	<p>To prevent the abandonment of olive plantations where these make a positive contribution to natural and landscape values, mainly low-input traditional systems;</p> <p>To promote the maintenance and improvement of natural values in olive plantations(maintenance and restoration of habitats and landscape features);</p> <p>To prevent soil erosion and run-off to water courses, mainly in intensified-traditional plantations.</p>
Pilot Scope	<p>Support will be provided to farmers that have traditional olive groves in Tirana, Vlora, and Berat regions.</p>
Specific eligibility requirements	<p>Recipients (physical persons or legal entities) have to have at least 0.2 ha of traditional olive groves (more than 50 years old), approved by ATTC in Vlora. Eligible are parcels in which the olive trees over 50 years are minimum 50 trees/ha. The minimum size for application should be 0,2 ha with minimum 10 trees over 50 years.</p>
Minimum mandatory standards	<p>Olives and other tree crops grown on un-terraced slopes should not be left with just bare land underneath them.</p> <p>If the soil is to be kept clear of weeds by cultivation - strips of grass should be left running across the slope to reduce erosion.</p>
Management Requirements	<p>Regular pruning of the olive trees (at least 1 per year);</p> <p>Maintain the vegetation between the trees;</p> <p>Keep the specific landscape features, terraces, hedges and</p>

	stonewalls; No use of chemicals for prevention of sucklers on the tree trunks. Undertake a 2-day training by the end of the 1 st year organized by the ATCC in Vlora or another institution approved by MARD
Payment rates	Estimated payment rates: 344EUR/ha The methodology for payment calculations is presented in Annex 6.
Indicators:	Baseline (year and source) 4022 ha with old olive groves in Tirana region 3576 ha with old olive groves in Berat region 9386 ha with old olive groves in Vlora region Output 500 ha of traditional olive groves supported by the measure 150 farms with traditional olive groves supported by the measure

8.3.3.9. Eligible expenditure

Final recipients will be supported for additional costs and income forgone resulting from the commitment made within selected schemes. Detailed description of the payment calculation for each management option is presented as an annex to the measure fiche following consultation of the proposed management options with local stakeholders. The methodology of the calculation made for each scheme based on realistic elements is presented in Annex 6. The methodology is confirmed by a competent scientific institution for each scheme.

8.3.3.10. Selected agri-environmental schemes and their pilot character

Agri-environmental scheme	Pilot level
Scheme 1: Organic farming	To be implemented on the whole territory of Albania for pilot sub-sectors – orchards, vegetables and MAPs on the entire territory of Albania
Scheme 2: Conservation of local breeds of small ruminants: sheep and goats	To be implemented on the whole territory of Albania for endangered local breeds of sheep and goats
Scheme 3: Maintenance of traditional olive groves	The scheme will be implemented for the plantations in the so-called Tirana, Vlora and Berat regions. The regions were selected because of their importance for the olive production in Albania. Traditional olive groves (more than century old) are concentrated in Vlora (32%) and Tirana (22%) regions. The traditional olive groves in Berat region are 6%, but the region is important because the only table variety of olives in Albania is produced there. Berat is the 1 st region in Albania with regards to olive production, approximately 32% of the total olive production (2018, Instat data).

8.3.3.11. Aid intensity and EU contribution rate

Aid intensity (public aid) will be at the level of 100% of the total eligible costs. The EU contribution rate shall be 85% of public expenditure; the remaining 15% will be covered by the national budget.

8.3.3.12. Indicative budget per measure

Year	Total eligible Costs (EUR)	Public expenditure					
		Total		EU contribution		National contribution	
		Costs (EUR)	%	Cost (EUR)	%	Costs (EUR)	%
2021							
2022							
2023	113,360	113,360	100	96,356	85	17,004	15
2024	166,690	166,690	100	141,687	85	25,004	15
2025	265,820	265,820	100	225,947	85	39,873	15
2026	346,850	346,850	100	294,823	85	52,028	15
2027	1,635,860	1,635,860	100	1,390,198	85	245,327	15
Total	2,528,580	2,528,970	100	2,149,000	85	379,235	15

8.3.3.13. Indicators and targets to be used in the programme

Baseline indicators are presented for each scheme. In addition, the following output indicators are proposed.

Indicators	Target value by 2027
Number of contracts	375
Agricultural land (ha) under environmental contracts	910
Number of operation types supported	3
Total area (ha) per type of operation – Organic farming (ha)	410
Number of holdings supported	375
Support for endangered breed: - Conservation of local breeds of small ruminants (goats and sheep) (heads)	4100
- Number of supported species of endangered breeds	75
Maintenances of the traditional olive groves(ha)	500
Number of holdings supported under organic farming type of operation.	150

8.3.3.14. Administrative procedure

The measure will be implemented by the Paying Agency.

Support shall be granted to recipients for undertaking agri-environmental-climate actions under measure for 5 years.

Applications will be selected through open calls of applications. The Managing Authority, in agreement with the IPARD Agency, shall announce the Calls for applications each year within a given time frame.

Due to the pilot character of the measure and limited budget, the support to beneficiaries shall be given on the base of principle “First in, first served”.

For each call for application, a Guidelines for Applicants (GfA) will be published, which will specify: the objectives of the measures, eligibility criteria of the applicants, basic and management requirements for the specific schemes, list of supporting documents for applications and payment claims; deadlines for submission of applications, procedure for submission and selection of applications. Procedure for selection of projects and payments will also be described in the GfA. Standard 5 years’ agreement and payment claim will be included for information. The GfA will strictly respect all provisions (eligibility and selection criteria) set out in the IPARD III programme, FFPA and IPARD SA. The GfA will include annexes with the templates of application forms, Agri-environmental-climate plan, claim for payment and other documents to be filled in by the applicants. IPARD Agency will launch the calls for application and will implement information campaign in co-operation with the MA. All submitted applications will be registered and those submitted before the deadline of the Call for applications will be processed and controlled for administrative compliance and eligibility based on submitted supporting documents. In case of minor omissions in the supporting documents, applicants shall be required to correct them. All applicants that comply with the administrative and eligibility rules will be checked on-the-spot to verify that the information submitted in the application form and supporting documents is correct. The compliant and eligible applications will be funded up to the limit of the budget of the call for applications. If the budget is not sufficient to secure the funding for the eligible applicants for the 5-year period of time the funding shall be awarded on the first-come, first-served basis. The first-come, first-served principle shall not be applied when the total amount requested by the submitted applications is lower than the total budget of the call for applications.

After the application is approved the applicant will sign a 5-year agreement with IPARD agency laying down his commitments for each year. The commitment will be controlled annually by the IPARD agency. Each year the recipient submits an annual payment claim as provisioned in the GfA. In case the recipient fails to fulfill commitments envisaged in the agreement for the calendar year, support shall not be granted for the calendar year in question. Additionally, a system of sanctions for non-compliance with the obligations within the type of operation and eligibility criteria shall be developed, taking into consideration proportionality principles. A procedure of adjustment of running 5-year contract will be develop.

All the provisions stated above are subject to accreditation and may change. The final provisions will be laid down in IPARD agency procedures.

8.3.3.15. Geographical scope of the measure

The main aim of the selected schemes is to gain experience in a diverse group of schemes each targeting a distinct farming land-use (grasslands – arable – orchards

(olives). At the same time, they are selected in a way which will contribute positively to the key agri-environmental issues identified in Albania.

8.3.3.16. Other information specific to the measure

Detailed description of the selected pilot areas for each scheme is presented in Annex 7.

8.3.4.1. MEASURE 'IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES – LEADER APPROACH'⁷⁷

8.3.4.2. Legal basis⁷⁸

8.3.4.3. Rationale

LEADER is an integrated territorial development tool aimed to be implemented at the local level, which contributes directly to territorial coherence, long-term sustainable development and improvement of social capital of rural areas⁷⁹. LEADER is part of the EU rural development policy in building the capacity and experience in implementation so this helps the candidate countries in preparation for EU accession.

The participatory rural development has been promoted in Albania through several international and bilateral assistance projects implemented in the last 20 years. These projects established LAGs, thematic forums and other partnership structures for cooperation of public, private and civil sector in rural areas. They supported also implementation of small pilot projects developed by public-private partnerships. The implemented projects created a pool of experts and non-governmental organisations with knowledge in local development planning and methods for community mobilisation. Currently there are nearly 20 rural areas in Albania in which LEADER-type groups have been created or initiated. Small number have an established legal status and the majority are not active due to lack of funding. In 2015, Albanian Network for Rural Development was established as a non-governmental membership organization with a mission to promote community-led rural development and LEADER approach through advocacy and initiatives on policy development. It conducts active advocacy for mainstreaming of the community led local development in the rural development policy of Albania.

This measure addresses the needs for further development of the capacity for implementation of LEADER in Albania through creation and strengthening of local partnerships for elaboration and implementation of LEADER type local development strategies in rural areas.

8.3.4.4. General objectives

Implementation of the LEADER approach aims to improve community development, enhance the social capital and to contribute to economic, social, cultural and

⁷⁷ The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.

⁷⁸ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

⁷⁹ In Member States LEADER is a part of a policy-overarching Community-led local development (CLLD) approach which is a tool for involving citizens at local level in developing responses to the social, environmental and economic challenges. CLLD approach cannot be used in the IPARD countries due to lack of access to EU Funds (Regional, Social etc).

environmental improvements of local areas, by engaging a wide range of multi-sectoral private and public partners and valorising community resources at the local level.

8.3.4.4.1. Specific objectives

This measure contributes to the following specific objectives:

- Improvement of social capital and local governance by creating private-public partnerships (Local Action Groups), which establish and implement bottom up Local Development Strategies;
- Animation of the territory and capacity building of the local population and the Local Action Groups;
- Contribution to rural economy, rural tourism, boosting cultural and social life of the community, improvement of public spaces in villages, improvement of environmental standards in Local Action Groups' (LAGs) areas as the main themes for the Local Development Strategies;
- Networking with other LAGs, exchange of best practice, dissemination of IPARD programme and learning new approaches to rural development nationally and with other candidate countries and with the Member States.

8.3.4.5. Linkage to other IPARD measures in the programme and to national measures

This measure is linked with measure 9 Technical Assistance, "Acquisition of skills and animating the inhabitants of rural territories", which supports publicity, awareness raising and all activities leading to the establishment of LAGs and their LDS. Technical Assistance supports potential LAGs to be ready to apply for the measure "LEADER approach".

Networking of LAGs is also supported under the IPARD Technical Assistance measure.

8.3.4.6. Recipients

Local Action Groups selected and contracted by the IPARD Agency.

8.3.4.7. Leader implementation under IPARD

- (a) Area-based local development strategies intended for well-identified sub-regional rural territories;
- (b) Local public-private partnerships (Local Action Groups);
- (c) Bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;
- (d) Multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
- (e) Networking of local partnerships;
- (f) Implementation of innovative approaches.

Local Action Groups implement a Local Development Strategy, which can contain the following **six priority themes**:

1. **Rural economy:** development of short supply chains and added value products including quality products, crafts and other activities for diversification of rural economy;
2. **Rural tourism:** development of rural tourism products based on the use of local, natural, and cultural resources;
3. **Community:** boosting the cultural and social life of the community and supporting collective local organisations, associations and NGOs;
4. **Public spaces:** improvement of public space in villages;
5. **Environment:** improvement of environmental standards in LAG's areas and promotion of renewable energy use by the local community;
6. **Networking:** networking of LAGs, best practice exchange, dissemination of IPARD programme and learning new approaches to rural development.
 - (a) All LDS must include priority theme 6. Networking and at least one of the other priority themes.
 - (b) The implementation of the LDS covers: animation and capacity building activities, small projects and running costs for the LAG. The activities must be linked with the selected priority themes outlined above.

Local Action Groups shall satisfy the following conditions:

- Must propose an integrated local development strategy based on the LEADER characteristics as defined under 8.3.4.7. (a) to (e).
- They must consist of a group representing partners from the various locally based socio-economic sectors in the territory concerned.
- The gender equality should be ensured by women's participation at a decision-making level. A minimum number of women and young people are set in Section 8.3.4.9.1.;
- They must show an ability to define and implement a Local Development Strategy (LDS) for the area.
- Local Action Group must have a legal form as specified in section 8.3.4.9.1.;
- Ability to administer public funds.

Requirements for the LAG area covered by the Local Development Strategy:

- The LAG area shall be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.
- The population of each area must be, as a general rule, greater than 10 000 inhabitants and not exceed 150 000 inhabitants, including settlements with a population of less than 25 000.
- The same location must not belong to more than one LAG, meaning one partnership, one strategy, one territory.

Minimum content of the Local Development Strategy:

- Definition of the area and population covered by the LDS, incl. coherence and sufficient critical mass in terms of human, financial and economic resources.
- Analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats (SWOT).
- Description of the strategy and its objectives, which define the vision and objectives in line with the IPARD priority themes.
- Description of the process of community involvement in the strategy preparation, the partnership structure and the internal decision-making rules.
- Action plan, which links all proposed activities with the selected priority themes. The Action Plan sets out the minimum (binding) level of activities (minimum level of targets). The Action Plan is later translated into more detailed Annual Implementation Plans.
- Financial plan with an indicative budget for the period of LDS duration broken down into: LAG's running costs, animation / capacity building, small projects.

Detailed requirements for the LDS will be provided in the Guidelines for applicants.

8.3.4.8. Common eligibility criteria

This measure will cover the following activities linked with the priority theme(s) defined in the Local Development Strategy:

- "Acquisition of skills, animating the inhabitants of LAG territories" for capacity building and animation of selected LAGs;
- "Running costs ": for running the selected LAGs;
- Implementation of "small projects".
- "Cooperation projects" for inter territorial (within a country) or transnational projects (between countries); this activity will be implemented in the latest phase of implementation, by the most advanced LAGs, who have gained experience. The relevant procedure for applying for this activity will be later developed by the Managing Authority and described in the programme.

8.3.4.8.1. Acquisition of skills, animating the inhabitants of LAG territories

- Animation, organisation of informational and publicity events including preparation of promotional materials (seminars, workshops, meetings, etc.);
- Training and education (preparation of business plans, preparation of project applications, accounting, etc.);
- Preparation of relevant studies of the area for further development (socio-economic, regional, marketing, etc.);
- Networking, participation in national and international seminars, workshops, meetings, study visits, including events of national and the European Network for Rural Development.

At least 30% of the budget for the implementation of the LDS should be allocated to these activities.

8.3.4.8.2. Running costs of Local Action Group

Running costs are linked to running the LAG, such as Salaries of LAG's employee(s), office equipment, including IT, personnel costs, office costs and external services (such as accounting, IT services, etc.).

8.3.4.8.3. Small projects

Small projects are considered as those with an IPARD grant of up to 5 000 EUR. They are of collective nature for the benefit of the local community, for example by social and cultural associations, sports organisations, producer organisations or the municipality.

Small projects must be linked with the priority themes as defined in the Local Development Strategy.

The choice of the small projects should be done by the LAG's Management Board based on proposals from a LAG manager or relevant stakeholders (municipality, social organisations, etc.). An overview of projects planned for a given year is set in the Annual Implementation Plan.

LAGs should be promoters of small projects; even if other organisations are involved in implementation of a small project, the final invoice is always for the LAG.

Examples of eligible expenditures for small projects:

- Expenditures related to events (such as village festivals, contests, participations in fairs, and similar actions);
- Purchase of materials and equipment (such as computers, packing and marketing equipment, publicity and marketing materials, tourism information boards, signs, solar panels, composters, materials for cultural and youth groups, furniture and equipment for community rooms and similar items);
- Expenditures related to small scale refurbishing of community buildings, improvements of public spaces and tourist trails and small scale infrastructure (i.e., playgrounds) and similar actions;
- Design plans for the restoration of historic buildings.

8.3.4.9. Procedure for selecting local action groups

The calls to select the LAGs will be open to all rural areas and ensure competition between the Local Action Groups putting forward Local Development Strategies.

The selection procedure consists of two phases:

1. eligibility check of LAGs by the IPARD Agency,
2. assessment of the LDS of eligible LAGs according to selection criteria by the Evaluation Committee.

The Evaluation Committee consists of representatives from the Managing Authority and other relevant rural actors and NGOs dealing with rural development. Members of the Evaluation Committee will be nominated by the Minister, upon the proposal of the Managing Authority.

8.3.4.9.1 Eligibility criteria

The eligibility criteria relate to the territory covered by the Local Development Strategy, the composition of the LAG and its legal form and the presentation of the Local Development Strategy.

Territory:

Territories from rural areas with sufficient coherence and critical mass, namely 10 000 – 150 000 inhabitants, including settlements with a population of less than 25 000;

The same municipality/settlement belongs only to one LAG. No overlapping is allowed – meaning ‘one partnership, one strategy, one territory’.

Legal form:

LAG must be officially registered as an association under the law ‘For non-profit organizations’, No. 8788, dated 07/05/2001 and ‘On the Registration of Non-Profit Organizations’ Law No. 8789 dated 07/05/2001.

If by the time of the launch of the Call for applications a specific national legislation on the establishment and functioning of LAGs has entered into force, the LAGs must comply with its provisions.

Partnership:

At the decision-making level, the economic and social partners as well as other representatives of the civil society, such as farmers, rural women, young people and their associations, must make up more than 50% of the partnership. Moreover, a minimum 20% shall be representatives of the local authorities. However, public authorities as defined in accordance with the national rules, or any single interest group, shall represent less than 50% of the voting rights;

LAG board have to ensure age diversity and gender equality and should include:

- (a) at least two women;
- (b) at least two young persons below 35 years old.

Members of LAG decision-making bodies are residents or otherwise demonstrably operate in the area covered by LDS.

Local Development Strategy:

The LAG must propose an integrated Local Development Strategy which includes at least minimum elements and priority themes as specified in Section 8.3.4.7.

8.3.4.10. Selection criteria

The following selection criteria will be used:

- coherence of the LAGs territory and sufficient critical mass in terms of human, financial and economic resources;
- quality of the intervention logic of the Strategy, including SWOT analysis;
- coherence of the actions proposed with the needs and IPARD priority themes;
- stakeholders’ involvement in the preparation of the LDS;
- the quality of the partnership, incl. participation of young people and women;
- the capability of the LAG to manage the implementation of LDS;

Funding from other sources (not the IPARD Programme) will be considered as an added value.

Attachment 1 Detailed selection criteria of Measure 5 Implementation of local development strategies - LEADER approach.

Criteria and sub-criteria	Score - maximum	Score - Minimum
1. Coherence of the LAG territory and sufficient critical mass in terms of human, financial and economic resources	10	Rejected if <6
1.1 Coherence of the LAG territory	5	Rejected if 1
1.2 Critical mass in terms of human, financial and economic resources	5	Rejected if 1
2. Stakeholders' involvement in the preparation of the LDS	10	Rejected if <6
2.1 Level of involvement of LAG members and local community in the preparation of the LDS	5x2=10	Rejected if 1
3. Quality of the intervention logic of the strategy, including SWOT analysis	30	Rejected if <18
3.1 Quality of the needs assessment, including SWOT	5	
3.2 Relevance of the strategy objectives to local needs	5	Rejected if 1
3.3 Quality and coherence of the overall objectives, specific objectives of the selected priority themes	5	
3.4 Integrated and multi-sectoral approach	5	Rejected if 1
3.5 Level of integration of innovative approaches	5	Rejected if 1
3.6 Coherence with the IPARD programme and measure objectives	5	Rejected if 1
4. Coherence of the actions proposed with the priority themes	20	Rejected if <12
4.1 Clarity and coherence of the proposed activities in the action plan with the objectives of the selected priority themes	5	
4.2. Expected effectiveness of the proposed actions on building social capital and improvement of local governance in the territory concerned	5	Rejected if 1
4.3. Expected effectiveness of the proposed activities on the local development	5	Rejected if 1
4.4 Coherence between the financial plan and planned activities	5	
5. Quality of partnership, incl. participation of young people and women	15	Rejected if <9
5.1 Representativeness and balanced participation of relevant sectors in the partnership	5	
5.2 Balanced participation of the LAG board, incl. participation of young people and women	5	
5.3. Quality of the actions planned for capacity building and developing of the partnership	5	
6. Capability of the LAG to manage the implementation of LDS	15	Rejected if <9
6.1 Quality of the LAG human resources to manage implementation of the LDS	5	
6.2 LAG capacity to mobilize and motivate local actors	5	
6.2 LAG capacity to manage public funds	5	Rejected if 1
Total	100	Rejected if <60

Each section has subsections, which will be given a score between 1 and 5 as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good. The applications will receive an overall score out of 100. The application will be rejected, if *total score* is below 60 and/or the score for any of the *sections* is below 60% of the indicated maximum and/or score for at least one of the *key subsections* indicated in the table above is 1 = very poor. The detailed assessment questions related to each sub-section will be given in the Guidelines for applicants.

8.3.4.11. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 90%.

Animation / acquisition of skills, running costs and small projects of the LAG shall be eligible within a limit set up by the Managing Authority per LAG per year.

Contracted LAGs may receive an advance to start-up activities from the national funding, but this in no case is considered as costs incurred to be reimbursed by the Commission via IPARD. The amount of the advances shall not exceed 50% of the annual allocation of the public support related to the running cost, animation costs and small projects.

8.3.4.12. Indicative budget per measure

Year	Total eligible cost	Public expenditure					
		Total		EU contribution		National contribution	
	EUR	EUR	(%)	EUR	(%)	EUR	(%)
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	1,200,000	1,200,000	100%	1,080,000	90%	120,000	10%
2024	1,200,000	1,200,000	100%	1,080,000	90%	120,000	10%
2025	1,200,000	1,200,000	100%	1,080,000	90%	120,000	10%
2026	1,200,000	1,200,000	100%	1,080,000	90%	120,000	10%
2027	-	-	-	-	-	-	-
Total	4,800,000	4,800,000	100%	4,320,000	90%	480,000	10%

8.3.4.13. Indicators and targets to be used in the programme

Indicator	Target value by 2027
Number of local development strategies (LEADER)	10
Number of jobs created (gross)	50
Number of IPARD recipients with support in investments in renewable energy production	0
Population covered by LAGs	300,000
Number of small projects paid	220

8.3.4.14. Administrative procedure

The IPARD Agency launches a call and selects the LAGs as recipients based on the eligibility check by the Agency and an assessment of the Evaluation Committee established by the Managing Authority. The contract is signed between the IPARD Agency and the selected Local Action Groups for the implementation of the Local Development Strategy. An advance payment is payable to the LAG. Each year a Local Action Group submits an Annual Implementation Plan (detailing out the Action Plan from the LDS) to the IPARD Agency and Managing Authority.

A LAG carries out animation, capacity building and executes small projects in accordance with the Annual Implementation Plan. The LAG also ensures that the prices are reasonable and that the choice of contractors is impartial. The LAG submits regularly each quarter a payment claim for the reimbursement of capacity building costs, running costs and costs of small projects implemented. Each payment claim must be clearly linked with the Annual Implementation Plan (feeding back to the Local Development Strategy). The IPARD Agency shall check the LAG in accordance with contract commitments (administrative and on-the-spot checks, including price reasonableness). The IPARD Agency makes (regular) payments to LAGs based on the approved payment claims.

8.3.4.15. Geographical scope of the measure

The LEADER approach will be implemented in rural areas as defined in the programme.

8.3.4.16. Other information specific to the measure

N/A.

8.3.5.1. MEASURE 'INVESTMENTS IN RURAL PUBLIC INFRASTRUCTURE'⁸⁰

8.3.5.2. Legal basis⁸¹

8.3.5.3. Rationale

Rural infrastructure is not well developed: roads are in a poor condition; water supplies are often interrupted and very few villages have organised sanitation systems. Improving rural infrastructure is an important priority for the rural economy and for improving the quality of life and reducing rural-urban migration.

Migration is particularly high in the mountainous northern regions of the country, where the pressure on arable land is particularly high. People from these areas reach mainly the coastal regions and overpopulate the big cities like Tirana.

The population settlements distribution amongst geographic zones reflects major differences. The Albanian Alps, which constitute more than 7% of the entire territory, offer living spaces only for 2% of the population, whereas Myzeqeja, which constitutes 5% of the entire territory of the country contains almost 12% of the population. As a whole the western flatland side of the country, which constitutes 21% of the territory, holds 53% of the entire population of Albania. On the other hand the central mountainous region of the country which constitutes 48% of the entire territory holds almost 26% of the population as a whole. From a vertical point of view, it has been estimated that 27.6% of the population lives in the administrative units situated at an altitude of 300 m above sea level; 52%, in areas at 301 to 1000 meters above sea level; and 20.4% in the areas above 1000 meters. The majority of the Albanian population (more than 2/3) has been settled in the Western flatland side of the country, the field of Korca and Delvina and along the river's valleys. Most of the remaining one-third of the population has settled along the hilly zones and the river's valleys at the Western flatland side, while the mountainous zones hold only 2% of the population. Albania is a country of a high density population. Tirana, its capital, is one of the most densely populated cities in Europe (5,000 inhabitants/km²) with a high land use intensity. Built up areas represent over 70% of the total municipal area with one of the lowest ratios of green space per inhabitant. Rural areas in the country have low population densities, scattered settlements, limited resources and available finances, and are particularly hard hit to comply with the environmental rules. The competitiveness of country's rural areas is constrained by inadequate quality and access to basic infrastructure and services for the economy and rural population. Development and improvement of the basic infrastructure is one of the preconditions pertaining balanced economic growth in the rural area and for the enhancement of the socio-economic living conditions of the rural population in the country. In particular, the development of local road infrastructure in rural areas including improving access roads to agriculture land and improvement of quality of life in rural areas of the rural population. This has been caused by the inadequate level of investment in road maintenance and renovation works due to chronic budgetary constraints faced by the local self-governments. At present, major regional differences as well as urban-rural disparities prevail in terms of quantity and quality aspects of the existing local

⁸⁰ The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.

⁸¹ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

infrastructure. The territories with scattered settlements suffer from insufficient infrastructures and services also being an obstacle for development of entrepreneurship. Improved access is a key condition for economic growth and diversification in rural areas e.g. for developing of rural economy and rural tourism potential. The main problems of rural population are often related to water supply and sewerage, electricity networks, heating and waste collection and disposal. Thus the great majority of rural villages in the country do not have any sewerage system and utilise septic tanks or uncontrolled wastewater discharge. In addition, only 10% of rural population is covered by public municipal collection of solid waste. The supply of electrical power to the rural settlements and dwellings is not modernised to sustain the regular uninterrupted supply of the energy to the domestic appliances.

Rural settlements are also affected by climate changes and lack of investments in flood management (e.g. maintenance of river beds) at local level as well as protection of the rural areas affected or prone by landslides pose threat to living and working conditions.

In addition, the competitiveness of agriculture and forestry is impeded by poor public access to agriculture or forest areas and poor network to access the agriculture and forest land parcels. Provision of access of electricity on agriculture land is needed to sustain the modernisation investments of the agriculture production systems (i.e. automated irrigation systems for efficient water use).

Thus, this measure will target investments for establishment and improvement of physical infrastructure in rural areas needed for economic and social development, as well as for development of agriculture and forestry.

8.3.5.4. General objectives

The general objective is to support economic, social and territorial development, leading to a smart, sustainable and inclusive growth through the development of physical infrastructure in the beneficiary countries.

Facilitate business and community development, growth and employment in rural areas.

8.3.5.4.1. Specific Objectives

The specific objectives of this measure are as follows:

- To provide infrastructure needed for the development of rural areas;
- To contribute towards the improvement of living standards for rural populations;
- To support public investments necessary to achieve sustainable development;
- To increase the attractiveness of rural areas for local and outside investors;
- To contribute in order to increase agricultural and livestock production;
- To contribute to the diversification of the rural economy;
- To contribute in function of the added value of livestock / livestock production;
- To contribute in order to improve the living conditions of residents in rural areas.

8.3.5.5. Linkage to other IPARD measures in the programme and to national measures

In particular, this measure is linked to the measures "Investments in physical assets of agricultural holdings", "Investments in physical assets concerning processing and marketing of agricultural and fishery products" and "Farm diversification and business development". These measures promote investments in the construction and reconstruction of private infrastructure including internal roads, electricity, water supply and waste treatment related to development of economic activities of agricultural holdings, processing establishments or rural enterprises, whilst the measure "Investments in rural public infrastructure" aims to construction and reconstruction of public infrastructure in the rural and agriculture areas.

Public investments under this measure complement the actions supported under the measure "Establishment and protection of forests" to improve the access to forest for performing supported activities related to afforestation, economic use of forests, applying actions for protection of forests against fire and diseases etc.

The scope of aid granted under this measure will not overlap with the scope of aid granted under the national support schemes for agriculture and rural development.

The IPARD Agency shall be responsible for the cross-checks aiming at avoiding double- financing between the Programme and the national support schemes for agriculture and rural development. Every investment project under the IPARD Programme, which may fall under the scope of the national support schemes, will be checked for possible double financing before its approval (of the project and of the final payment). The IPARD Agency will ensure that future double financing is avoided by stamping the received invoices for investment with clear "IPARD" stamp by an authorised official before payment.

8.3.5.6. Recipients

The following types of recipients can apply for support under this measure:

- Local administrative units – Municipalities defined according to the Law on territorial organisation of local self-governments on the behalf of settlements.
- Public enterprise for management of forests established according to the Law on public enterprises and registered in Central registry.
- Public enterprise for management of pastures established according to the Law on public enterprises and registered in Central registry.

8.3.5.7. Common eligibility criteria

General requirements for support

- The project must concern infrastructure needed for the development of rural areas including community roads, local access to roads of particular importance for the local economic development, access to farm and forestland, energy supply, waste and water management, local access to information and communication technology points etc.
- All projects must be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation. For this purpose, the application of PRAG could be adapted to the specificities of the beneficiary

country. However, public procurement may be done on behalf of the recipient by a centralized competent public authority.

- The recipient must provide/ensure the maintenance of the project for at least five years after the final payment of the project. However, maintenance costs are not eligible for EU-co-financing.
- Each project must comply with the relevant national legal requirements and the relevant Union standards in force before final payment of the investment by the IPARD Agency
- Applicant must submit an Application Form supported with a set of required documents.
- Construction (basic) plans and technical drawings including bill of quantities prepared with respect to the Law on building and other local building standards officially established by the Municipality must be also submitted together with the application form.
- Applicants – municipalities have to submit decision taken by the municipal council on the priority of the project for the development of the municipality and in accordance with the local development plans where applicable.
- Applicants – public enterprises have to submit decision taken by the steering board on the compliance of the project with the Annual plans approved by the Government.
- Applicants – municipalities which intend to invest in settlement for which the Law on culture is applied (cultural heritage, etc.) have to submit approval obtained from the MoC and/or MoTC.
- Applicants – municipalities which intend to invest in settlements area for which the Law on environmental protection is applied (natural reserve, etc.)
- Improving the quality of life of residents:
 - Primary urban infrastructure;
 - Internal roads;
 - Water supply- sewerage;
 - Wastewater treatment;
- The maintenance of the project must be provided by the final recipient until at least five years after the final payment of the project. However, maintenance costs are not eligible for EU co-financing.

8.3.5.8. *Specific eligibility criteria (per sector)*

The investment projects for water supply, sewage and waste disposal have to be coordinated by the local public enterprises established for management of the public activity.

Investments for production of energy from renewable energy sources are eligible if they concern the energy needs of the eligible beneficiary – municipality and/or settlements.

In case of investments in access roads to forest land, the forest must be classified as high risk for forest fires, and confirmed by MARD.

Interventions that are complementary / following a previous intervention;

Intervention in a territory where it is planned to intervene or other investments are taking place related to the objectives of the intervention;

In the case when public investments are aimed at promoting the growth of livestock agricultural production, a criterion should be set that measures the production potential.

If there is an application related to market access, there should be criteria that also assess proximity to the market;

Considering the fact of combining agricultural / livestock production with tourism, to advantage the territories with potentials prominent in tourism;

In addition to maintenance, consider the possibility of introducing the concept of operation, as not all types of intervention require only maintenance.

8.3.5.9. *Eligible expenditure*

Eligible investments shall be limited to:

The (re-)construction and fixed equipment of immovable infrastructure (for examples see section 8.3);

- General costs linked to expenditure, such as architects', engineers' and consultation fees and costs for feasibility studies shall be eligible. The maximum eligible amount for general costs must not exceed 10% of the costs. Specific lower ceilings on individual items can be established according to the type of the investment. General costs although eligible retroactively (since they may occur before contract conclusion) can only be considered eligible if the project to which they relate is actually selected and contracted by the IPARD Agency;
- Pre-financing to the recipients can be paid out of the national contribution for the project but is in no case considered as costs incurred to be reimbursed by the Commission.
- EU-co-financing shall not cover normal maintenance interventions.

Demarcation of assistance

Demarcation criteria could be, as follows:

- Level of the territorial impact of the project (regional/local);
- Size of the project (large/small), e.g., amount of total eligible cost to be defined in the programme.

Examples of eligible investment

- Support infrastructure in the service of increasing production
- Drainage and irrigation canals, preferably main lines;
- Secondary roads that connect parcels with each other and main axes;
- Market access
- Improvement of road axes leading to local an
- Regional markets;
- Establishment of local and regional public markets;

- Setting up public offices for production links with the market for marketing and selling the product;
- Improving the quality of life of residents:
- Primary urban infrastructure;
- Internal roads;
- Water supply- sewerage;
- Wastewater treatment;

8.3.5.10. Selection criteria

There are a total of 5 criteria which are evaluated each from 0-20 points. The maximum number of points that an application can receive to be a winner is 100 points.

1. Completeness and accuracy of the documentation submitted by the applicant. Argumentation of the project proposal, technical detail, filling in the forms (20 points)

0 point	5 point	10 point	15 point	20 point
- Shortcomings in documentation; - Project proposals are no argument -Fiches are incomplete -Technical details are missing	-Partially complete documentation -There are attempts to argue project proposals. -Partially completed Fiches -Highlights of technical details	-Complete documentation; -Project proposals are relatively well argued; -Completed fiches but with inaccuracies; -Shortcomings in technical details	-Complete documentation; -Project proposals are relatively well argued; -Completed fiches but with inaccuracies; -Shortcomings in technical details	-Complete documentation; -Very good argumentation of the need for project proposals; -Correctly completed fiches; -Complete technical details

For this criterion are taken into account the accuracy and completeness of the documentation which includes confirmation for participation and co-financing, argumentation of the need to finance these project proposals, accompanying project proposals with individual sheets, completeness of information in the sheets, technical details.

2. Beneficiary population (20 point)

0 point	5 point	10 point	15 point	20 point
20% of the municipality population;	21-40% of the total population of the municipality;	41-60% of the total population of the municipality;	61-80% of the population of the municipality;	81-100% of the population of the municipality and / or has more beneficiaries than its own territory;

For the beneficiary population criterion, the average beneficiary population for the total of the proposed projects is taken into account. This average of the beneficiary

population will be compared to the total population of the municipality. The higher the number of beneficiary population the more favored the project will be.

3. The impact of the project on the development of the economy, tourism and the quality of life of the inhabitants (20 point)

0 point	5 point	10 point	15 point	20 point
-Project proposals have no impact on the development of the economy in the territory of the municipality; -No argument on the impact on the economy; -No impact on the quality of life of residents;	Project proposals have minimal impact on the development of the economy; - Partial argumentation on the impact on the economy; -Minimal impact on the quality of life of residents;	- Project proposals envisage promoting 1 branch of the economy; - Relatively good argumentation on the impact on the economy; - Average impact on the quality of life of residents;	- Project proposals envisage promoting the development of tourism and other branches of the economy; - Good argumentation on the impact on the economy; - Significant impact on the quality of life of residents;	- Project proposals envisage to really promote and stimulate the development of tourism and other branches of the economy; - Very good argumentation on the impact on the economy; - High impact on the quality of life of residents;

For this criterion, a series of indicators have been considered which are directly related to the impact that the projects will have on the promotion and development of the local economy, and the improvement of the quality of life of the inhabitants. The higher the impact on these indicators the more favoured the project is.

4. Sustainability, functionality and complementarity of the project in relation to projects implemented or expected to be implemented in the future (20 point)

0 point	5 point	10 point	15 point	20 point
-Proposed projects do not contain elements of sustainability, functionality and complementarity	-Proposed projects have a low level of sustainability, functionality and complementarity	- Proposed projects have an average level of sustainability, functionality and complementarity	-Proposed projects have an average level of sustainability, functionality and complementarity;	-Proposed projects have a very high level of sustainability, functionality and complementarity;

5. Impact on Environment (20 point)

0 point	5 point	10 point	15 point	20 point
- Very negative impact on the environment	-Negative impact on the environment;	-Negative impact on the environment;	-Positive impact on the environment;	-Very positive impact on the environment;

Scoring will be used for selection of projects via ranking in cases when the requested amount for financing support in the received applications is beyond the available financial budget committed to this measure.

Reports on scored projects will be used for Programme monitoring purposes to assess if the projects submitted and approved are in accordance to the set of operational objectives for this Measure. Projects with 0 points may not be approved for support.

8.3.5.11. *Aid intensity and EU contribution rate*

The aid intensity shall be expressed as the share of public aid within the eligible expenditure of the investment amounts:

Up to 100% (75% EU, 25% national funds) per eligible investment not of a nature to generate substantial net revenue;

Up to 50% (of which 75% EU, 25% national funds) for other eligible investments in rural infrastructure.

The maximum total eligible expenditure per investment project will be EUR 1 000, 000 for projects of municipalities and EUR 500 000 for projects of public enterprises.

Recipients may submit several projects under this measure during the Programme implementation period, provided that the previous projects have been successfully finalized i.e. the final payment is received.

Under this measure, costs incurred by the recipient can be reimbursed in instalments by the IPARD Agency.

EU contribution rate shall be 75% of the public aid.

8.3.5.12. *Indicative budget per measure*

Year	Total eligible cost (EUR)	Public expenditures					
		Total		EU contribution		National contribution	
		(EUR)	(%)	(EUR)	(%)	(EUR)	(%)
2021	-	-	-	-	75%	-	-
2022	-	-	-	-	75%	-	-
2023	-	-	-	-	75%	-	-
2024	2.666.667	2.666.667	100%	2.000.000	75%	666.667	25%
2025	3.333.333	3.333.333	100%	2.500.000	75%	833.333	25%
2026	4.666.667	4.666.667	100%	3.500.000	75%	1.166.667	25%
2027	5.333.333	5.333.333	100%	4.000.000	75%	1.333.333	25%
Total	16.000.000	16.000.000	100%	12.000.000	75%	4.000.000	25%

8.3.5.13. Indicators and targets to be used in the programme

Indicator	Target value by 2027
Total investment in rural diversification, business development and infrastructure (EUR)	16,000,000
Number of new jobs created	1,000
Number of supported local infrastructures	90
Number of IPARD recipients with support in investments related to care for the environment or climate change	10

8.3.5.14. Administrative procedure

Minimum steps of the administrative procedure for implementation of this measure are elaborated in section 8.2 of this Programme. This measure will be implemented according to internal procedures for management and control established by the IPARD Agency.

All projects must be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation. For this purpose the application of PRAG could be adapted to the specifics of the national public procurement legislation in that way to respect the main Treaty principle such as: transparency, proportionality, equal treatment, non- discrimination and should ensure sound financial management (value for money). In case the beneficiary does not have capacity to perform the public procurement according to the public procurement rules applicable for this measure, public procurement may be done on behalf of the final beneficiary by a centralized competent public authority (to be decided during accreditation of this measure).

8.3.5.15. Geographical scope of the measure

The investment supported under this measure must take place on the territory of settlement(s) with fewer than 50 000 inhabitants as listed in Annex 2 to this Programme.

8.3.5.16. Other information specific to the measure

N/A.

8.3.6.1. MEASURE ‘FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT’

8.3.6.2. Legal basis⁸²

8.3.6.3. Rationale

Diversification and raising the level of economic activity in rural areas has to be encouraged in order to support creation of new and maintenance of already existing jobs and to increase the income of rural population. The insufficient own financial resources of farmers and small businesses, low profitability and high risk related to investments in rural areas require targeted public support for investments in physical capital.

Farm incomes may be increased and jobs maintained through support for investment aiming at full and sustainable utilization of the country potential and market opportunities for *cultivation of mushrooms, beekeeping, ornamental plants and snails*. The development of these primary activities has to be supported also by encouragement of investments for *improving the processing and marketing of these products*, aiming at increasing capacity, quality, value added and food safety.

Processing sub-sector - small scale food processing and direct marketing of On-farm processed agricultural products

Increased investments are expected in areas where agri-tourism is developed, and there are leaders that drive progress and guide farmers and guarantee their sales.

Despite the growing demand for some gourmet products, the infrastructure of production is weak. Production lines are simple. Operations mainly include washing and cleaning, the removal of stems and seeds, blanching, and marinating. Packaging and pasteurization are not common. In general, interventions should include investments in storage and cooling facilities, and equipment for processing, sorting and packaging. Other possibilities include the construction of small shops, especially in those areas where tourism is more developed.

The impacts of intervention in this sector are threefold: (1) an increase in the value added of the product; (2) the potential to increase production capacities, product varieties and later sales; and (3) improved commercialization of the products. Additionally, intervention can have a positive impact on women’s employment, at least in terms of part-time or seasonal employment

On-farm processing and direct marketing of agricultural products has a long tradition and local products have good market acceptance, but investments are needed for improvements in hygiene and food safety standards and development of quality of the products.

There are abundant natural resources for *aquaculture* development and increasing local demand for fish products. The capacity for aquaculture farming is small and the technologies are out-dated. The development of the sector requires support to investments for introduction of modern aquaculture technologies and modernising physical capital, including infrastructure and marketing facilities compliant with national and EU standards. Favourable circumstances such as geographical location,

⁸² Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

availability of resources and tourism attractiveness could provide the right conditions for freshwater fish processing in areas near to lakes (in Pustec, near the Prespa lakes or Zogaj near Shkodra lake). In these areas there is a certain tradition for small scale processing and a local market already exists, too. The development of these activities would consist in modernizing the cottage-level processing facilities throughout the whole process stages.

The development of the sector may bring additional jobs and incomes in rural areas and can support supply of farmed fish to the local market and tourism industry.

The diversity of nature, landscape, culture and history gives a good potential for the development of *nature and rural tourism*. It may utilise the opportunities of increased international tourist inflow in Albania, increasing demand for alternative tourism and recreational services of international and domestic customers. The rural tourism can create or preserve jobs with various skills level as well as improve living environment in rural areas. The measure will support investments in development of accommodation facilities, services and tourist attractions compliant with the priorities of the national Tourism Strategy 2021-2027.

It is expected that the average size of each investment will range around 200,000 Euro per unit; however, it is highly probable that most potential operators will be able to mobilize much smaller resources without IPARD support.

Investments of 10,000 to 50,000 Euros are expected such for the renovation of kitchen facilities, improvement of guest rooms, insulation of the houses, investments in central heating and expansion of the dining room/restaurants.

The improvement of access and quality of *services for rural population and business* is needed to halt the trend of depopulation of rural areas. The measure will support increasing private sector supply of childcare and social services as well as ICT and other business related services. In addition, support will be provided to promotion of bioeconomy in rural areas.

Production and direct marketing of traditional crafts and artisanal added value products

The measure will also support development of the *traditional crafts and small scale manufacturing* industry, such as textile, wood processing, which have potential for creation of jobs in rural areas.

- Handicraft is a female-dominated value chain and this tradition goes back centuries. Individuals and small enterprises in the regions manufacture, for example, rugs, carpets, decorative fabrics, basketry, woollen socks and folk costumes. In some regions in the north of the country, handicraft is one of the most important diversification activities for many women.
- Future investments expected are related to the rural tourism pull factor. Possibilities include the construction of small shops, especially in those areas where tourism is more developed or renovation of workshop area to increase visitors' accessibility.

Regarding *beekeeping*, there is a need for better product packaging, promotion and distribution is evident. Marketing and distribution activities are seen by some actors as important opportunities for women's involvement in this value chain. Up to recent years grants are helping those beekeeping producers oriented to the market (more than 50 beehives). However, activity is expanding as secondary activity. Interests for

investments lies in increasing number of beehives, investing in harvesting lines and small shops.

Albania has significant potential for *renewable energy production* (solar, wind, biomass and others). The measure will provide support for the increase of renewable energy production, which can contribute to the diversification of rural economy and to climate mitigation and adaptation.

In the selection of projects, a strong priority will be given to projects that create new jobs in rural areas. In line with the targeted results of the Strategy Response, priority will be given to promotion of women and young people entrepreneurship, capitalizing on the large share of young population with strong motivation to improve quality of life and income. The measure will also promote the co-operation of farmers and investments in the mountain regions by giving priority in selection of projects. Priority will be also given to investments in renewable energy and organic production, thus promoting environment and biodiversity preservation and climate mitigation/adaptation.

NTFP are a widely used resource contributing to sustaining livelihood in rural areas, however marketing of NTFP needs to be substantially improved to increase access to national and international markets, and value-adding steps on NTFP processing and brand creation can create new market opportunities. Wood pellet production and biomass-based heat production can be major areas for future investment but needs respective strategic planning of resource and capacity needs, infrastructure and logistics.

8.3.6.4. General objectives

The overall objective of this measure is fostering employment by the creation of new jobs and maintaining the existing jobs through the development of additional business activities, thus raising the economic activity level of rural areas and reversing rural depopulation. Economic growth and farm diversification are necessary for business development, employment and sustainable development in rural areas, and thereby contributing to a better territorial balance, both in economic and social terms, by increasing directly the farm households' income. The measure should improve the farmers' position in the value chain. Through support to renewable energy investments, the measure contributes to climate change mitigation. The measure should also assist young farmers who wish to diversify into new economic activities, while still keeping the farm production.

8.3.6.4.1. Specific objectives

The *specific objectives of the measure* shall aim at the creation, diversification and development of rural activities, through support for investments in farm diversification and development of non-agricultural activities in the following sectors:

1. Production of mushrooms, beekeeping, ornamental plants and snails;
2. Processing and marketing of wild MAPs, mushrooms and beekeeping;
3. On-farm processing and direct marketing of agricultural products;
4. Aquaculture;
5. Nature and rural tourism;
6. Services for rural business and population;
7. Handcrafts and manufacturing industry;

8. Renewable energy production and use.

8.3.6.5. Linkage to other IPARD measures in the programme and to national measures

The measure contributes to the objectives of the Measure ‘Investments in physical assets of agricultural holdings’ by supporting additional income generating activities of the farmers and, thus, farm viability.

It contributes also to the objectives of the measure ‘Investments in physical assets concerning processing and marketing of agricultural and fishery products’ by supporting on-farm investments in processing of agricultural products. The demarcation is by type of recipient: only farmers are eligible for support under the sub-measure for on-farm processing of agricultural products.

MAPs are not eligible to measure 7.

Moreover, this measure is well suited for an implementation in close connection with the LEADER approach. In this case, the local population and their organisational structures should be involved early on in the preparation of the local development strategy identifying the activities which should become eligible, such as small projects, for their specific region under LEADER.

The national investment schemes for agri-food sector must avoid overlapping with the eligible investments under this measure. In case of introduction of national schemes for non-agriculture sectors, the action will be taken to avoid overlapping and to seek synergies with IPARD III measures.

Further information on complementarities and demarcation is provided in the Chapter 10.3.

8.3.6.6. Recipients

Recipients for this measure are farmers and farm household members, natural persons in rural areas, producer organisations (such as cooperatives, associations etc.) and micro and small sized enterprises in rural areas.

8.3.6.7. Common eligibility criteria

8.3.6.7.1. *Type of farmers, enterprises and producer organisations to be supported*

- Supported investments must be located in rural areas listed in Annex 2.
- Farms and / or their household members, diversifying on or off farm activities, may be eligible recipients regardless of whether they are located in urban or rural area,
- Legal persons or natural persons, running an economic activity and living in a rural area, which could be proven, for example, by their household registration. They can work as self-employed (e.g. in the case of crafts),
- Producer organizations (such as farmers’ cooperatives, associations etc.) regardless of whether these are located in urban or rural areas,
- Micro and small enterprises established or located in rural areas, including craft enterprises, which have the potential to carry out the project as well as any type of legal person in a rural area. Legal entities established outside of rural areas, can be also eligible if the supported investments/activities are located in rural areas. In

the case of legal entities, verification of linked and partner enterprises should be carried out so as to confirm that the size of enterprise.

- No more than 25% of the capital of the recipient should be held by a public body or bodies.
- Only farmers are eligible for support under sub-measure ‘On-farm processing and marketing of agricultural products’. Only co-operations of farmers are eligible to apply for investments in activities for renting of agricultural machinery (‘machinery rings’).

8.3.6.7.2. *Economic viability of the recipient*

The economic viability of the recipient must be demonstrated by means of a business plan. Requirements for the business plan are set in Annex III.

8.3.6.7.3. *National standards / EU standards*

The investment shall be compliant with the relevant national standards no later than before the final payment for the investment.

8.3.6.7.4. *Other eligibility criteria*

- Recipients are responsible for carrying-out and financing investments.
- Occupational skills – the applicant must comply with national legislation in particular sectors.
- The applicant must have occupational skills, where specifically required by the national legislation.
- For investment for on-farm-irrigation systems, before submission of claim for payment, the recipient has to prove the appropriate license, authorisation, or concession for water use. Investments in on-farm irrigation must comply with Articles 38, 39, and paragraph 1/e of article 41 of Law no. 111/2012 “On the integrated management of water sources, as well as in the decision “On the adoption of special conditions, accompanying documents, validity deadline, application forms for issuing authorizations and permits, assessment and decision making procedures, as well as authorization and permit templates for using of the water sources”.
- Fruits and/ or vegetable propagation material and/or seedlings for multiannual plants must be certified according to the relevant national legislation in force.
- The investment projects must be compliant with the requirements of the management plans of nature or cultural heritage protected areas, if such are adopted for the territory on which supported investment is located.
- In cases, where local rural development strategies are adopted by MARD, the projects supported under this measure must be confirmed as being in line with those strategies by the competent local action group.
- The investments in the retail trade sector are not eligible – with the exception of shops specialised in sales of souvenirs and traditional crafts, or specialised shops for agricultural produce or processed products owned by farmers.
- The applicants must have fulfilled all obligations relating to the payment of taxes, including land tax, and social security (pension and health) contributions and must not be on the bad debtor list of ARDA;

- An applicant may not submit a new application under this measure before a final payment on previous grant contract or only after the earlier contract has been terminated or the project is withdrawn.

8.3.6.8. Specific eligibility criteria (per sector)

For nature and rural tourism sector, the investments in accommodation facilities are limited to up to 30 beds/ places/persons in total.

The investment in tourist accommodation is limited to construction and/or reconstruction of houses and buildings in a traditional style.

In case of investment for renewable energy plants, this measure will support only projects with a capacity of production exceeding the annual self-consumption of the recipient.

8.3.6.9. Eligible expenditure

Eligible expenditure is limited to expenditures related to investments in tangible and intangible fixed assets specified in Section 8.1.3 point 1. To be eligible for support investments must comply with all provisions stated in Section 8.1.3.

Type of eligible investments

1. *Supply and Production of mushrooms, beekeeping, ornamental plants, snails :*
 - Construction and/or reconstruction and/or extension of rooms and facilities and premises, and purchase of specialized equipment, machineries and devices for production/ cultivation and/or post-harvest handling.
2. *On-farm processing and direct marketing of agricultural products (such as milk, meat, fruits and vegetables, wine.):*
 - Construction and/ or reconstruction of on-farm processing facilities and premises and supply for related equipment.
 - Construction and/ or reconstruction of and purchase of equipment for selling points on farms for direct marketing of farm products.
3. *Processing and marketing of wild MAPs, mushrooms, olive oil, beekeeping, fish and fisheries products, production and marketing of essential oil.:*
 - Construction and/ or reconstruction of processing facilities and premises and equipment ;
 - Construction and/ or reconstruction of and purchase of equipment for selling points on production facility and for direct marketing of products.
4. *Aquaculture (fresh and salt water):*
 - Creation of new or extension of the production of existing aquaculture farms, including the equipment;
 - Waste management systems, equipment for purification of waters released from ponds and reservoirs and for monitoring the characteristics of the water quality parameters.
5. *Nature and rural tourism:*
 - Construction and /or reconstruction of houses and buildings in traditional style to be used for tourism-related activities and for serving as touristic attractions and related equipment;

- Construction and/ or reconstruction of facilities and supply of equipment for sport and other recreational activities.

6. *Services for rural population and business:*

- Construction and/or reconstruction of facilities and premises for private child care, care of elderly or disabled people, adult education and training, IT centres and supply of necessary equipment;
- Construction and/or reconstruction of facilities and premises for repair and maintenance of agricultural machinery, renting of agricultural machinery, electromechanical services and supply of necessary equipment;
- Agricultural machinery and attachments, renting of agricultural machinery (“machinery rings”).

7. *Handcrafts and manufacturing industry.*

- Construction and/ or reconstruction of facilities and premises and supply of equipment for production of traditional crafts, including for services that enable customers to participate in craft activities.
- Specialized equipment for manufacturing on a small scale, such as textile and wood processing.

8. *Renewable energy production:*

- Construction and/ or / reconstruction of facilities for renewable energy production.

The eligible expenditure shall be further detailed in the 'list of eligible expenditure'.

8.3.6.10. Selection criteria

	Criteria	Points
1	The investment in a mountain areas listed in Annex 5	15
2	Investments in renewable energy production and technologies	10
3	Investments concern manure storage, effluent treatment and/ or handling	10
4	Woman as an applicant	10
5	Young farmer as an applicant	15
6	The project involves the creation of new jobs based on the business plan	15
7	Projects implemented under a local rural development strategy and/or plan for the development of municipalities and their basic services	15
8	Applicant for the first time in IPARD Programme	10
	Total (maximum)	100

8.3.6.11. Aid intensity and EU contribution rate

The minimum total eligible cost of the investment per project is EUR 10,000 and the maximum - EUR 400,000. One applicant may be granted more than one project, but

the total eligible cost of the investments per recipient under this measure may not exceed EUR 600,000 for the programming period.

The amount of public aid is up to 60% of the total eligible cost. It can be increased up to 70% for:

- investments made by young farmers and/or certified organic farmers,
- collective investments.

An additional 10% can be given for:

- investments related to effluent and waste management, renewable energy and circular economy-type investments (efficient reuse of waste materials).

For the above types of investments, maximum aid intensity cannot exceed 75%.

EU co-financing rate is 75 % of the public aid.

8.3.6.12. *Indicative budget per measure*

Year	Total eligible cost	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
	EUR	EUR	%	EUR	75%	EUR	25%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2021	3,928,205	2,553,333	65%	1,915,000	75%	638,333	25%	1,374,872	35%
2022	5,805,128	3,773,333	65%	2,830,000	75%	943,333	25%	2,031,795	35%
2023	4,243,372	2,758,192	65%	2,068,644	75%	689,548	25%	1,485,180	35%
2024	7,143,356	4,643,181	65%	3,482,386	75%	1,160,795	25%	2,500,175	35%
2025	7,117,887	4,626,627	65%	3,469,970	75%	1,156,657	25%	2,491,261	35%
2026	7,302,564	4,746,667	65%	3,560,000	75%	1,186,667	25%	2,555,897	35%
2027	8,205,128	5,333,333	65%	4,000,000	75%	1,333,333	25%	2,871,795	35%
Total	43,745,641	28,434,667	65%	21,326,000	75%	7,108,667	25%	15,310,974	35%

8.3.6.13. *Indicators and targets to be used in the programme*

Indicator	Target value by 2027
Number of farms and agri-food processing enterprises supported by IPARD in modernisation	30
Total investment on farms and agri-food sector in modernisation	7,500,000
Number of recipients of IPARD investment support in rural diversification and business development	250
Total investment in rural diversification, business development and infrastructure (EUR)	35,500,000
Number of jobs created (gross)	500

Indicator	Target value by 2027
Number of young farmers receiving IPARD support for investment	70
Number of supported producer groups/organisations	0
Number of collective investments	0
Number of IPARD recipients with support in investments related to care for the environment or climate change	10
Number of IPARD recipients with support in investments in waste treatment or management	10
Number of IPARD recipients with support in investments in renewable energy production	25
Number of organic farms with IPARD support to investments	0
Number of projects with circular economy-type investments	0

8.3.6.14. Administrative procedure

The administrative procedure is described in Section 8.2.

8.3.6.15. Geographical scope of the measure

Investments have to be implemented in rural areas, as specified in section 8.1 and listed in Annex 2. There are however two exceptions: Farmers and / or their household members, diversifying on or off farm activities, and producer organisations may be eligible recipients regardless of whether they and their investments are located in urban or rural area.

8.3.6.16. Other information specific to the measure

N/A.

8.3.7.1. MEASURE ‘TECHNICAL ASSISTANCE’

8.3.7.2. Legal basis⁸³

8.3.7.3. Rationale

Support under this measure will ensure regular and effective monitoring and evaluation of the Programme, preparation or streamlining of implementation of measures, thus contributing to smooth and effective implementation of the Programme.

The actions under this measure will also contribute to implementation and monitoring of activities related to provision of information, publicity and visibility.

In addition, the measure will support establishment and operation of the National rural development network and preparation for implementation of Leader approach.

8.3.7.4. General objectives

The general objective is to build-up modern public administrations for agriculture and rural development in the Republic of Albania, respecting good governance principles and improve community development and social capital in rural areas.

8.3.7.4.1. Specific objectives

Specific objectives of the measure are related to assist in implementation and monitoring of the programme and its possible subsequent modifications. In particular, the objectives include:

- providing support for monitoring of the programme;
- ensuring an adequate flow of information and publicity;
- supporting studies, visits and seminars;
- providing support for external expertise;
- providing support for the evaluation of the programme;
- providing support for the future implementation of a national rural development network.

8.3.7.5. Linkage to other IPARD measures in the programme and to national measures

This measure will provide coverage for technical assistance needs for all the measures of the programme.

8.3.7.6. Recipients

The recipient under this measure is the Managing Authority. Other IPARD III entities and related bodies (operating structure, management structure, advisory services, technical bodies, potential local action groups (LAG's) and national rural (development) networks) can benefit from the Technical Assistance activities via the Managing Authority.

⁸³ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

8.3.7.7. Common eligibility criteria

Eligible expenditure is based on real costs, which are linked to the implementation of the co-financed operation and must relate to payments effected by the recipient, supported by receipted invoices or accounting documents of equivalent probative value⁸⁴.

Simplified cost options⁸⁵ can also be used as alternative for real costs at a later stage of the implementation of the measure.

All projects must be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation. For this purpose, the application of PRAG could be adapted to the specificities of the beneficiary country. However, public procurement may be done on behalf of the recipient by a centralized independent competent public authority. The implementation of the Technical Assistance actions shall be compliant with public procurement.

Eligible expenditure shall be reported in the context of the annual implementation report. The expenditure may also be based on flat rate amounts (such as per diem), in accordance with the terms and rates applied in the public sector of the beneficiary country concerned for similar actions where no EU co-financing is involved. All expenditure as regards experts and other participants will be limited to those travelling from EU Member States to IPARD beneficiary countries or vice versa or within the beneficiary countries.

For this measure, actions financed or foreseen to be financed as part of twinning covenants or other projects supported under other IPA components will not be eligible.

Technical assistance to support the setting-up of management and control systems is eligible prior to the entrustment of budget implementation tasks for new measures, for expenditure incurred after 1 January 2021.

8.3.7.8. Specific eligibility criteria (per sector)

N/A

8.3.7.9. Eligible expenditure

Under this measure, the following actions are eligible provided they are covered by the annual indicative technical assistance action plan:

- a) Expenditure on meetings of the monitoring committee, including the costs of all experts and other participants, where their presence is considered to be necessary to ensure the effective work of the committee.
- b) Other expenditure necessary to discharge the responsibilities of the monitoring committee which falls under the following categories:
 - expert assistance to consider and review programme baselines and indicators;
 - expert assistance or advise to the monitoring committee concerning implementation and functioning of the monitoring arrangements;
 - expenditure associated with meetings and ancillary tasks of working groups;
 - seminars.

⁸⁴ 'accounting document of equivalent probative value' means any document submitted to prove that the book entry gives a true and fair view of the actual transaction in accordance with current accountancy law.

⁸⁵ In order to apply SCO, the MA will submit methodology for approval as a part of the Programme modification.

- c) Expenditure on information and publicity campaigns, including costs of internet presence, printing and distribution.
- d) Cost of translation and interpretation of documents mentioned in the framework, sectoral and financing agreements and those requested by the Commission.
- e) Expenditure associated with trainings, visits and seminars for administration officials. Seminars supported shall require the submission of a timely written report to the monitoring committee.
- f) Expenditure associated with "acquisition of skills" to prepare potential LAGs for the implementation of the measure "Preparation and implementation of local rural development strategies – Leader approach".
- g) Expenditure associated with the preparation, reduction of the administrative burden for recipients or streamlining of implementation of measures in the programme to ensure their effectiveness, including pilot projects for those measures where entrustment/implementation is foreseen at a later stage.
- h) Expenditure for evaluations of the programme.
- i) Expenditure associated with the establishment and operation of a national network for rural development. This can also cover expenditure associated with the establishment of a national rural development network in line with the EU rules for Member States as well as the expenditure linked to participation in the European Network for Rural Development.
- j) Expenditure associated with the purchase of IT equipment and software licences (up to 5% of the TA budget) for the purpose of IPARD implementation.
- k) Expenditure associated with the implementation of a sustainable human resources policy in the IPARD III entities. Introduction of this expenditure can only be done after prior approval of the Commission and may be limited in time.
- l) Expenditure associated with capacity building of the national advisory services to perform tasks associated with implementation of IPARD.
- m) Expenditure associated with the establishment and operation of pilot projects in setting up cooperation in short value chains and value chains for quality products.
- n) Expenditure associated with preparation of sectorial studies “e.g. study on milk, meat fruits and vegetables, fishery and aquaculture etc”.

The eligible expenditure will be further detailed in the 'list of eligible expenditure'.

Technical assistance will not be used for capacity building actions which are not linked to the administration and implementation of the IPARD programme.

8.3.7.10. Selection criteria

N/A

8.3.7.11. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85%.

8.3.7.12. *Indicative budget per measure*

Year	Total eligible cost	Public expenditure 100%					
		Total		EU contribution		National contribution	
	EUR	EUR	%	EUR	85%	EUR	15%
2021	100,000	100,000	100%	85,000	85%	15,000	15%
2022	200,000	200,000	100%	170,000	85%	30,000	15%
2023	447,059	447,059	100%	380,000	85%	67,059	15%
2024	447,059	447,059	100%	380,000	85%	67,059	15%
2025	447,059	447,059	100%	380,000	85%	67,059	15%
2026	347,059	347,059	100%	295,000	85%	52,059	15%
2027	247,059	247,059	100%	210,000	85%	37,059	15%
Total	2,235,294	2,235,294	100%	1,900,000	85%	335,294	15%

8.3.7.13. *Indicators and targets to be used in the programme*

Indicator	Target value by 2027
Number of meetings of the IPARD III Monitoring Committee assisted	12
Number of Programme evaluation reports supported	2
Number of workshops, conferences, seminars	60
Number of studies on elaboration and implementation of Programme measures	10
Number of publicity campaigns	14
Number of promotion materials for general information of all interested parties (leaflets, brochures etc.) (copies)	30 000
Number of National Rural Development Networks supported	1
Number of rural networking actions supported	20
Number of potential LAGs supported	10

8.3.7.14. *Administrative procedure*

The Managing Authority shall each year draw up a provisional action plan for the operations envisaged under the Technical Assistance measure. Each action plan shall be the subject of a consultation with the Commission prior to submission to the IPARD monitoring committee. The outline of the action plan is as follows:

Type of expenditure	Action title and its short description incl. quantification (who will benefit, what actions, what subjects), quantification (number of activities, trainees, etc.)	Indicative budget	Indicative timetable for implementation

The contracts should be granted after following the appropriate external aid public procurement procedures and should in that way respect the main Treaty principles, such as: transparency, proportionality, equal treatment, non-discrimination, and should ensure sound financial management (value for money).

On-the-spot verifications could be performed by alternative means, such as, photography, video, etc.

Where funding benefits an IPARD Agency, a segregation of duties in project approval will be ensured.

8.3.7.15. Geographical scope of the measure

N/A

8.3.7.16. Transitional arrangements

Technical assistance actions supported under the programming period 2021-2027 may concern preceding and subsequent programming periods. Therefore, the technical assistance allocated for the programming period 2021-2027 may be used to facilitate, e.g. the closure of the preceding programming periods, especially as regards the *ex-post* evaluations of 2014-2020 programmes or the preparation for the programming period post-2027.

8.3.8.1. MEASURE ‘ADVISORY SERVICES’⁸⁶

8.3.8.2. Legal basis⁸⁷

8.3.8.3. Rationale

Farm Advisory Services help farmers and SMEs in rural areas to use the IPARD programme and to improve the sustainable management and economic and environmental performance of their holdings or businesses. This measure also promotes the training of advisors in order to enhance the quality and effectiveness of the advice offered and ensures the updated capacity of advisers.

The measure is designed to help farmers to make the best use of available IPARD support in order to improve the sustainable management, economic and environmental performance of their holdings. Albania has been supported by a number of donor projects over the last decade or more which have assisted in elaborating various strategies and models to develop advisory services in Albania, each of which resulted in enhancement of advisory service provider capacities through a wide range of training, information and resourcing, targeted at both public and private advisors. A pool of trained experts and service providers were developed throughout the country as a result of these interventions, which now represent an important resource base upon which the future development of an effective advisory service can be based upon.

During the last period agricultural advisory services in Albania have been mostly

⁸⁶ The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.

⁸⁷ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

dominated by the public advisory service system under the Ministry of Agriculture and Rural Development, which is the main public advisory service provider focusing on farmer support. The services offered, both in type and quality have been limited so far, primarily due to constraints in funding and trained expertise. This has been evidenced by the various analysis prepared, including by on-going IPA funded IPESA project. Findings demonstrated that the models in place, the delivery mechanisms adopted and the types of advice offered are not sufficiently effective, sustainable or viable to support current and evolving agricultural and rural development needs in the Country and in order to advise on the best use of IPARD funds that could complement such needs.

The public advisory service system in Albania has been restructured in 2018 with the main objective to make it more efficient and closer to the farmer's needs. The National Agricultural Advisory system service under the MARD consist of 4 Regional Advisory services offices, covering the whole country working in coordination with 5 Agricultural Technology Transfer Centres. The National advisory service is coordinated by MARD unit for advisory services. With the support of IPESA project a Strategic plan for development of the system in the period 2020-2021 has been prepared. The experience in implementation of the IPARD II Programme measure 'Investment in physical assets of agricultural holdings' which started in November 2018 with first call for applications already showed limitations for the small farmers. These limitations have been reflected in both the number of eligible applications presented and the diversity of project ideas. Another limitation is the limited knowledge of the potential applicants and good understanding of the National and EU standards required to be fulfilled at the end of the investment project implementation. In this regards, the advisory service measure will be an effective tool to address these challenges by investing in the training of advisors on the proper processes for IPARD application preparation, project management and support whilst ensuring a sound knowledge of the opportunities arising from the various measures within the programme so that they can adequately advise farmers and other measure recipients on appropriate investment plans, project proposals and observation of National and EU obligatory standards. The effectiveness of advisory system needs enhancement by improvement of infrastructure, strengthening human resources and extending outreach. There is a need to improve the quality and enhance the range of provided services, especially in areas of sustainable use of natural resources, environmental protection, protection of autochthon genetic resources and respect of standards (safety, environmental, quality etc.), marketing and farm management, new technologies in horticulture and animal breeding, etc. With respect to IPARD III Programme, capacity needs to be created or strengthened in preparation of business plans, assessing farmers' needs for new technology and compliance with national minimum standards. There is also need to improve ICT capacities, which is important part of research, advisory function and networking. Advisory activity requires stronger linkages with local demand and national research capacities and more specifically to improve the institutional framework for the interaction between all players, including agricultural universities, research inputs suppliers, etc. Knowledgeable advisors are the key for a successful service and thus the provision of training for advisors will be a very strong component for the implementation of the measure, in order to ensure a quality-based advisory service through skilled expertise. This will enhance the quality, type and effectiveness of the advice offered.

8.3.8.4. General objectives

This measure will strengthen the advisory services and thus contribute to the overall IPARD objectives, and in particular:

- a) to increase the competitiveness of agri-food sector, progressively align it with the EU standards, and improve the efficiency and sustainability of on-farm production, which will provide better response to societal demands for safe, nutritious and sustainable food;
- b) to facilitate business development, growth and employment in rural areas, improve farmers' position in the value chain and attract young farmers;
- c) to contribute to climate change mitigation and foster sustainable management of natural resources.

The measure will stimulate knowledge and innovation transfer, and help promote social and economic inclusion by supporting in particular smaller and medium-sized farmers and microenterprises in rural areas and promote a transition to sustainable and climate friendly food economy, more innovative solutions or collective efforts.

8.3.8.4.1. Specific objectives

- i) Provide advice to ensure a wider uptake of IPARD III funds through better quality and diverse projects for the selected measures, sectors and size of projects.
- ii) Contribute to economic development, competitiveness and sustainability of those farmers and enterprises active in agriculture;
- iii) Support a gradual integration of National and EU Standards related to agriculture and rural development and other relevant minimum obligatory conditions in the Country.
- iv) Reinforcement of the public advisory services and their involvement in the knowledge transfer system/agricultural knowledge and innovation systems (AKIS) from research to the end users (farmers and rural businesses).

8.3.8.5. Linkage to other IPARD measures in the programme and to national measures

This measure is linked with “improvement of skills and competences” and Innovation and knowledge transfer “Measures and clear demarcation line will be established between them. This measure is seen as part of the combined organisation who use and produce knowledge for agriculture and interrelated fields (AKIS).

Training of advisors can be implemented under IPARD Technical Assistance measure.

The advisory service measure is considered as a horizontal measure facilitating and contributing towards a more effective implementation and uptake of a number of measures under this programme.

The main aim of the measure is to facilitate the access to support for potential IPARD III recipients by providing advice to the eligible recipients for the preparation of application/payment claim with an investment projects up to EUR 50 000 for the following IPARD III measures:

- i) Measure ‘Investment in physical assets of agricultural holdings’
- ii) Measure ‘Farm diversification and business development’ for the activities related to production of mushrooms, honey, ornamental plants and snails; and

for the sector of on farm processing and direct marketing

Under the measure advice will be provided to the eligible recipients of the measure ‘Agri-environment, climate and organic farming’ for the preparation of applications and agri-environmental plans once the measure is introduced in the Programme.

Documents for applications, prepared with the help of this measure cannot benefit from the support of general costs under the other IPARD III measures. A relevant cross-check mechanism will be set up by the IPARD Agency.

The provision of advice under the measure is free of charge for the farmers.

Advice provided under this measure will be consistent and coherent with the relevant EU legislation related to the subject of the advice.

The training of advisors will be implemented either under the Technical assistance measure or under on-going IPA and other donors’ projects in the fields of advisory services during the implementation phase.

In addition, the activities of the advisory services in preparing/supporting farmers to apply for national schemes will be clearly demarcated from the activities, supported under this measure.

Before the entrustment of ‘Advisory services’ measure, pilot projects in provision of advisory services can be financed from the Technical Assistance measure.

8.3.8.6. *Recipients*

The recipient under this measure for provision of advice will be the Ministry of Agriculture and Rural Development through its in-house organization - public advisory service system, consisting of 4 Regional Advisory service agencies and MARD Sector for advisory services.

Advice shall be provided free of charge to farmers, forest holders and microenterprises in rural areas.

8.3.8.7. *Common eligibility criteria*

The selected organization, which will provide advice, shall have the appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the fields they advise in. The staff of the advisory service has to be regularly trained.

The Managing Authority shall demonstrate the evidence of the above for the recipient, providing advice.

8.3.8.8. *Specific eligibility criteria (per sector)*

Advice will cover the support required to improve the economic, agricultural and environmental performance of farmers and small and medium enterprises. This will be offered through two main approaches, that is **A. Individual “One-to-one” advice services** and **B. Group advice sessions**.

A. Individual “One-to-one” advice will offer 3 advisory packages.

The first package will support the preparation of applications for investment projects up to EUR 50 000 for the following IPARD III measures:

- ‘Investment in Physical Assets of Agricultural Holdings’

- ‘Farm diversification and business development’ for the following sectors:
 - o Production of mushrooms, honey, ornamental plants and snails;
 - o On farm processing and direct marketing

The second package will support contracted projects under the same measures/sectors to ensure a successful project implementation.

The third package will provide advice to the potential eligible recipients under the measure ‘Agri-environment, climate and organic farming’ for preparation of the application and agri-environmental plans once the measure is introduced in the Programme.

The services on offer under each package will be constituted of the following activities:

Package A1 - Support for IPARD applications for investment projects

This service will start with a mandatory preliminary check of the agricultural holding in order to determine the eligibility of the project and applicant. This will start with a documentary check and in case eligibility is confirmed the service will continue with an on-site visit for a more detailed diagnostic of the situation in the farm followed by:

- *Diagnostic of the Agricultural Holding:* Services will include preliminary consultation regarding advisory service package (ASP) content and requirements, the definition of general farm data, assessment of compliance with National and EU standards related to the sector of activity and investment proposal, review of practices and technologies applied complemented with a screening of available resources such as labour, land, stock, machinery and equipment and structures. It will also include the development of an intermediate (draft) report containing: detailed findings, SWOT analysis, and final opinion and recommendations.

- *Preparation of the application:* Services will comprise of drafting of the application form, technical project proposal or business plan (as required), verification of completeness and eligibility of required supporting documentation and other support required in case of clarification required by the IPARD Agency.

- *Development of final report* for providing packages through updating of intermediate (draft) report. Documents for applications, prepared with the help of this measure cannot benefit from the support of general costs under the respective IPARD III measures. A relevant cross-check mechanism will be set up by the IPARD Agency.

Package A2 - Support for IPARD Post-Contract Management

This second one-to-one package will support contracted recipients under the “Investments in physical assets of agricultural holdings” and “Farm diversification and business development” measures with project management and support. The services offered will ensure a correct and timely implementation of the project including preparation of payment claims to the IPARD Agency. The focus will be that the realization of the investment is in line with the relevant national and EU standards.

The service will include analysing and maintaining of a project file with all relevant project implementation documentation, support and supervise the execution of the project in line with the contractual obligations and approved project proposal, prepare project intermediate (draft) progress report/reports, support the preparation of

payment claims and assist recipients during on-the-spot controls carried out by the IPARD Agency after the signing of the contract and before finalization of the investment. It will also include development of final report for providing packages through updating of intermediate (draft) report/reports.

Package A3 - Support for IPARD application for Agri-environmental activities

The third package will provide advice to the potential eligible recipients under the measure “Agri-environment, climate and organic farming” for preparation of the application and Agri-environmental plans once the measure is introduced in the Programme.

B. “Group Advice” will comprise of 3 advisory packages. These will comprise of both technical and practical hands-on advice where participants will have the opportunity to visualize and share experiences and opinions on good practices and approaches.

Package B1 - Sustainable Agriculture

The services will comprise of advice for potential recipients of the “Investment in physical assets of agricultural holdings” and for potential recipients of the selected sectors under the measure “Farm diversification and business development”. The service will focus on advice on obligations emanating from National and EU standards relevant to the ‘Investment in physical assets measure’ and for the selected sectors under the ‘Farm diversification and business development’ measure and will be linked to the findings from the diagnostic of the agricultural holdings undertaken as part of the one to-one service. Farmers may receive further advice and support to deal with compliance issues and challenges and to become more aware of the relationship between agricultural practices and management of farms on the one hand, and standards relating to the environment, climate change, good agricultural condition of land, food safety, occupational safety, public health, animal health, plant health and animal welfare on the other.

Package B2 - Advice on new techniques, technologies or processes in Agriculture

The services under this package will focus on agricultural and economic issues surrounding those sectors that are eligible under this programme. In this case farmers encountering common issues can make requests for advice, which will be addressed through a group advisory session specific to the issue. Examples of tailor-made advice include milk hygiene, land fragmentation and consolidation, diversification of agricultural activities, etc.

Package B3 - Advice on relevant mandatory standards for the activities under the measure ‘Agri-environment, climate and organic farming’

This package will be further elaborated after the measure 4 is included in the Programme

The provision of advice (individual “one to one” and group advice) is free of charge for the farmers. Documents for applications, prepared with the help of this measure cannot benefit from the support of general costs under the other IPARD III measures. A relevant cross-check mechanism will be set up by the IPARD Agency.

In the case of “One-to-One” Advice the following conditions are to be met:

1. One-to-one advice can be conducted to eligible recipients whose total value of the project does not exceed EUR 50 000 under the following measures:

- a. the Measure ‘Investment in physical assets on agricultural holdings’
- b. The measure ‘Farm diversification and business development’ for the selected sectors, as follows:
 - i. production of mushrooms, honey, ornamental plants and snails;
 - ii. on farm processing and direct marketing.
2. One-to one advice can be conducted for eligible recipients of the measure ‘Agri-environment, climate and organic farming’;
3. The preliminary check of the project proposal and the applicant are mandatory. Upon confirmation of eligibility, the service may pursue with detailed diagnostic, an on-site visit and the preparation of the application.

In the case of Group Advice, the following conditions are to be met:

1. Group advice on National and EU standards is limited to potential recipients of the measure ‘Investment in physical assets on agricultural holdings’ and to potential recipients of the selected sectors of the measure ‘Farm diversification and business development’. The service will focus on addressing the needs identified during the farm diagnostic. The potential recipients should have submitted application for support under the respective measure / sector before to apply for this group advice;
2. Group advice on relevant mandatory standards for the Agri environmental activities is limited to potential recipients under the measure ‘Agri-environment, climate and organic farming’. The potential recipients should have submitted application for support under the measure before to apply for this group advice.
3. The number of farmers to receive group advice shall not be less than 3 and not more than 7.
4. Farmers who are not applying for the selected IPARD III measures may still request group advice on “Pack B2 –Advice on New Techniques, Technologies or Processes in Agriculture”. The topic for advice must be linked to a common issue pertaining to a group of 3-7 farmers.
5. Recipients of Group advice can only attend once for the same type of session and up to twice per year for “Pack B2 –Advice on New Techniques, Technologies or Processes in Agriculture” sessions.
6. In order to facilitate and encourage farmers to come forward for group advice the advisory service organisation must organize group advisory sessions in the proximity of where the eligible recipients reside (40km for both outbound and inbound journeys). This will be verified on the basis of the residential address of the participants in comparison to the site where the training will be delivered.

The following are the conditions that will have to be met by the advisory service organization:

The requirements have to be demonstrated as part of an Annual Implementation Programme that will have to be prepared by the advisory services and submitted for approval by the Managing Authority on an annual basis. The Managing Authority will elaborate the details of the Annual Plan and respective supporting documentation to be presented for assessment as part of separate guidelines.

In principle the eligibility will be verified on the basis of the following elements:

1. Qualifications of advisors:
 - i. University Degree in one of the following: agriculture (agronomy and/or livestock production), economy or management which have to be proven by copies of original certificates;
 - ii. Advisory service providers may outsource and engage external experts following a public call for service. Selected and contracted experts must also meet the minimum qualifications as explained above;
 - iii. The Managing Authority will assess the eligibility of the advisors. This will be done as part of the evaluation of the Annual Implementation Programme;
 - iv. Advisors will be obliged to attend targeted training offered related to the topics of provision of advice.
2. A certificate of attendance will be provided to each advisor completing the training. The IPARD Agency will verify this obligation as part of the on-the-spot controls on the agency.
3. Number of Advisors:
 - i) The list of advisors who may be used to deliver the services supported under this measure will be notified to the MA as part of the Annual Implementation Programme;
 - ii) In case there is a need to replace advisors the ANES may do so without the need to notify the Managing Authority or IPARD Agency. It must however ensure that the minimum qualification requirements are respected and that the overall number of advisors as stated in the Annual Implementation Programme is maintained. Compliance with these requirements will be verified as part of the on-the-spot controls undertaken by the IPARD Agency prior to authorize payments to the Agency.
4. Capacity of the organization to provide the advice:
 - i) The Managing Authority will assess the capacity of the service providers on an annual basis. The assessment will be based on the Annual Implementation Programme that will be prepared by the AS. The programme shall include as a minimum information on the following:
 - The internal set-up and structure of the ANES;
 - The Internal rules for implementation of ANES activities under the measure
 - The List and description of qualification of advisors who may be used to deliver the services supported under this measure;
 - Resources and facilities to deliver the services e.g. transportation, premises, IT, etc.;
 - List and detailed content of the advisory packages for the group advice in line with the measure requirements
 - Template of report for providing advisory services;
 - Template for application form by applicants who want to receive advisory service;
 - Template of registers which will be used by ANES;

- Training needs assessment of the advisors;
- Indicative training plan for advisors;
- List of trainings delivered
- Communication plan to reach potential recipients of advice.

8.3.8.9. Eligible expenditure

The following is a description of the type of eligible expenditure and type of support for Group and Individual (One-to-One) advice:

A fixed rate will be applied for all services offered under both group advice and one-to-one advice. The rate is a combination of standard cost unit and a flat rate application in line with the rules for simplified cost options.

The standard cost for both Group and One-to One advice will comprise of the following elements:

- (i). Advisor fee (Labour cost per hour)
- (ii). Travel costs for advisors (per Km)
- (iii). Travel cost for participants in the case of Group Advise (per Km)
- (iv). Materials (Paper and printing costs for delivery of the services) (Unit rate per paper);
- (v). Couriers and delivery services costs;
- (vi). Lunch and coffee break costs for participants in the case of Group Advise

In addition to the above and according to EU Guidance on Simplified Cost Options⁸⁸ (SCOs) a flat rate of 15% of the value of the fees (labour cost) will be included as part of the overall cost of the package. The flat rate will support administrative and organizational costs linked to the delivery of the advice. *The methodology for cost calculation of the fixed payment rates will be provided in Annex to the measure.*

Advice shall be free of charge to eligible recipients of the selected measures, sectors and project size, as described above.

8.3.8.10. Selection criteria

N/A

8.3.8.11. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85%.

The standard rates applicable for each package will be as follows:

⁸⁸ Relevant SCO methodology will be submitted before the entrustment of the measure as a part of the Programme amendment.

Package №	Description	Total Standard Cost for the delivery of one package (EUR)
A1	A.1.1. Preparation of an application for projects with a value up to €50,000 which comprise only of investments for the purchase of agricultural machinery and equipment in line with the eligibility requirements set in Measure “Investment in physical assets of agricultural holdings”;	285
	A.1.2. Preparation of an application for projects with a value up to €50,000 including only or partially investments for construction or reconstruction activities, development of the agricultural holding’s infrastructure and planting/re-planting of perennial trees and plants;	312
	A.1.3. Preparation of an application for projects with a value up to €50,000 under the measure ”Farm diversification and business development” for the selected sectors: On-farm processing and direct marketing; Production of MAPs, mushrooms, honey, ornamental plants and snails“	312
A2	<p>A.2.1. Support contracted recipients under:</p> <p>A. Measure ‘Investment in physical assets of agricultural holdings’ with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects for investments for purchase of agriculture machinery and equipment;</p> <p>B. Measure ‘Farm diversification and business development’ for sectors for <i>Production of MAPs, mushrooms, honey, ornamental plants and snails</i> and sector for <i>On-farm processing and direct marketing</i> with project implementation and management including preparation of payment claim to the IPARD Agency - for approved projects for purchase of machinery and equipment.</p>	226
	<p>A.2.2. Support contracted recipients under:</p> <p>A. Measure ‘Investment in physical assets of agricultural holdings’ with project management and implementation including preparation of payment claims to the IPARD Agency - for approved projects including only or partially investments for construction or reconstruction activities, development of agricultural holding’s infrastructure and planting/re-planting of perennial trees and plants;</p> <p>B. Measure ‘Farm diversification and business development’ for sector for <i>production of MAPs, mushrooms, honey, ornamental plants and snails</i> and for sector for <i>On-farm processing and direct marketing</i> with project implementation and management including preparation of payment claim to the IPARD Agency - for approved projects including only or partially investments in construction/reconstruction activities .</p>	347

Package №	Description	Total Standard Cost for the delivery of one package (EUR)
A3	Preparation of application and Agri-environmental plan for the eligible recipients under the measure “Agri-environment, climate and organic farming”	
B1	B.1.1. Group advice on National and EU standards for potential recipients of the Measure “Investment in physical assets of agricultural holdings” for one of next optional sub-packages:	
	A. Environment sub-package (for one participant);	99
	B. Public health sub-package (for one participant);	99
	C. Animal welfare sub-package (for one participant).	99
B1	B.1.2. Group advice on national minimum standards and EU standards for the potential recipients for measure “Farm diversification and business development” for one of the following optional sub-packages:	Not yet calculated
	A. on-farm processing and marketing of dairy, meat and other animal products (for one participant)	
	B. on farm processing and marketing of plant products (for one participant)	
	C. production of cultivated MAPs (for one participant)	
	D. production of mushrooms (for one participant)	
	E. production of honey (for one participant)	
	F. production of ornamental plants (for one participant)	
G. production of snails (for one participant)		
B2	Group Advice on new techniques, technologies or processes in Agriculture (for one participant)	99
B3.	Group advice on mandatory requirements for the activities under the measure “Agri-environment, climate and organic farming”	Not yet calculated

In case the project includes both (A1.1 and A1.2) i.e.. purchase of machinery/equipment and construction/reconstruction activities then the rate for package 1.2 shall apply

The above rates will be paid for applications prepared, submitted for support, and considered eligible by the IPARD Agency.

If the recipient did not submit the prepared application for support/payment claim or the application for support is deemed ineligible (except in case of limited budget) the payment level to such prepared applications/payment claims will be decreased with 40%.

8.3.8.12. *Indicative budget per measure*

Year	Total eligible cost	Public expenditure 100%					
		Total		EU contribution		National contribution	
		EUR	(%)	EUR	(%)	EUR	(%)
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	300,000	300,000	100%	255,000	85%	45,000	15%
2024	400,000	400,000	100%	340,000	85%	60,000	15%
2025	400,000	400,000	100%	340,000	85%	60,000	15%
2026	850,000	850,000	100%	722,500	85%	127,500	15%
2027	950,000	950,000	100%	807,500	85%	142,500	15%
Total	2,900,000	2,900,000	100%	2,465,000	85%	435,000	15%

Methodology for payment calculation of the fixed rates for the Advisory service package- separate file **must be approved with EBIT package of the measure.**

8.3.8.13. *Indicators and targets to be used in the programme*

Indicator	Target value by 2027
Number of recipients of group advice	8700
Number of recipients of “one-to-one” advice	6700
Number of advices provided by themes – IPARD applications	6700
Number of advices provided by themes – sustainable agriculture and new technics	7000
Number of advices provided by themes – Agri environment, climate, organic farming	1000

8.3.8.14. *Administrative procedure*

The Ministry of Agriculture and Rural Development through its in house organisation public advisory service system, consisting of 4 Regional Advisory service agencies and MARD Sector for advisory services will be the sole recipient of the measure for “Provision of Advice”.

The Managing Authority is responsible for the approval of the Annual Implementation Programme.

The IPARD Agency will sign contract with the MARD for the implementation of the measure

Advisory Service provider will be subject to controls undertaken by both the Managing Authority and the IPARD Agency to ensure that the minimum eligibility conditions set in the measure are fulfilled. Advisory service provider can present

payment claims on a quarterly basis to the IPARD Agency who in turn will affect reimbursements on a regular basis. Verification of payment claims and controls by the IPARD Agency will follow the principles outlined in the EC guidelines on simplified cost options.

Documents prepared with the help of this measure cannot benefit from the support of general costs under the other IPARD measures. A relevant cross-check mechanism must be set up by the IPARD Agency.

8.3.8.15. Geographical scope of the measure

The entire area covered by the IPARD Programme.

8.3.8.16. Other information specific to the measure

N/A.

8.3.9.1. MEASURE 'ESTABLISHMENT AND PROTECTION OF FORESTS' ⁸⁹

8.3.9.2. Legal basis⁹⁰

8.3.9.3. Rationale

According to the results from the national forest and pasture inventory, the surface of forest and pasture land in Albania in 2020 is considered to be approximately 1,197,258 ha and 506,278 ha respectively. Over the last 60 years (communist and transition period) Albanian forestry has suffered significant changes. It has reduced its forest area by more than 300,000 ha and most forests have been degraded through over harvesting and over grazing. Due to their structure, climate and habitat conditions, degraded forest stands are very sensitive, be it to forest fires, diseases and pests or to other abiotic and biotic factors. Deforestation is considered a very big environmental problem in Albania. Forest areas have shrunk over the past decades due to cutting down for fuel and increasing arable land. Overall, forests have recorded a decline of about 10% points in the last 50 years.

The annual increment of the wood per hectare of forest area is an indicator of forest management practices, and in the Western Balkans region it is the highest in Serbia (4 m³/ha), followed by Croatia, Bosnia and Herzegovina, Montenegro, and Kosovo (3–4 m³/ha), with a significantly lower increment found in North Macedonia and Albania (1.9 m³/ha and 0.8 m³/ha, respectively). This shows a high level of forest degradation. The volume has been in decline - for the period 2006 – 2017, it has decreased by 32%. Forest fires are serious threat to the forest ecosystems, contributing to deforestation and volume loss. Between 2004 and 2013, the annual average burnt area in Albania was recorded at 2,731 ha of forests; 50 ha of (non-forest) protected areas; and 2,000 ha of other vegetation (e.g. wetlands). The future climate scenario for Albania predicts changes, such as: increased temperatures, prolonged drought, increased risks of flood landslides and fires, decreased precipitation and reduction of

⁸⁹ The measure description is provided for informative purposes as it is not entrusted yet. It's amendment could be required before submitting it for the entrustment.

⁹⁰ Legal references will be added once their adoption and conclusion of binding Agreements will be finalised.

water resources and increased pests and diseases on arable land, with a negative impact on agriculture, forests and biodiversity.

The forests are in majority owned by municipalities (3% private owners). They are managed through the drawing-up and implementation of Forest and Pasture Management Plans, prepared by municipalities, and approved by the Ministry to ensure revenue stability and ecologically and socially responsible forest management, while preserving and enhancing biodiversity, forest functions for the public benefit and the long-term economic value of forest ecosystems. The majority of municipalities have Municipal Forest and Pasture management plans (51 of 52 municipalities with 203 FPM plans), of which 21 are updated (10%) and others (180) - expired recently (60% in 2019, 26% in 2018, 4% in 2017) and need to be updated. This represents a significant problem due to the lack of funds.

8.3.9.4. General objectives

General objective of the measure is:

- to contribute to IPARD objectives of facilitating growth and employment in rural areas, contributing to climate change mitigation and fostering sustainable management of natural resources. For Albania, it complements implementation of the main principles of the Green Agenda for the Western Balkans.

8.3.9.4.1. Specific objectives

Specific objectives of the measure are:

- to increase forest cover or expand area of other wooded land, whether on agricultural, degraded or other land, in order to provide environmental services,
- to foster the agroforestry practices,
- to prevent damage to forests from forest fires,
- to improve the resilience and environmental value of forest ecosystems,
- contribute to conversion of degraded forest stands and forest cultures into mixed high forest stands of indigenous tree species.

8.3.9.5. Linkage to other IPARD measures in the programme and to national measures

Establishment of agroforestry systems is potentially linked with measure 4: Agri-environment-climate and organic farming measure. Prevention activities in some forests, such as thinning and pruning and removal of dry biomass in high forest fire risk zone areas, while decreasing the fire risk at the same time may also contribute to renewable energy production, as well as activities improving resilience and environmental value of forests and afforestation.

The support for afforestation and agroforestry may potentially include the same costs as that covered by non-productive investments under measure M1.

This will be clearly demarcated from the activities, supported under this measure and controlled through the administrative procedure.

8.3.9.6. Recipients

The final recipients under this measure will be physical persons, legal persons,

associations⁹¹ and municipalities, holders of forests and/or agricultural land, non-agriculture land in rural areas

8.3.9.7. *Common eligibility criteria*

8.3.9.7.1 *Definition of forest*

Definition of forest (Law on Forests, Article 3 – (48)) “Forest” is the land area greater than 0.5 ha, covered with trees higher than 5 meters and canopy of which covers over 10 percent, or with trees capable of reaching these thresholds.

8.3.9.7.2 *Eligibility criteria for recipients*

- In case of a private person, legal person or association, recipient must be registered at the National Business Center, at the time of application.
- The recipient must provide ownership certificate (issued by the State Cadastral Agency (SCA), cadastral map and property card, demonstrating the recipient’s ownership of the area, or the legal contract if the recipient is the user of the area for which he/she submits a project application. The contract should have a validity of at least 10 years at the moment of application (5 years after conclusion of the project or in case of afforestation 7 years) . Contract must be registered in the SCA.
- The recipient, which owns or possesses/use (manages) also agriculture land in addition to forest land, should provide the farmer card or VAT number for farmers (farmers registration number), at the time of application, except for when the recipient is municipality.
- In case the recipient is a legal person or association, the recipient must provide a valid document of the Taxation office at the moment of application.
- In case the recipient is a legal person or association, its primary activity has to be related to forestry and pasture and agriculture in case of afforestation and agroforestry.

8.3.9.7.3 *Eligibility criteria for applications*

- The applicant may not submit a new application for the measure under new call for applications if she/he submitted the application for that same measure under previous calls and the process of assessment has not been finalized.
- The applicant can only apply for one project (submit the documentation at once) in each call.
- The applicant should prepare and submit, as part of application, a project proposal for every proposed activity.
- The project shall include the main environmental factors, which could have the influence on the results or success of investment, such as the description and list of trees species, as well as their ratio, which are best suited and adapted to the habitats and local conditions and which are compatible with the environment, work method (sowing or planting bare or coated root, etc.), and spatial arrangement and the number of plants and description of other particularities of the proposed technique (such as formulas for planting, soil preparation, timing)
- The proposed projects must be in compliance with the Municipal Forests and Pastures Management Plans, which have been approved by the Ministry for Tourism and Environment (MTE) prior to submission of the application, or with Private forest and pasture management plan (PFMP) which have been approved

⁹¹ Law on non-profit organizations (No. 8788, 7.5.2001).

by the respective Municipality prior to submission of the application.

- In case of an afforestation project or the agroforestry project on land, which is not included in the Forests and Pastures Management Plans, the proposed project must be approved by the MTE with afforestation permit.
- The afforestation permit should include the assurance that tree planting should be adapted to local conditions, be compatible with the environment and enhance biodiversity (Monoculture tree plantations should be avoided). The project shall be prepared and signed by relevant qualified technical specialist holding a professional permission/license regarding the project implementation. A copy of the professional permission/license must be attached to the set of documentation in the application dossier.
- All documents submitted must not be older than 12 months (exceptions are made for the documents issued by the Tax Office and Court, where the validity must be 30 days).
- The finalization of works is certified by the responsible body (IPARD agency) or delegated body certified in accordance to Forest Law with detailed description of all activities conducted under the investment and confirmation that the works are compliant with the Municipal Forests and Pastures Management Plan, or with the afforestation project approved by the MTE with afforestation permit.

8.3.9.8. Specific eligibility criteria (per Sub-measure)

8.3.9.8.1 Sub-measure 11.1: Afforestation

8.3.9.8.1.1 Description of the type of operation

Afforestation of agricultural and non-agricultural land contributes directly to climate change mitigation through carbon sequestration. Specific actions include afforestation with natural productive species, spatial planning of pastures, the restoration of green cover.

8.3.9.8.1.2 Specific eligibility criteria

Eligible land

- Agricultural land, non-agricultural land is eligible.

Establishment

- Native tree species, provenances and varieties or ecotypes that are well adapted to the site conditions and defined in the Forest and pasture management plan or in the afforestation plan approved by afforestation permit.
- The short rotation coppice (SRC)⁹² and Christmas trees are excluded from assistance.
- No new forests can be established in protected natural areas, except for when the increase of forest cover is among the desired interventions provided for in the management plans or equivalent instruments set for managing such natural areas.
- The recipient shall be obliged to obtain an afforestation permit issued to his/her name and approved by the MTE (the approving resolution of the afforestation plan). The permit shall be based on afforestation plan, to be made in accordance

⁹² "Short rotation coppice" means areas planted with tree species of CN code 06 02 9041 to be defined by the Beneficiary country that consist of woody, perennial crops, the rootstock or stools of which remain in the ground after harvesting, with new shoots emerging in the following season and with a maximum harvest cycle to be determined by the Beneficiary country, as established in the Article 4(1)(k) in the Regulation (EU) No 1307/2013.

with the Law on Forests by a professional forester, considering the site conditions and ecological features.

- In areas where planting of trees is made difficult by severe pedo-climatic conditions (scarce availability of water, poor soils etc.) support may be provided for planting other perennial woody species, such as shrubs or bushes, suitable to the local conditions.
- The support will not exclude the use of wood or non-wood materials or of other forest goods and services for economic reasons as long as this use does not harm the environmental or protective functions. In such cases the support level will be reduced to 50%.

Maintenance

- Maintenance costs of established afforested area will be supported for the period of 7 years.
- The maintenance works will be linked to a finalized establishment and have to be compliant with the afforestation project approved by the MTE with afforestation permit.
- The flat rate calculations will be used for maintenance costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possessing the appropriate expertise. It shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.
- Recipient will provide yearly report on maintenance activities to the IPARD Agency.

8.3.9.8.2 *Sub-measure 11.2: Agroforestry*

8.3.9.9.2.1 *Description of the type of operation*

Agroforestry means land-use systems and practices where planted trees are integrated with crops and/or animals on the same area of land. It is a multifunctional land-use approach that balances the production of food, feed, fuel etc. with outputs, such as environmental protection and cultural and landscape amenities. The operation promotes the creation of agroforestry systems, namely assembled, systems that combine forestry with extensive farming practices, recognized for their importance for the maintenance of biodiversity and for their adaptation to areas with high susceptibility to desertification.

8.3.9.8.2.2 *Specific eligibility criteria*

Eligible land

- Agricultural land, non-agricultural land, forest land in case of silvopasture.

Establishment:

- The recipient shall be obliged to obtain an afforestation permit issued to its name and approved by the MTE (the approving resolution of the afforestation plan). The permit shall be based on agroforestry project, to be made in accordance with the Law on Forests by a professional forester, considering the site conditions and ecological features.

- The short rotation coppice (SRC)⁹³ and Christmas trees are excluded from assistance.
- In areas where planting of trees is made difficult by severe pedo-climatic conditions (scarce availability of water, poor soils etc.) support may be provided for planting other perennial woody species, such as shrubs or bushes, suitable to the local conditions.
- The support will not exclude the use of wood or non-wood materials or of other forest goods and services for economic reasons as long as this use does not harm the environmental or protective functions. In such cases the support level will be reduced to 50%.

Eligible plant species and limits:

- 1) Forest tree species: Native tree species, at least two provenances and varieties or ecotypes that are well adapted to the site conditions and defined in the Forest and pasture management plan.
- 2) Planting of fruit trees: maximum 20% of fruit species.
- 3) Planting density:
 - minimum 80 trees/ha or 250 scrubs/ha,
 - maximum 250 trees/ha or 500 scrubs/ha.

Maintenance

- Maintenance costs of established agroforestry system will be supported for the period of 5 years.
- The maintenance works will be linked to the finalized establishment of agroforestry system and have to be compliant with the agroforestry project approved by the MTE with afforestation permit. The flat rate calculations will be used for maintenance costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possessing the appropriate expertise. It shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.
- Recipient will provide yearly report on maintenance activities to the IPARD Agency.

8.3.9.8.3 Sub-measure 11.3: Prevention of damage to forests from forest fires

8.3.9.8.3.1 Description of the type of operation

The actions of this operation are aimed at preventing the damage to forest from forest fires. To this end, the operation will support the forestry works which would contribute to reducing risk of fire and its spreading and investments in construction/reconstruction and equipment for monitoring of forest fires.

8.3.9.8.3.2 Specific eligibility criteria

- Only Forest land is eligible.
- The forest area concerned should be classified as medium to high forest fire risk according to the Forest and pasture management plan, approved by the MTE.

⁹³ "Short rotation coppice" means areas planted with tree species of CN code 06 02 9041 to be defined by the Beneficiary country that consist of woody, perennial crops, the rootstock or stools of which remain in the ground after harvesting, with new shoots emerging in the following season and with a maximum harvest cycle to be determined by the Beneficiary country, as established in the Article 4(1)(k) in the Regulation (EU) No 1307/2013.

- Preventive actions against fire should be in-line with approved Municipal Forests and Pastures Management Plan and/or with fire protection plan approved by the MTE in accordance to Forest Law.

8.3.9.8.4 Sub-measure 11.5: Improving the resilience and environmental value of forest ecosystems

8.3.9.8.4.1 *Description of the type of operation*

The operation contributes to the conversion of degraded forest stands into high forest stands and the conversion of forest cultures into mixed indigenous tree species forest stands. Within the framework of this operation, forest stands, whose tree species structure has been degraded due to bad management in the past, resulting in the loss of their primary species will be converted into mixed forest stands with a favourable share of primary tree species. Through this operation, a part of such forest stands will be gradually converted into mixed high forest stands of indigenous tree species. Thinning will be applied in order to form high quality forest stands.

8.3.9.8.4.2. *Specific eligibility criteria*

Only forest land is eligible. The recipient must include in the project proposal the Conversion plan which shall include the assessment of current situation, and a plan of activities which will result in mixed forest with a favourable share of primary tree species and prescribe the selection of the tree species.

The project shall include the main environmental factors, which could have the influence on the results or success of investment, such as the description and list of trees species, as well as their ratio, which are best suited and adapted to the habitats and local conditions and which are compatible with the environment, work method (sowing or planting bare or coated root, etc.) and its justification, and spatial arrangement and the number of plants and description of other particularities of the proposed technique (such as formulas for planting, soil preparation, timing).

The proposed project and conversion plan must be in compliance with the Municipal Forests and Pastures Management Plans which have been approved by the MTE prior to submission of the application, or with Private forest and pasture management plan (PFMP) which have been approved by the respective Municipality prior to submission of the application.

8.3.9.9. Eligible expenditure

8.3.9.9.1 Sub-measure 11.1: Afforestation

- Cost of preparation, plantation and propagation material.
- Fencing or individual plant protection.
- Construction/reconstruction of check dams and other ground works for soil erosion control, and water provision directly linked to the process of establishing the forest.
- Other necessary costs directly linked to plantation, such as preparation of afforestation plan, soil examination, soil preparation and protection (up to 12%).
- Replanting; replacement of failures after planting or in replanting in case of biotic or abiotic damage causing a large-scale failure (during the first year of planting) of up to 30%. In order to replant, a formal recognition by public authorities acknowledging officially an occurrence of a calamity is necessary. The MTE/NFA representatives will certify the percentage of failures replacement. Replanting should be adapted to the real needs and justified in the contract. The

recipient should require an official authorization before replanting.

- Maintenance costs of the established plantation for the period of 7 years.

The eligible expenditure, both the establishment and maintenance costs, shall be further detailed in the 'list of eligible expenditure'.

The flat rate calculations will be used for some costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possessing the appropriate expertise. It shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.

8.3.9.9.2 *Sub-measure 11.2: Agroforestry*

- Cost of plantation and propagation material, planting.
- Construction of Silvopastoral (grazing) system, watering, such as water reservoirs, water points for animals, protective facilities (e.g. on site sheds).
- Fencing or individual plant protection.
- Construction/reconstruction of check dams and other ground works for soil erosion control, directly linked to the process of establishing the agroforestry system.
- Other necessary costs directly linked to plantation, such as preparation, agroforestry project, the establishment plan, soil examination, soil preparation and protection (up to 12%).
- Replanting; replacement of failures after planting or in replanting in case of biotic or abiotic damage causing a large-scale failure (during the first year of afforestation) of up to 30%. In order to replant, a formal recognition by public authorities acknowledging officially an occurrence of a calamity is necessary. The MTE/NFA representatives will certify the percentage of failures replacement. Replanting should be adapted to the real needs and justified in the contract. The recipient should require an official authorization before replanting.
- Contracted grazing costs.
- Maintenance costs for the period of 5 years.

The eligible expenditure, both the establishment and maintenance costs, shall be further detailed in the “list of eligible expenditure”.

The flat rate calculations will be used for some costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possessing the appropriate expertise. It shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.

8.3.9.9.3 *Sub-measure 11.3: Prevention of damage to forests from forest fires*

- Prevention of damage to forests from forest fires.
- Preventive forestry practices, such as repetitive vegetation control, cleaning, thinning and diversification of vegetation structure.
- Use of grazing livestock: Costs of contracted livestock and transport costs incurred in transferring animals to the area with fire risk.
- Construction, reconstruction of structures, such as ditches, fences and bays, the conservation and improvement of forest lanes, belts of deciduous trees, grazing fields for animals and water systems, such as water reservoirs, water points for

protection against forest fires and check dams for soil erosion control.

- Construction/Reconstruction of observation points as a measure to prevent forest fires.
- Purchase and installation of fire monitoring equipment.
- Other necessary costs directly linked to project, such as preparation or update of Forest and pasture management plan, project preparation and development of forest protection plan (up to 12%).

The eligible expenditure shall be further detailed in the 'list of eligible expenditure'.

The flat rate calculations will be used for some costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possess the appropriate expertise shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.

8.3.9.9.4 Sub-measure 11.5: Improving the resilience and environmental value of forest ecosystems

- Costs of “one-off” treatments: clearing the soil from shrubs, bushes, thorns, thinning, pruning.
- Costs of under-planting with species adapted to the site conditions and species mixture compatible to conversion plan.
- Costs for soil protection works and construction/reconstruction of check-dams for soil erosion control.
- Costs for area and plant protection against grazing - fencing or individual plan protection.
- Other necessary costs directly linked to conversion, such as preparation of the conversion plan, update of the Forest and pasture management plan, soil preparation and protection (up to 12%).

The eligible expenditure shall be further detailed in the “list of eligible expenditure”.

The flat rate calculations will be used for some costs. The methodology and the calculation will be established in advance by a body that is functionally independent from the authorities responsible for the IPARD programme implementation and possess the appropriate expertise. It shall confirm the adequacy and accuracy of the calculations. The relevant documents shall be provided to the Commission in advance of the implementation of the simplified costs options, for information purposes.

8.3.9.10. Selection criteria/Principles regarding selection criteria

General principles for the selection criteria:

- Priority will be given to afforestation that is done for protective purposes, such as biodiversity, soil and water protection, etc. This is to be reflected in the selected species and sites to be afforested.
- The priority will be given to the private applicants. Only in cases when there is limited interest by private land owners in this activity, support should be provided to the managers of public land.
- In agroforestry, the priority will be given to multifunctional systems with higher public benefit, such as erosion/desertification control, animal welfare and biosafety actions (separation of grazing lands by forest belts), or supporting pollinators.

- The priority will be given to intervention, which will be carried out in average altitude of over 600 m a.s.l (an exception can be done when afforestation is done for water protection in lower altitudes).
- The priority will be given to women applicants.

The selection criteria which will be used and points to be allocated will be, based on proposal prepared by the Managing Authority, in cooperation with the IPARD Agency, approved by the Monitoring Committee before calls for applications, and published in the Guidelines for applicants.

8.3.9.11. Aid intensity and EU contribution rate

Aid intensity is 100%.

For sub-measures 11.1 and 11.2, in case of use of wood or non-wood materials or of other forest goods and services for economic reasons, as long as this use does not harm the environmental or protective functions, the support level will be reduced to 50%.

EU contribution - 85%, National contribution - 15%.

8.3.9.12. Indicative budget per measure

Year	Total eligible cost EUR	Public expenditure, 100%					
		Total		EU contribution		National contribution	
		EUR	(%)	EUR	(%)	EUR	(%)
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	1,411,765	1,411,765	20%	1,200,000	85%	211,765	15%
2024	1,411,765	1,411,765	20%	1,200,000	85%	211,765	15%
2025	1,411,765	1,411,765	20%	1,200,000	85%	211,765	15%
2026	1,411,765	1,411,765	20%	1,200,000	85%	211,765	15%
2027	1,411,765	1,411,765	20%	1,200,000	85%	211,765	15%
Total	7,058,824	7,058,824	100%	6,000,000	85%	1,058,824	15%

It is envisaged that the calculations together with the methodology will be available at the end of year and are in preparation by MTE and **e must be approved with EBIT package of the measure.**

8.3.9.13. Indicators and targets to be used in the programme

Indicator	Target value by 2027
Afforested agricultural land (ha)	60
Afforested non-agricultural land (ha)	270
Area of agroforestry systems established (ha)	751
Area of forests having benefited from support to improve the resilience and environmental value of forest ecosystems (ha)	1176
Area of forest having benefited from support to prevent damages to forest from forest fires (ha)	588

8.3.9.14. Administrative procedure

The administrative procedure will be implemented by ARDA, the technical body for evaluation of technical compliance and quality of projects, as well as assistance in on-the spot control will be performed by MTE through its implementing agencies/technical departments on the basis of memorandum of understanding.

Verification of standard of works, project proposals, and evaluation of investment sites before project investment must be done by forest experts of NFA/MTE.

The commitments will be monitored with the ex-post controls and through yearly reporting on maintenance works.

8.3.9.15. Geographical scope of the measure

Republic of Albania.

8.3.9.16. Other information specific to the measure

N/A.

9. NATIONAL RURAL DEVELOPMENT NETWORK

The Albanian Network for Rural Development (ANRD) was formalized on December 11, 2015, crowning a series of efforts over the years to advance the role of the non-public sector in the rural development agenda of our country. ANRD is an organization, founded by fourteen initiating organizations and currently has twenty-seven member organizations, which have long and consolidated experience in various topics of rural development and with different geographical distribution throughout the territory of our country.

ANRD represents a genuine civil society initiative that contributes to the sustainable development of rural communities, by taking an active role in the reform processes of the agriculture sector and rural development, especially in aligning with the European Community-led Local Development Policy (CLLD). The network promotes bottom-up advocacy for effective rural policies that are closer to the inhabitants of rural communities, designed with the participation of local communities, understood and implemented with people in the territory. Efforts to date have reflected a willingness to support and contribute to the successful implementation of sustainable rural development policies and instruments.

Vision of ANRD:

An Albania with vibrant, inclusive, participatory and contributing rural communities for the continuous improvement of the quality of life in rural areas.

Purpose/ aim:

The network was established with the aim of shaping a clear, effective and sustainable voice in support of rural communities according to the community-led rural development philosophy.

Field of Activity:

To fulfil its vision and purpose, the Network will undertake, but will not be limited only to the following types of activities:

- a) Support and promotion of rural development through the exchange of information, ideas and good practices;
- b) Increasing the participation of rural communities, businesses and the public in rural development;
- c) Creating a climate of dialogue, cooperation and partnership between public actors, business and civil society;
- d) Encouraging, supporting and creating local action groups;
- e) Research, study, sensitization/awareness, advocacy and lobbying for legal and political issues of rural development;
- f) Supporting, encouraging and promoting innovation in rural development;
- g) Development, monitoring and implementation of projects, programs or services in the field of rural development;
- h) Support with expertise for the design, monitoring and implementation of rural development strategies;
- i) Capacity building of local, regional and national actors, including local action groups;
- j) Protecting the interests of network members working in the field of rural development;
- k) Supporting and facilitating the cooperation of members with similar regional and European associations and networks;
- l) Support and facilitate the cooperation of members with donors and other rural development actors.

Governing bodies of the Network:

- a) The General Assembly
- b) Secretary General of the Assembly
- c) The Board

Chairman of the Board

- d) National Coordinator
- e) Regional network forums and Local Action Groups forum

ANRD is committed to ongoing efforts to build an active, inclusive and participatory rural agenda, including the LEADER/CLLD approach, strengthening civil society, gender equality, youth in rural development, local partnerships, the green economy, sustainable agriculture, short value chains etc. Sustainable, integrated local development based on the EU LEADER approach are at the center of the Network activities. In this context, ANRD is making efforts in introducing the LEADER approach, local capacity building and knowledge transfer from LEADER Local Action Groups from different European and regional countries to a wide range of stakeholders.

One of the most important platforms organized by ANRD dedicated to rural development is the Albanian Rural Parliament. The rural parliament platform helps to have a nationwide rural agenda and provides a focus on unifying the interests and priorities of rural communities, connecting with government and influencing the policies and actions of different stakeholders.

Currently, ANRD is a member of the Balkan Network for Rural Development and the PREPARE Network (Partnership for Rural Europe).

10. INFORMATION ON COMPLEMENTARITY OF IPARD WITH THE MEASURES FINANCED BY OTHER (NATIONAL OR INTERNATIONAL) SOURCES

10.1. Demarcation criteria of IPARD with support under other IPA III Programming Framework Windows or within the same Window

To ensure demarcation of IPARD II programme with support under other IPA policy areas clear demarcation criteria will be elaborated by the Operating structures in liaison with the Department of Development Programming, Financing and Foreign Aid of the Prime Minister's office under the overall co-ordination of NIPAC. The demarcation criteria will be consistent with:

- Indicative Strategy Paper for Albania 2011-2027, which defines IPA III priorities and objectives for each policy area;
- National Strategy for Development and Integration for the period 2021-2027 which provides strategic framework for all sector and cross-sector strategies;
- Inter-Sectoral Strategy for Agriculture and Rural Development;
- Other sectorial and cross-sector strategies.

The main demarcation criteria that will be applied after the start of implementation of the IPARD III programme are described below:

IPARD II programme measure/ type of assistance	Demarcation with other IPA Policy areas
Investments in agricultural holdings	Only IPARD III programme will support investments in agricultural holdings
Investment in processing and marketing of agricultural products	Only IPARD III programme will support investments in agricultural holdings in milk, meat, fruits and vegetables and wine sectors.
Investments in rural tourism SMEs	Demarcation will be established in the future programming of interventions in other IPA policy areas ensuring avoidance of overlapping of assistance.
Investments in renewable energy production	
Investments in other enterprises in rural areas	

The demarcation criteria will be reviewed and amended, where needed, after amendment of the IPARD III and other IPA programmes.

10.2. Complementarity of IPARD with other financial instruments

The IPARD III Programme responds to the priorities of the European Union Strategy for the Adriatic and Ionian Region (EUSAIR), which was adopted in 2014. The EUSAIR is a macro-regional strategy, which covers four EU Member States (Croatia, Greece, Italy and Slovenia) and four non-member states (Albania, Bosnia and Herzegovina, Montenegro and Serbia). The general objective of the Strategy is to promote sustainable economic and social prosperity in the region through growth and jobs creation, and by improving its attractiveness, competitiveness and connectivity, while preserving the environment and ensuring healthy and balanced marine and coastal ecosystems. EUSAIR has four thematic pillars i) Blue Growth - innovative maritime and marine growth; ii) Connecting the region - transport and energy

connectivity; iii) Environmental quality through cooperation at the level of the Region; iv) Sustainable tourism. The EUSAIR will mobilise and align existing EU and national funding instruments (including IPA) for each of the topics identified under the four pillars.

The Fourth pillar of the EUSAIR is coordinated by Croatia and Albania. The objective of this pillar is to develop the full potential of the Region in terms of innovative, sustainable, responsible quality tourism. Albanian IPARD III programme will contribute to the objectives of the Fourth pillar through support to nature and rural tourism in rural areas.

The International Financial Institutions (IFI) - European Investment Bank, European Bank for Reconstruction and Development, the Council of Europe Development Bank, World Bank, play a significant role for financing investments in improvement of infrastructure and private sectors development. The coherence and complementarity of the activities of the IFI with IPA programmes is ensured through various co-ordination mechanisms created by the Commission. DG NEAR put in place International Financial Institutions Advisory Group aiming to improve the coordination between the IFIs. The objective of the Group is to facilitate the development and upgrading of regional infrastructure in South East Europe in key sectors, such as energy, transport, environment, human development, employment and social protection, which requires large investments, and is essential for the sustainable development of the region and of the beneficiary countries. The Western Balkans Investment Framework is another cooperation platform through which Western Balkan countries alongside the EU, the IFIs and bilateral donors can identify, prepare and implement priority socio-economic investments through the pooling of expertise and financial resources. These elaborated investment projects are selected based on criteria for importance for national or regional strategies, EU accession process and financial viability.

The EU programmes opened to third countries will also complement IPARD III programme interventions. LIFE Programme is the EU's financial instrument for the environment and climate action. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental and climate policy and legislation by co-financing projects with European added value. LIFE acts as a catalyst for changes in policy development and implementation by providing and disseminating solutions and best practices to achieve environmental and climate goals, and by promoting innovative environmental and climate technologies. In that endeavour, the LIFE Programme should support the implementation of the General Union Environment Action Programme to 2020 "Living well, within the limits of our planet" as established by Decision of the European Parliament and of the Council ("7th Environment Action Programme").

As regards employment of young people in Albania, IPARD III could contribute to the implementation of the Youth Guarantee scheme that is currently being developed under the leadership of the Ministry of Finance and Economy. Particularly relevant in this context are measures "Implementation of Local Development Strategies – LEADER approach" and "Farm Diversification and Business Development". It will be important to coordinate with the Deputy Minister of Finance and Economy in charge of employment as a national Youth Guarantee coordinator and to contribute to the work of the Expert Group and the Multi-stakeholder Group that are developing Youth Guarantee Implementation Plan.

10.3. Demarcation criteria and complementarity of IPARD measures with national policy

Inter-Sectoral Strategy for Agriculture and Rural Development in Albania for the period 2021-2027 envisages gradual alignment of national policy instruments to the EU acquis. The national policy instruments will be designed and implemented in accordance with the following principles:

- New national support measures will be designed in accordance with the principles of the EU policy framework for the CAP, rural development and pre-accession policy for the period 2021-2027;
- National support measures inconsistent with similar EU support measures will be gradually phased out in line with the introduction of new measures, and no new national support measures will be introduced that are not in line with the CAP.

The national measures will continue focusing on priorities not supported under the IPARD programme. The National Schemes for agri-food sector, currently, are programmed on an annual basis.

The IPARD III programme following demarcation principles will be applied in the annual programming of the national schemes:

- National schemes will support sectors, that are not eligible under IPARD programme or;
- If sectors eligible under IPARD III Programme are supported, national schemes will provide support to investments/target groups/regions not eligible under IPARD (for example, farms below the minimum threshold for IPARD, purchase of agricultural animals, urban areas).

The IPARD Agency will be responsible for the cross-checking for double-financing between the IPARD III programme, other Union and national support schemes. Every project under the IPARD Programme, which may fall under the scope of the Union or other national support schemes, will be checked for possible double financing *before its approval* and before final payment.

11. SUMMARY DESCRIPTION OF MANAGEMENT AND CONTROL STRUCTURES⁹⁴

The functions and responsibilities of authorities and bodies, which are responsible for the management and control system (MCS) of IPA III assistance, are presented below.

National IPA Coordinator

The *National IPA Coordinator* (NIPAC) has an overall responsibility for the strategic planning, coordination of programming, monitoring of implementation, evaluation and reporting of IPA III assistance. The Chief Negotiator of the Republic of Albania for EU adherence is the National IPA Coordinator (NIPAC) for Albania. The NIPAC's main responsibilities are as follows:

- Coordination of the overall IPA III programming and implementation, ensuring coherence with Strategic Response (SR) for IPA III, sectoral and national priorities as well as with the relevant macro-regional and sea basin strategies.

⁹⁴ The chapter can be further updated following decision on the content of the FFPA and the Sectoral Agreement

- Coordination with line ministries and other relevant institutions as well as with other donors and a close link between the use of IPA III assistance and the general accession process;
- Monitoring and reporting on progress and achievement of objectives of the IPA III assistance.

The NIPAC has to ensure that the objectives set out in the actions or programmes for which budget implementation tasks have been entrusted are appropriately addressed during the implementation of IPA III assistance.

National Authorising Officer

The National Authorising Officer (NAO) has an overall responsibility for the financial management of EU funds, legality and regularity of expenditures, effective functioning of the internal control system of IPARD III and effective and proportionate anti-fraud measures. The NAO acts as the sole interlocutor with the Commission for all questions relating to IPARD III as regards the distribution of European Union texts and guidelines relating to the management and control system and to any other bodies responsible for their implementation, as well as their harmonised application, the request for being entrusted with budget implementation tasks and the availability to the Commission of a full record of accounting information required for statistical and control purposes.

The NAO is a high ranking official in the Ministry of Finance - Deputy Minister of the Ministry of Finances and Economy. The NAO has established a management structure, which is composed of National Fund and NAO Support Office.

National Fund

The National Fund (NF) is accountable to NAO and is in charge of the management of IPARD III accounts and financial operations. The National Fund (NF) acts as a central treasury body in the Ministry of Finance. The NF will implement the following main functions related to IPARD III management and control:

- *Management of IPA III accounts and financial operations* with the objective to ensure a smooth financial management, including recording of activities, transferring of funds and making financial adjustments when necessary.
- *Treasury* – organise bank accounts, requesting funds from Commission, verifying the existence and correctness of the co-financing elements, authorising the transfer of IPARD III funds from the Commission to the IPARD Agency or to the recipients; financial communication to the Commission, which includes the quarterly payment applications and annual declarations.
- *Accounting of commitments and payments* – keeping accurate, complete and reliable accounting records for each action/activity/operation and which supports all the data required for drawing up payment requests, annual financial reports or statements.
- *Debt management* – make financial adjustments required in connection with irregularities and recover the Union contribution paid to the recipient in accordance with national recovery procedures.

NAO Support Office

The NAO Support Office has the responsibility to provide assurance on the effective functioning of the internal control system through continuous check of its good performance, including provision of follow-up of audit findings and detected irregularities. NAO Support Office is a separate structure in the Ministry of Finance, at a sector level who reports directly to the NAO.

The NAO Support Office will assist NAO in its responsibilities for submitting to the Commission a request for being entrusted with budget implementation tasks, after ensuring that the management structure and OS satisfy the requirements set in the FFPA and Sectoral Agreement. NAO support office will continuously monitor the performance of the MCS and in case of weaknesses or deficiencies will take appropriate safeguard measures, informing the Commission without delay.

The NAO Support Office will assesses, before approval by NAO, all changes in the MCS and will notify the Commission of any substantial concerning the MCS for examination and approval in advance of their implementation. It will coordinate, whenever relevant, the preparation of consolidated action plans addressing any outstanding weaknesses detected in the MCS. It will provide follow-up of the findings of audit reports from the Audit Authority. NAO Support Office will draft management declarations that will be submitted by the NAO to the Commission.

Audit Authority

The Audit Authority (AA) is responsible for carrying out audits on the management and control system(s), on actions, transactions and on the annual accounts in line with the internationally accepted auditing standards and preparing annual and final audit opinions on the statements of expenditure. The Agency for Audit of European Union Programme Implementation System, which was established in 2009 with the Council of Ministers Decision No 1020, dated 14.10.2009, will act as the AA for IPARD. The Agency is an operationally independent institution of all actors involved in the management and implementation of IPA assistance.

The NIPAC, NAO, AA, OS are designated with the CoMD No. 846 dated 21/11/2012 for the management and control of IPARD. With the ratification of the IPA III Financial Framework Partnership Agreement between the Government of Albania and European Commission, a new council of Minister's decision shall be adopted in order to regulate the relations among structures and authorities for the IPARD III Implementation. Such CoMD shall be proposed by the Ministry of Finances and Economy and will be consulted with the Ministry for Europe and Foreign Affairs and MARD.

The designation of all relevant authorities

Authority Type	Name of the authority/body, department or unit	Head of the authority/body (position or post)	Address	Telephone	Email
National IPA Coordinator	Prime Minister Office	General Director of State Agency of Strategic	Bulevardi Gjergj Fishta Tirana	+355422364090	

		Programming and Assistance Coordination (SASPAC)”			
National Authorising Officer	Ministry of Finances and Economy	Deputy Minister	Blv. Dëshmorët e Kombit, Nr.3, Tiranë	+355 682048476	Adela.Xhemali@financa.gov.al
Audit Authority	Agency for the Audit of the European Union Programs Implementation System	Head of Audit Authority	Rruga Elbasanit, Godina e ish-trikotazhit, kati 4 Tirana	+355692060126	Alba.Qirjazi@apaa.gov.al
Managing Authority	Ministry of Agriculture and Rural Development	Head of MA	Sheshi Skenderbej Nr 2, Tirana	+355 682020879	Grigor.Gjeci@bujqesia.gov.al
IPARD Agency	Agency for Agriculture and Rural Development	Director	Ruga Muhamet Gjollesha Nr.56, Tirana	+355 682056958	Eranda.Selmanaj@azhbr.gov.al

12. DESCRIPTION OF THE OPERATING STRUCTURE, INCLUDING MONITORING AND EVALUATION

12.1. Description of the operating structure (Managing Authority and IPARD Agency) and their main functions

The **Operating Structure** is responsible for the management and implementation of the IPARD III programme in accordance with the principle of sound financial management. The Operating Structure designated for IPARD III programme consists of the following separate authorities operating in close cooperation:

- the *Managing Authority* is responsible for the management IPARD III programme and is in charge of programming, including selection of measures under each call for applications and their timing, publicity, coordination, monitoring, evaluation and reporting;
- the *IPA Rural Development Agency (IPARD Agency)* is in charge of publicity, selection of projects, authorisation, control and accounting of commitments and payments and execution of payments, debt management and internal audit.

The **Managing Authority (MA)** is the **Directorate for Programming and Monitoring IPARD (DPMI)** within MARD, which is responsible for managing the IPARD III programme in an efficient, effective and correct manner within the scope of the responsibilities, defined in the Sectoral Agreement.

The formal designation of the Managing Authority was done by an Order No 1 of MARD. The Director of the DPMI was designated as the Head of MA with the OrderNo 322/02.06.2016. The organogram of the MA is attached in Annex 6 to the Programme.

Functions of Managing Authority and IPARD Agency specified in the Sectorial Agreement⁹⁵

General Functions	Specific Functions	IPARD Agency	Managing Authority
Managing functions	Selection of measures		✓
	Programme monitoring		✓
	Evaluation		✓
	Reporting	✓	✓
	Coordination		✓
Paying functions	Authorisation & control of commitments	✓	
	Authorisation & control of payments	✓	
	Execution of payments	✓	
	Accounting for commitment and payment	✓	
	Debt management	✓	
Implementing functions	Selection of projects	✓	
	Publicity	✓	✓
Audit functions	Internal audit	✓	

The MA has the following specific functions and responsibilities:

Selection of measures

- Drafting IPARD III programme and any amendments to it, including those requested by the Commission;
- Defining in the IPARD III programme the controllability and verifiability of the measures in cooperation with the IPARD Agency; regular review of controllability and verifiability;
- Selection of measures under each call for applications and their timing, the eligibility conditions and the financial allocation per measure, per call. These decisions shall be made in agreement with the IPARD Agency;
- Drafting each year an Action plan for the intended operations under the Technical assistance measure, which shall be submitted to the IPARD III MC for agreement.
- Drafting amendments to the IPARD III Programme to the Commission with a copy to NIPAC, after consultation with the IPARD Agency, and following agreement by the IPARD III Monitoring Committee (MC); Ensuring that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the Commission to amend the IPARD III programme;
- Ensuring that the appropriate national legal basis for IPARD implementation is in place and updated as necessary;

⁹⁵ Functions and responsibilities can be further updated following the final decision on the Sectorial Agreement.

Programme monitoring

Setting up a system to gather monitoring and context related data on progress of the IPARD III programme and conducting analysis of the collected data; as further detailed in Section 11.2.

Evaluation

Organising the Programme evaluations to improve the quality, effectiveness and consistency of the assistance, as further detailed in Section 11.2, including preparation of Evaluation Plan, reporting to the IPARD III MC and to the Commission on the progress made in implementing this plan.

Publicity

Drafting a coherent *Plan of visibility and communication* activities in consultation with the Commission and the IPARD III MC, and reporting on its implementation to IPARD III MC, IPA III MC and the Commission, as further detailed in Section 15.

Coordination

Assisting the work of the IPARD III MC by providing the documents necessary for monitoring the quality and effectiveness of implementation of the IPARD III programme, as further detailed in Section 11.2.

Reporting

Reporting on IPARD III implementation, by preparation in consultation with IPARD Agency, of Annual and Final implementation reports as further detailed in Section 11.2.

The **Agriculture and Rural Development Agency** (ARDA), designated as **IPARD Agency** by an Order No 108/16.04.2013 of MARDWA, was established under the provisions of the *Law on Agriculture and Rural Development* (No 9817/22.10.2007) with Council of Ministers Decision (CoMD) No 1443/31.10.2008 and is an independent public body, operating under the direct responsibility of the Minister of MARD.

The organisational structure and staffing of IPARD Agency have been aligned with the requirements of the Sectoral Agreement. The organogram of the IPARD Agency is attached in Annex 6 to the Programme.

IPARD Agency is responsible for the implementation of the IPARD III programme in accordance with the principles of sound financial management. The IPARD Agency has the following specific functions and responsibilities:

Selection of projects

Selecting of projects to be implemented in accordance with the criteria and procedures applicable to the IPARD III programme and complying with the relevant Union and National rules;

Laying down contractual obligations with the recipients in written, incl. information on possible sanctions in the event of non-compliance with those obligations.

Publicity

Making calls for applications and publicising terms and conditions for eligibility, upon consultation with the MA;

Ensuring IPARD III programme publicity and visibility through: publication of list of final beneficiaries; informing recipients of the Union contribution to the projects; guaranteeing that adequate publicity is given by the recipients on Union co-financing for the respective projects (further detailed in Section 15).

Authorisation and control of commitments and payments

Establish that the applications for approval of operations and subsequent amount to be paid are eligible for assistance claimed, through administrative and, where appropriate, on-the-spot controls, in particular those concerning the regularity and legality of the expenditure.

Execution of payments

Issuing of an instruction to pay the authorised amount to the claimant (or their assignee(s)).

Accounting for commitment and payment:

Recording of all commitments and payments in the separate books of accounts for IPARD III expenditure and the preparation of periodic summaries of expenditure, including the expenditure declarations to the European Commission. The books of account shall also record the assets financed by the IPARD III funds, in particular concerning un-cleared debtors.

Debt management

Setting a system in place for the recognition of all amounts due and for the recording in a debtors' ledger of all such debts, including irregularities, prior to their receipt.

Internal audit

Ensuring that regular specific activities are carried out to provide higher management with independent review of the subordinate systems.

Other

Carrying out follow-up actions to ensure progress of projects being implemented;

Reporting on progress in implementation of measures against indicators;

Setting up, maintaining and regularly updating the Programme information system.

Irregularity reporting

Ensuring irregularity reporting.

The roles, functions and division of responsibilities of the bodies of IPARD Operating Structure are detailed in the Memorandum of Understanding of the MA and IPARD Agency, which sets out rules for co-ordination of the management and implementation of the IPARD Programme, including reporting and deadlines. The detailed rules for implementation of the designated responsibilities as well as administrative, accounting and internal control requirements are established in the Manuals of procedures of the MA and IPARD Agency.

12.2. Description of monitoring and evaluation systems, including the envisaged composition of the Monitoring Committee

Programme monitoring aims to ensure the effectiveness and the quality of the implementation of the IPARD III programme by providing timely and reliable information on progress in achievement of the Programme specific objectives.

The progress, efficiency and effectiveness of the IPARD III programme shall be measured by the indicators presented in the Programme for the baseline situation, inputs/financial execution, outputs and immediate results of the operations /Programme.

The data on monitoring indicators will be collected by the IPARD Agency and inserted into the Management Information System (MIS). The MIS contains data on each operation (submitted, assessed, selected for funding, as well as completed operations, incl. key characteristics of the recipient and the project), which are recorded and processed electronically by IPARD Agency.

MA will collect, aggregate and analyse information/data on indicators, received from the IPARD Agency, report and provide for follow-up actions. Where necessary, the MA will recruit external expertise to fine tune the indicators and to assess the progress of the IPARD III programme.

The MA will report to IPARD III MC, the Commission, and other relevant bodies (NIPAC, NAO) on progress in utilisation of funds, outputs and results by measure and of the Programme as a whole as well as on actions needed for improving efficiency and effectiveness of the Programme. The monitoring data will be presented and analysed in the Annual /Final reports on implementation. The evaluation aims to improving relevance, coherence, quality, efficiency, effectiveness, Union added value, consistency and synergy of the Programme with other policy areas. IPARD III programme has been subject to ex-ante and ex-post evaluations. Interim evaluation will be carried out, if considered as appropriate by the Commission. Evaluations may be carried out at strategy, thematic, sectoral, and measure level at country or regional levels. They will conform to the evaluation methods developed by the Commission. The results of the ex-ante and the interim evaluations will be taken into account in the programming and implementation cycle. The interim and ex-post evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming, its socio-economic impact and its impact on the defined objectives and priorities. They shall cover the goals of the IPARD III programme and aim to draw lessons concerning rural development policy. They shall identify the factors which contributed to the success or failure of the implementation of the IPARD III programme, including the sustainability of actions and identifications of best practices.

The MA, in consultation with the Commission, will prepare an Evaluation Plan for the whole programming period, presenting the evaluation activities which will be carried out in the different phases of the Programme implementation, no later than one year after the adoption of the IPARD III programme by the Commission. The MA will report each year on the progress made in implementing of the Evaluation plan and outcomes of evaluation activities to the IPARD III MC and to the Commission, informing also Audit Authority. The MA will be responsible for following-up the recommendations provided in the evaluation reports and shall report on their implementation to IPARD III MC and the Commission. In order to ensure a high

quality of planning and execution of evaluation activities, an *Evaluation Group* will be established as part of the IPARD Monitoring Committee. The Head of MA will act as Evaluation Manager to the Group. The Evaluation Group will provide advice on planning and design of the evaluation activities, formulation of evaluation questions, and will assess the quality of the submitted evaluation reports. The MA shall use independent expertise, selected via transparent and competitive procedure, for the execution of Programme evaluations through the TA measure.

To ensure accountability and transparency of operations, the evaluation reports will be publicly presented and published on the Programme website. The IPARD III Programme *Monitoring Committee* will be established, after consultation with the NIPAC and the Commission, after adoption of the Programme. IPARD III MC will periodically examine the Programme progress and its effectiveness, efficiency, quality, coherence, coordination of the Programme and compliance and consistency with the rural development and other relevant sector strategies. It may make proposals on corrective actions to ensure the achievement of the objectives and enhance the efficiency, effectiveness, impact and sustainability of the assistance.

The IPARD III MC shall be established by an Order of the Minister of MARD and be composed of representatives from relevant public authorities and bodies, economic, social and environmental partners and chaired by the Minister of MARD. Members will be selected among the organisations, consulted during Programme preparation. Representatives of the Commission, NIPAC and NAO, IPARD OS will participate in the work of the IPARD III MC in an advisory role without voting right. Representatives of international organisations, including international financial institutions, bilateral donors, banking sector, academia and other organisations, relevant to the IPARD III programme may also be invited. The list of members of the MC will be published on the Programme website.

IPARD III MC shall draw up and approve in consultation with OS, NIPAC and the Commission its Rules of Procedures, which shall be adopted at the first MC meeting.

The IPARD III MC shall meet at least twice a year; ad hoc meetings may also be convened, as well as written procedures followed. Operational conclusions, including any recommendations, will be drawn at the end of the MC meetings. These conclusions shall be subject to adequate follow-up and a review in the following committee meetings and shall be the basis for reporting to the IPA Monitoring Committee.

The MC may set up Working Groups (WG) on specific issues per measure. These WGs shall consist of MC members or invited experts, as appropriate.

The IPARD III MC shall have the following responsibilities:

- *examine* the progress and results of IPARD III programme, in particular the achievement of the targets set for the different measures and the progress on utilisation of the financial allocations to those measures. In this regard, the MA will ensure that all relevant information in relation to the progress of measures is made available to the MC and the NIPAC;
- *periodically review* progress made towards achieving the objectives set out in the IPARD III programme, review information on any sectors or measures where difficulties are experienced and information on the results of verifications carried out;
- *consider and approve* the Annual/Final implementation reports;

- *examine* the activities and outputs related to the Programme Evaluation, including Evaluation plan and quality and recommendations of evaluation reports;
- *consider and approve*, where appropriate, any proposals drawn up by the MA for Programme amendment, before their submission to the Commission with a copy to NIPAC;
- *propose* to the MA for submission to the Commission with a copy to NIPAC and NAO, after consultation with the MA and the IPARD Agency, amendments or reviews of the IPARD III programme to ensure the achievements of the Programme's objectives and enhance the efficiency of the assistance provided;
- *consider and approve* indicative annual Technical assistance action plan, including the indicative amounts for information purposes;
- *consider and approve* the Plan of visibility and communication activities and its updates;
- *report* to the IPA MC.

The MA will act as a Secretariat to the IPARD III MC and assist its work by providing logistical support, information and follow-up on its decisions.

The work of the IPARD III MC will be supported through the TA measure.

The MA will report on the progress of IPARD III programme implementation in the Annual and Final implementation reports.

The MA will prepare, in consultation with the IPARD Agency, annual reports on the implementation of the IPARD III. All annual implementation reports will be drafted in line with the Commission Guidelines and will respect all provisions of the Sectoral Agreement. It will present and discuss:

- *Changes in the context* of relevance to the implementation of the IPARD III programme, in particular, the main socio-economic trends, changes in national, regional or sectoral policies and, where applicable, their implications;
- Progress in *financial execution* - financial commitments and expenditure by measure;
- The *progress in the implementation of priorities and measures* in relation to the attainment of the objectives of the IPARD III programme by reference to the financial data, common and programme-specific indicators and quantified target values, including changes in the value of result indicators and, if available, the results of completed evaluations and in-depth surveys;
- Progress in implementation of the *Evaluation plan activities*;
- Progress in implementation of the *Plan for visibility and communication*;
- *Problems encountered and corrective measures* undertaken by MA, the IPARD Agency and the IPARD III MC, in particular:
 - a summary of any significant problems encountered in implementing the IPARD III programme and any action taken;
 - a summary of the results of the controls carried out per measure and of the irregularities detected;
- Use made of *technical assistance*;
- Steps taken to *involve local bodies*;
- *Complementarity and co-ordination* with national policies and other Union policies and financial instruments.

The Annual implementation report will include tables with monitoring indicators and financial tables. The Annual implementation reports will be submitted by 30 June

each subsequent year following a full calendar year of implementation. The Final implementation report will be submitted at the latest six months after the final date of eligibility of expenditure under the IPARD III programme.

13. RESULTS OF CONSULTATIONS ON PROGRAMMING AND PROVISIONS TO INVOLVE RELEVANT AUTHORITIES AND BODIES AS WELL AS APPROPRIATE ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS

13.1. Provision adopted for associating the relevant authorities, bodies and partners

In accordance with respective Article of IPA III Implementing Regulation, programming of assistance in agriculture and rural development has to be prepared in close consultations with all appropriate interested parties (socio-economic partners as defined by the national legislation in this case). All appropriate interested parties for this Programme are competent state, regional, local authorities and other public authorities, the economic and social partners and any other appropriate bodies representing civil society, non-governmental organisations, including environmental organisations, minority group representatives, stakeholders and bodies responsible for promoting equality between men and women. The process of preparation of the Programme was carried out under the competence of the Managing Authority in cooperation with the IPARD Agency and in continuous consultation with all relevant stakeholders. Albania has accumulated significant experience in the application of the partnership principle in the national strategic policy formulation, involving government, civil society and private sector stakeholders at both national and local levels. The partnership was widely applied in the preparation of the “Inter-sectoral strategy for agriculture and rural development in Albania”, as well as in preparation of the IPARD II, 2014-2020 programme and sector studies for IPARD III. Relevant stakeholders (competent regional and local and other public authorities, economic and social partners, NGOs) will be involved in all stages of IPARD III programme implementation, monitoring and evaluation. The assistance under the IPARD III programme will be implemented in close consultation with the Commission services.

In programming the consultation process has been carried out in two stages.

The *first stage* was carried out in 2019-2020 and included consultations with all relevant partners on identification of main challenges and opportunities, needs and priorities for agriculture and rural development in Albania. In the process of the preparation of sectoral studies for agriculture and rural development, individual consultations, working group meetings and wider forums were carried out. At this stage eligible information on applicants eligible for support, requirements for applying for support, financing conditions, eligible costs for investment support, national minimum standards, national legislation relevant to the programme under IPARD sectors were selected and in-depth studies were carried out or updated, identifying strengths, weaknesses, opportunities and threats and development needs of the selected sectors. The results of these consultations and in-depth studies were used for the drafting of the IPARD III programme measures.

The *second stage* involved consultation on the programme priorities, eligibility criteria and allocation of the budget. It was carried out in the period March 2021 –

April 2021 (see Annex 10). The results of the consultations were used to fine-tune the Programme.

13.2. Designation of the partners consulted – summary

Presentation of the list of the competent regional and local authorities and other public bodies consulted, the economic and social partners and any other appropriate body representing civil society, non-governmental organisations, including environmental organisations, and bodies responsible for promoting equality between men and women and non-discrimination.

The following groups of policy stakeholders have been identified for inclusion in different stages of the IPARD III Programme preparation and implementation:

Public authorities and bodies, in order to ensure a good intra and inter-ministerial coordination:

- MARD sectoral directorates, veterinary and food safety authorities, extension services;
- Line Ministries – Ministry for Europe and Foreign Affairs, Ministry of Finance and Economy, Ministry of Infrastructure and Energy, Ministry of Culture, Ministry of Tourism and Environment Ministry of State for Entrepreneurship Protection, Trade and Entrepreneurship Development, and other Ministries, responsible for the respective IPA policy areas.

Economic, social and environmental partners:

- *Associations and Non-Governmental organisations* in the in the field of agriculture and rural development, Branch associations in food processing industry, Albanian Tourism Association, Albanian Women Association, Union of Farmers Associations in Albania, etc.
- *Farmers and industry representatives;*
- *Regional and local authorities – represented by the Association of Albanian Municipalities.*

Bilateral and multilateral donor organisations, such as the World Bank, UNDP, USAID, GIZ, Italian Development Cooperation Office, etc.

Other partners, such as members of commercial banks and micro-finance institutions, academic and research institutions, etc.

Some of the non-governmental organisations, which participated in the consultation process, are listed below:

Name of organisation /institution	Competence/Expertise	Name of the contact person
Agritourism Mrizi i Zanave	Agriculture	Altin Prenga
Agro-Koni Association	Agriculture	Ruzhdi Koni
Albanian Agribusiness Council (KASH)	Agriculture	Agim Rrapaj
Apple farms, cows, guesthouse planned	Agriculture	Vehip Salkurti
Association AgriNet	Agriculture and rural development	Tomi Pikuli Nikolin Karapanco
Young Entrepreneurs Club,	Agriculture – Entrepreneurship	Denis Lushi

Name of organisation /institution	Competence/Expertise	Name of the contact person
Diber		
Association of Bean production Korca	Agriculture	Agim Veli
Farmer Cooperative, Kemishtaj	Agriculture	Stavri Gjini
CESVI	Agriculture	Vivjana Topi
LAG “Green Kolonja Erseke “	Agriculture-forestry	Paskal Vogli
Federation of Forestry and Pastures	Forestry and Pastures	Xhelal Shuti
VIS Albania	International Voluntary for development	Anna Carboni
Livestock Entrepreneurs Association of Albania (LEAA)	Agriculture	Valbona Ylli
Albanian Dairy and Meat Association (ADAMA)	Dairy and meat processing industries	Merita Uruci
Union of Chambers of Commerce and Industry	Business and commerce	Aris Tasho
Albanian Savings & Credit Union	Micro-finance	Zana Konini
Foundation Partnership for Development	Regional and local development	Tom Preku
Institute for democracy and mediation	Regional and local development	Sotiraq Hroni Evelina Azizaj
Agro Puka	Regional and local development	Viktor Malutaj
Albanian Alliance of Alps	Local development	Petrit Imeraj
Wine producer , Berat	Expertise on Wine	Levent Nurellari
Farmer for Apple production , Peshkopi	Training and education	Vehib Salkurti
Faculty of Agriculture and Environment	Science and education	Engjëll Shkreli Endrit Kullaj Fatbardh Sallaku
Faculty of Biotechnology and food	Science and education	Gani Moka Elton Basha
Faculty of Economy and Agribusiness	Science and education	Drini Imami Edvin Zhllima Etleva Dashi
Faculty of Forest Science	Science and education	Leonidha Peri
Faculty of Medical Veterinary	Science and education	Ylli Bicoku Petrit Dobi
Institute of Organic Agriculture	Institute of Organic Agriculture	Prof. As. Dr. Enver Isufi

Public authorities and bodies:

Name of institution	Name of the Contact Person
Albanian Development Fund	Ermal Iliriani
Food Safety and Veterinary Institute	Armand Reveli ,General Director
National Agency for territorial planning	Adelina Greca, General Director
Institute for Nature Conservation in Albania	Genti Kromidha, Executive Director
Institute of Statistics	Denis Kristo, Director of statistical directory for agriculture and environment
Ministry of Tourism and Environment	Ylli Hoxha, Chief of the sector Directorate of Pasture and Forest
Ministry for Europe and Foreign Affairs	Daniela Çekani, Director of Directorate for EU Funds Sofjan Jaupaj, Expert of NIPAC sector, Department of EU assistance
Minister of Finance and Economy	Kaltra Selami, National Authorising Officer Support Office Diana Voj, Director of National Fund Directorate
Ministry of Infrastructure and Energy	Ilira Halilaj, chef of development programs for infrastructure and transport sector
Ministry of State for Entrepreneurship Protection	Aleko Polo, Director of Cabinet of Minister
National Food Authority	Bledar Skenderi, General Director
Prime Minister's Office/ Department of Development Programming, Financing and External Assistance	Majlinda Dhuka, director of department of development and good governance
State Agency for Seeds and Seedlings	Mustaf Kraja , Executive Director

13.3. Results of consultations – summary

The results of consultations are summarised in Annex 10.

14. THE RESULTS AND RECOMMENDATIONS OF THE *EX-ANTE* EVALUATION OF THE PROGRAMME

14.1. Description of the process

An *ex-ante* evaluation of the Albanian Rural Development Programme 2021-2027 (abbreviation: IPARD III), was carried out by a team of evaluators in the period June – August 2021. The work comprised;

(i) Review of relevant documents/studies, (ii) assessment of the programme-related SWOT analysis, (iii) assessment of expected impacts, (iv) assessment of proposed implementation procedures, including monitoring, evaluation, and financial management, and (v) preparation of the *ex-ante* evaluation report. The *ex-ante* evaluation furnishes the responsible authority (Albanian Ministry of Agriculture and Rural Development) with comments and recommendations aiming at improving the IPARD III programme's relevance, coherence, quality, efficiency, effectiveness, EU added value, consistency and synergy with relevant policies.

Approach & methodology

The evaluation approach and methodology largely follow the instructions provided in the EC’s Guidelines for ex-ante evaluations of rural development programmes under the Instrument for Pre-Accession Assistance Rural Development (IPARD III) from October 2020. A combination of qualitative and quantitative evaluation methods was employed. The project team also studied numerous other documents, statistical information and conducted two missions to Albania. The relevance of the *ex-ante* evaluation is achieved through a comparative assessment of (i) the situational analysis in the Albanian agricultural and food sectors presented in the draft programme chapters 2 to 4; and (ii) the strategy, the selected measures and their design as presented in chapters 6 to 8. Efficiency is achieved through an estimation of the expected results and impacts generated by the programme interventions compared with the resources spent. Effectiveness is achieved by assessing the implementing structure in terms of the effectiveness of applied systems. The *ex-ante* evaluation also provided recommendations to the beneficiary regarding possible improvements to the programme text reflecting initiatives to increase relevance, efficiency, and effectiveness.

14.2. Overview of the recommendations

The ex-ante evaluators reported that the programme and its planned interventions are both relevant to and in line with the needs of the sectors concerned. The combined support provided to the sectors in order to a) strengthen their competitiveness and b) meet EU standards, is important to the development of the professional and commercial sub-sectors and will contribute to the increased professionalism that is required of future markets. The estimated expected impacts of the programme will contribute to economic development in the country and in rural areas in particular.

Main recommendations of the ex-ante report are given below:

Overwiev of the recomandations

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
General Text, editing and proof reading	It is recommended to edit the full programme document to make the text streamlined regarding headings, font size and type, abbreviation principles etc, to proofread the English language and to ensure a professional layout of the document	Accepted. Text, editing and proofreading will be made after finalization of the programme including the recommendations from DG AGRI and the green door is open to officially submit the programme.
General Template compliance	It is recommended to make sure that the text of the draft IPARD III programme match the required template and does not exceed the defined amount of text per topic.	Accepted. Done.
Chapter 3 Context indicators	It is recommended for MARD and INSTAT to take the needed steps to develop procedures for data collection and to start the work so	Accepted. The information on missing context indicators was added,

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
	that MARD can update the indicator list as soon as possible.	where possible, accordingly with latest template from DG AGRI.
Chapter 3 Context indicators	It is recommended for MARD to recruit and organise staff to be able to collection and analyze administrative statistical data, while the official sector data must be collected and reported by INSTAT.	In MARD, a Sector for Statistics is established, staff is recruited, but still need training how to collect and analyse administrative statistical data collected and reported by INSTAT
Chapter 3 SWOT	It is recommended to edit the SWOT along the lines proposed here: Ensure a correct categorization of the SWOT elements, avoid symptoms as SWOT elements, reduce the number of tables, and prepare a summary text as proposed in the ex-ante evaluation report.	Accepted. The synthesis of SWOT has been added. Summary table is prepared and the sectorial SWOTs moved to annex 8.
Chapter 3 Lessons learnt	It is recommended to prepare the launch of an evaluation (interim or ex-post) of IPARD II to get more information about the results and impacts of the programme. The same recommendation can be for national support schemes also focusing on financial indicators and not only physical indicators.	Accepted. MARD will proceed according to article 57 of Sectoral Agreement for interim evaluation if the Commission considers it appropriate. In the third year following the year of adoption of the first entrustment of budget implementation tasks for the IPARD II programme, an interim evaluation shall be performed.
Chapter 3 Lessons learnt	It is recommended to collect evaluations and studies from donors implementing programmes in Albania. Reports are available from WB, GIZ, and others and these reports could be used to extract lessons learnt and then to improve the programme design. The donor cooperation platform is an obvious tool to facilitate this exchange of experiences and lessons learnt among the donors and MARD.	Accepted. Lessons learnt are drafted based on reports available from donors
Chapter 6 IPARD strategy	Section 6.2 should present the identification of the needs, the prioritization of these needs, and the overall strategy for IPARD III programme, including the ways MARD intends to target the needs, with the help of IPARD III and with the help of other instruments and with donor assistance. The	Accepted. The section is prepared based on evidence from SWOT analyses for each of the needs identified, IPARD measures, IPA interventions and national support.

IPARD chapter Topic	III	Recommendation	How recommendations have been addressed, or the justification not to take them into account
		section is not completed and cannot be assessed at this stage. It is recommended to finalize the section before the programme is submitted to EU for approval.	
Chapter 6 IPARD strategy	III	It is recommended to build objectives hierarchy including the overall objectives, the specific objectives, and the operational objectives for the IPARD programme. The ex-ante evaluation report provides an example for inspiration.	Accepted. Description of the national rural development and fishery strategy as per hierarchy objectives including general objectives, specific objectives and priorities.
Chapter 6 Quantified targets		The list of quantified targets should be revised, edited and completed with correct financial data, realistic targets where relevant and missing data.	Accepted. Revised accordingly.
Chapter 8 Requirements concerning all measures		It is recommended to reconsider the 12% level of general costs and, if possible, within the regulation, to reduce the percentage	Accepted. If possible, within the regulation, to reduce the percentage.
Chapter 8 Requirements concerning all measures		It is recommended to considered to what extent the requirement for a bank guarantee of 110% of the advance payment is necessary. if possible, within the regulation, to reduce the percentage	Accepted. If possible, within the regulation, to reduce the percentage. In ARDA's opinion this should not be accepted, as limit values and specifications in regard were suggested also by Financial Monitoring Authority (AMF) during implementation of IPARD II.
Chapter 8 Requirements concerning all measures		Regarding the age of a Young farmer, It is recommended to reconsider the formulation in the text. A young farmer must not be 40 years before the date; he/she is applying for support.	Accepted.
Chapter 8 Requirements concerning all measures		It is recommended that MARD and MA take the needed steps to update and make operational the price reference database in ARDA.	Not accepted Auditors recommended ARDA to prepare price reference database. ARDA is doing this with the support from GIZ.
Chapter 8 Measure 1		It is recommended to reconsider the maximum level of eligible investment costs (500,000 EUR) and the possibility that one beneficiary may accomplish 3 projects with a	Not accepted because the average per grant demand in IPARD II was 145,000 EUR. No risk.

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
	total of 1,500,000 EUR. The reason is that this possibility may absorb a big share of the financial envelope for the measure and reduce the number of beneficiaries from the planned 600. This will only be to the benefit for the bigger farms and not for them smaller farms.	
Chapter 8 Measure 1 Non-productive investments	It is recommended to add purchase of shepherd dog as eligible investment. It is recommended to use following selection criteria: (i) obligatory participation in Measure 4 after the investment; (ii) support only to farmers with traditional breeds; (iii) hedges planted only from autochthonous and domesticated shrubs and trees. It is recommended to increase the budget and the target of beneficiaries and projects (at least 50 projects)	Not accepted. Non eligible. Accepted. Budget is increased to 50,000 EUR.
Chapter 8 Measure 3	It is recommended to reconsider the maximum level of eligible investment cost per project (2,000,000 EUR) as well as the maximum level of eligible investments per beneficiary (3,000,000 EUR).	Not accepted because the average per grant demand in IPARD II was 428,000 EUR. No risk.
Chapter 8 Measure 4	It is advised to check the data regarding area under organic farming (both wild collection and cultivated) and harmonize them throughout the document and also to provide explanation and rationale behind the targets for AECM, including the trends in the number of animals of local breeds. It is advised to delete the requirement for the preparation of agri-environmental plan. It is advised to consider giving priority to fruits and vegetables production over MAPs, because MAPs already make more than 80 percent of cultivated organic production. It is recommended that MA cross-check ('nationalize') AECM payment calculations either internally in MARD or externally in a cooperation with relevant expertise, for example at the Agricultural University in Tirana.	Accepted. Done
Chapter 8 Measure 6	It is recommended to make the following revisions: Reduce the number of specific objectives and formulate them shaper. Revise/complete the text under "common eligibility criteria".	Accepted. Done.

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
	<p>Define more clearly specific eligibility criteria numbered from 4 to 9.</p> <p>Re-examine and re-define examples of eligible investment so that these are in line with the EC requirements and exemplified provided in the fiche.</p> <p>Revise/improve the selection criteria grid and scoring system (notably for the impact on the environment!). Replace the Albanian text with English.</p> <p>Re-examine the list of indicators and align them with the indicators provided in the EC fiche.</p> <p>Explain why M6 has a modest budget although the needs for improving rural infrastructure are paramount.</p>	
Chapter 8 Measure 7	It is advised to cross-check and clarify the meaning/ soundness of several numerical values presented (for details, see the comments on the measure).	Accepted. Done.
Chapter 8 Measure 9	<p>It is recommended to make the following revisions:</p> <p>Explain more clearly how Measure 9 will support the advisory service. Consider employing Measure 9 in supporting municipalities in preparing MFPM (Measure 11).</p> <p>Reduce the number of specific objectives, cluster them and make them more coherent with rationale.</p> <p>Explain better the linkage to other IPARD and national measures.</p> <p>Reconsider the list of potential beneficiaries and make it possible for other stakeholders to benefit, too.</p> <p>Re-examine the list of indicators and align them with the indicators provided in the EC fiche.</p> <p>Delete the repetitive text in the section on administrative procedures</p>	Accepted. Done.
Chapter 8 Measure 10	It is advised to explore the possibility to invoice and/or subcontract other advisory providers, such as e.g. agricultural chambers, development agencies, NGOs, municipal councils, etc. While private firms and consultants are not eligible, the private	Not accepted (MA) In ARDA's opinion, this recommendation should maybe be taken into consideration.

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
	extension services sub-contracted by the MARD as a part of national advisory system can be eligible.	
Chapter 8 Measure 11	It is recommended to make the following revisions: Make the relationship between cause and effects/consequences presented in the rationale section more coherent. Explain better the linkage to other IPARD measures and to national measures. Address better how Measure 11 will solve the problem of the lack/expired MFPM and consider providing support from technical assistance (M9). Describe better and in more detail the eligibility criteria per sector. Make the target values (“numbers”) consistent throughout the text.	Accepted. Done.
Chapter 10 Complementarily to national schemes	New investment support measures may be applied by MARD, and it is recommended to bring consistency into the text so that text stating that no other investment supports than IPARD III will be available for the sector are deleted.	Accepted.
Chapter 11 ARDA	It is recommended to take steps to analyse the current work processes in ARDA to assess the possibilities for increased effectiveness.	Accepted. With the help of EU support workload analyses, self-assessments and analysis of current work processes will be accomplished during 2H, 2021. The preparation and finalization of the WLA and structure will be end until October 2021 and will be submitted for approval at competent authorities. It’s foreseen that until the end of 2021 beginning of 2022 after approval to start the procedure for recruiting at DoPA. Same time ARDA is preparing to have training of the existing and new recruited staff in different topics

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
		related to the processes, which the implementation of the programme goes through, in such a way to rise the effectiveness of the work within ARDA and stable staff.
Chapter 11 ARDA	It is recommended to optimize the use of the price reference database to ensure correct values of approved invoices. Guidelines or procedures for the update of the database should be prepared.	<p>Partially Accepted as procedures in regard have been already drafted.</p> <p>ARDA has made huge progress on establishing a PRDB system;</p> <p>With the assistance of the external expertise contracted through GIZ for this aim, ARDA has prepared the methodology model of PRDB and the relevant procedures regarding to the manner of functionality, using and updating data of the system.</p> <p>Training of the staff are done.</p> <p>Second, the IT tool has been prepared in accordance with the model selected and prepared in collaboration with the experts for the PRDB and have tested the functionality of the system on the IT aspect.</p> <p>The database is received by ARDA so the infrastructure is ready.</p> <p>Training of the staff are done in regard of using the system.</p> <p>Following ARDA will take steps for filling the PRDB with the relevant data to be used further in the process for IPARD implementing programme. The work is in progress and will be ready for IPARD III.</p> <p>Further training will be done</p>

IPARD chapter Topic	III Recommendation	How recommendations have been addressed, or the justification not to take them into account
		for existing and new staff.
Chapter 11 ARDA	It is recommended to plan the recruitment of staff needed to implement the full IPARD III programme, including new not yet accredited measures.	Accepted. Following the WLA, see above, the recruitment of staff will be initiated by taking into consideration the WLA for all measures of the IPARD III.
Chapter 11 MA	It is recommended to plan the recruitment of staff needed to fill out vacant positions in the MA and to ensure competence building through training.	Accepted
Chapter 13 Consultation & partnership	It is recommended to make the information provided in Chapter 13 and Annex 10 more coherent and to better explain the consultation process.	Accepted

15. PUBLICITY, VISIBILITY AND TRANSPARENCY IN ACCORDANCE WITH IPA LEGISLATION

15.1. Actions foreseen to inform potential recipients, professional organisations, economic, social and environmental partners, bodies involved in promoting equality between men and women and NGOs about possibilities offered by the programme and rules of gaining access to funding

The Operating Structure of IPARD III Programme will have the responsibility of ensuring effective and transparent communication and visibility of the Programme. Visibility and communication activities will aim at:

- Demonstrating contribution of the supported projects to the IPARD III programme objectives;
- Strengthening general public awareness as well as support of actions financed;
- Highlighting to the relevant target audiences the added value and impact of the Union programmes and actions.
- Promoting transparency and accountability on the use of funds.

The MA will be responsible for planning, co-ordinating, monitoring and reporting on communication and visibility actions. It will draft, in consultation with the Commission and IPARD III MC, *Plan of visibility and communication*. The plan will cover the whole period of the IPARD III programme and will be implemented by an annual list of actions. The effectiveness of the Plan implementation will be monitored and activities and results will be reported to IPARD III MC, IPA III MC and the Commission in the Annual/Final implementation reports. At the meetings of the IPARD III MC the chairperson will report on progress in implementing the information and publicity activities and provide the Committee members with examples of such activities.

The *Plan of visibility and communication* will set out:

- the aims and target groups;
- the content and strategy of the communication and information measures;
- its indicative budget;
- the administrative departments or bodies responsible for implementation;
- the criteria to be used to evaluate the results and impact of the information and publicity measures in terms of transparency, awareness of the IPARD II programme and the role played by the Union.

The IPARD Agency will conduct information campaign to inform potential applicants, professional organisations, economic, social and environmental partners, and relevant NGOs on:

- funding opportunities and launching of calls for applications;
- eligibility and selection criteria;
- administrative procedures to be followed;
- procedures for examining applications and the time period involved;
- contacts at national/local level, to address questions on eligibility and selection/award criteria, application documents and the preparation of the application package.

The information campaign for potential applicants will be carried out through:

- Setting up and maintaining of single Programme website, which will publish IPARD III Programme, information about the timing of implementation of programming and any related public consultation processes, National Rules for Implementation of the Measures, guidelines, calls for proposals, and other relevant information for potential beneficiaries;
- Organising of information events, seminars and trainings at national and regional level;
- Preparation of brochures, leaflets with information on funding opportunities, eligibility, application process, etc.;

15.2. Actions foreseen to inform the recipients of the EU contribution

The recipients will be informed on EU funding through information measures and clear indication of the EU contribution in the Grant Contract.

The Grant Contract will include clear provisions, stipulating the responsibility of the recipients for publicity and visibility, and information that the list of recipients will be widely published by the IPARD Agency.

The IPARD Agency will inform recipients that acceptance of funding is also an acceptance of their inclusion in the list of recipients published.

15.3. Actions to inform the general public about the role of EU in the programmes and the results thereof

The OS will inform the general public about IPARD III Programme, its main achievements and results and the role of EU, using various tools, including:

- Organising a major information activity publicising the launch of the Programme;

- Organising one major information activity a year;
- Displaying the Union logo at the premises of both the MA and the IPARD agency;
- Preparing and publishing image and logo of the Programme to make it distinguished and recognisable to the general public;
- Publishing on the Programme website: Annual/Final implementation reports, Minutes of IPARD Monitoring Committee meetings, evaluations, and examples of successful projects.

The publicity and visibility activities will include appropriate channels for circulating information in order to ensure transparency for the various potential partners and beneficiaries, particularly small and medium-sized businesses, recipients and partners in rural area.

Recipients will have obligations to inform general public on EU contribution for the operation, which will be stated in the Grant Contract. During the period in which the recipient carries out the supported activity/project, will have to display publicity, readily visible to the public, from the moment he/she starts the physical works on the project or from the delivery of equipment.

For the small (< EUR 20.000) and middle-size (> EUR 20.000) projects this requirement ends at the moment of the final payment by the IPARD Agency. For big projects (> EUR 100.000) there is the requirement of a permanent plaque or billboard after the project is completed, during the, 5 years, ex-post period. The requirements for the permanent plaque or billboard are:

- It must have the following sentence: 'This [type of project] was realised with the financial support of the European Union' and
- It should have the EU emblem.

During the 5 years, ex-post period equipment/assets co-financed by IPARD (under all categories of projects), should be clearly marked by 'stickers' indicating that they are co-financed by IPARD/EU assistance.

The IPARD Agency will publish and maintain regularly (at least every six months) the list of the operations and recipients of Union funds containing minimum information set out in the Sectoral Agreement with due observance of the requirements of protection of personal data.

The publication will be available in a spreadsheet data format, which allows data to be sorted, searched, extracted, compared and easily published on the internet, for instance in CSV or XML format. The list of operations shall be accessible through the single Programme website.

16. EQUALITY BETWEEN MEN AND WOMEN AND NON-DISCRIMINATION PROMOTED AT VARIOUS STAGES OF PROGRAMME (DESIGN, IMPLEMENTATION, MONITORING AND EVALUATION)

16.1. Description of how equality between men and women will be promoted at various stages of programme (design, implementation, monitoring and evaluation)

Harmonization of national legislation with international standards and requirements is one of the commitments undertaken by the Government of Albania through the ratification of several international conventions on human rights and especially conventions that specifically address the rights of women and girls. This process is also based on the signing of the Stabilization and Association Agreement (SAA) in 2006. Equality is one of the objectives and tasks, as well as an integral part of the EC Treaty and the EU Charter of Fundamental Rights.

In line with the Aide-Mémoire on gender mainstreaming in the UN Disaster Risk Reduction Action Plan, the National Gender Equality Strategy and Action Plan 2016-2020 and Albanian legislation in force on equal opportunities and non-discrimination, MA ensures that gender equality and non-discrimination receive due attention during the design, implementation, monitoring and evaluation of the IPARD III program, taking into account the following principles:

- Baseline situation describes the socio-economic situation using gender disaggregated data, where relevant;
- The Programme Strategy respects gender equality and the integration of gender perspective;
- Selection criteria gave priority to projects submitted by women, where relevant;
- Consultations on draft Programme involved bodies promoting gender equality;
- The information and publicity actions will target equal participation of women and men. The MA will assure that printed materials and events do not discriminate/ put barriers to participation of women and people with disabilities;
- Organisations representing gender equality and non-discrimination will be invited to IPARD III MC;
- Trainings will be organised to build capacity of Operation Structures on gender mainstreaming, especially in projects implemented in rural area;
- All monitoring and evaluation indicators will be disaggregated by gender, where relevant. Annual/ Final implementation reports and evaluation reports will include a section on gender equality and will examine Programme effect son gender equality.

Recipients will be informed on their obligations to integrate in projects gender perspective and principle of non-discrimination. MA will select and publicise cases of successful projects, implemented in women-managed holdings and companies.

16.2. Describe how any discrimination based on sex, race, origin, religion, age, sexual orientation, is prevented during various stages of programme implementation

Article 18 of the 1998 Albanian Constitution guarantees women and men equal rights, and the 2008 ‘Law on Gender Equality in Society’ makes gender mainstreaming mandatory across all legislation and policy-making. The 2010 ‘Law on Protection against Discrimination’ prohibits discrimination on the grounds of sex, gender identity and sexual orientation in the political, economic and social spheres. National strategy for gender equality and action plan 2016-2020 identifies women living in rural areas as one of the main target groups, and focuses on the promotion of women’s empowerment through increasing their access to credit, entrepreneurship, employment and associationism.

Objective 1.3: Economic empowerment of women in rural areas and expected results: (i) Improving the life of women in rural areas by reducing unpaid work in the agricultural sector for women; (ii) increasing women's access to rural services such as nurseries and kindergartens; (iii) increase formalization of work in the agricultural sector for women; (iv) increasing access to quality health services; (v) increasing the number of women farmers in subsidy schemes and extension services; (vi) guaranteeing the enjoyment of property rights in agricultural land. The Employment and Skills Strategy 2014-2020 also includes specific measures to close the gender gap in the labour market. One of the goals of IPARD III 2021-2027 (Rural Development Programme under the Instrument for Pre-Accession Assistance of the Republic of Albania 2021-2027) is to increase the income that is generated by women and young entrepreneurs in rural areas. Albania’s commitments to the European Union’s Gender Action Plan II (2016-2020) and to the new Sustainable Development Goals will form the umbrella under which new actions on gender equality need to take place.

The MA and the IPARD Agency Codes of Ethic include statements on equal opportunities and non-discrimination. Trainings for the OS will build capacity of staff on the anti-discrimination policy and effective approaches for integration of ethnic minorities will be organised.

Programme implementation will not tolerate any discrimination towards applicants based on religion, ethnicity, sex or physical disability and will reflect in the Annual/Final reports actions addressing these issues. NGOs representing minority groups, people with disabilities or other vulnerable groups will be invited to Programme publicity and training events to become more aware on Programme opportunities and be enabled to support their members/constituencies. Recipients will be informed on obligations to non-discriminate and foresee relevant approach to integrating minorities/persons with specific needs.

17. TECHNICAL BODIES AND ADVISORY SERVICES

MA has identified the Technical Bodies (certifying control agencies in place), according to the Laws in force, based on which they implement their tasks, roles and responsibilities through any kind of control/inspection.

Technical bodies have received support for the measure 1, 3 and 7, which have been submitted for entrustment budget implementation task, in identifying together with management authority the relevant NMS in place and the respective EU requirements that should be considered, for certifying. The support to Technical bodies was

provided by GIZ and the training subjects included: the public health, food safety, national minimum standards and European standard control and occupational safety standards/ compliance in the frame of IPARD II.

Then, based on any secondary laws/ bylaws and/ or instructions, that TB is required to control all entities on the territory of Albania, in order to verify if they comply with the national legal requirements (so called National Minimum Standards) for which the TB's are established to safeguard in first place.

These TB's will do these controls/inspections to all entities, regardless if entities apply for assistance under IPARD III.

There are identified the EU standards regarding Vets/animal welfare standards, in regard to the national/ EU standards on food safety / environment and occupational safety standards as required by the IPARD III Programme. The mentioned technical bodies are equipped with the checklists for the verification/ control of the relevant national/ EU standards, confirmation of compliance, based on which ARDA can reach a decision (to contract and/or to pay).

The *extension service* is organised and managed by MARD. Extension service provides information, advice and training to farmers and agri-business.

Since 2018, the Government carried out the reforming of 12 existing Regional Agricultural Directorates, by creating 4 new Regional Agencies of Agricultural Extension. This service covers and is available all over the country. As part of public service, it is free of charge provided to the farmer's community.

The purpose of the reform was to reduce administrative burdens of Extension structures and shift from extracurricular activities, focusing to provide information and advice on the agricultural sector, to increase farmer awareness and assist them on achieving statutory requirements/National Minimum Standards (NMS), environment and quality products standard related, etc.

The recipients will be supported in applications and implementation to the Programme through:

- Public Extension Service and the Agriculture Technology Transfer Centres which avail with structures at both central and regional level;
- Business Chambers and professional associations;
- Private Consultancy Companies;
- NGOs.

The Extension Services and private consultancies companies' capacities were enhanced during the implementation of IPARD II program and they supported farmers and processing companies with information/clarifications on the eligibility criteria and the application process and preparation of the application package (private consultants). However, the fact that the rejection rate of submitted applications was high due to major omissions in application package requires further capacity building to ensure effective assistance to potential applicants, especially small farmers.

Special trainings and information events will be focused also on the Business Chambers, professional associations and NGOs. These bodies avail with staff knowledgeable on good practices and innovative solutions (esp. in the area of cattle breeding, organic farming, community development initiatives, etc.) as well as on project development/preparation. They need information and knowledge on IPARD

III programme rules and procedures in order to be effective in promoting of funding opportunities and assisting potential applicants.

The MA in the *Plan of visibility and communication* will foresee regular organisation of trainings and information seminars for the above described target groups on: Programme rules and procedures, application process/documentation to develop/strengthen their capacities in order to ensure sufficiently trained and prepared staff to provide advice and information to potential beneficiaries. Training and capacity building actions will put special attention to availability/improving access to information and expertise in the remote rural area.

The measure ‘Advisory Services’ is planned to be implemented and after its elaboration and adoption in the Programme, the selected advisory service providers will support potential applicants to identify and plan necessary economic and environmental farm improvements and to prepare applications and payment claims.

The IPARD Agency will provide answers to questions of potential applicants on eligibility and selection criteria and application process, respecting the principle of equal treatment of applicants. The list of frequently asked questions will be prepared and published on the Programme website and will be regularly updated.

User-friendly Guidelines for the implementation of the measures will be developed by the MA, with practical examples and “lessons learned”. The MA in cooperation with the IPARD Agency will prepare a booklet on most frequent mistakes in the application and payment process and distribute on the Programme website as a tool for improving the quality for applications and payment claims.

ANNEX 1. NATIONAL MINIMUM STANDARDS

MEASURE 1: INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS

A. Establishment, registration and licensing of business entities

1. Law no. 9901/2008 "On entrepreneurs and commercial enterprises", Official Journal no.60/2008, (as amended by Law no. 10475/2011 and Law no.129/2014);
2. Law no. 9723/2007, "On the National Registration Center", Official Journal no. 60/2007,(as amended by Law no. 9916/2008; Law no. 92/2012; mended by the law no.8/2015, OJ no.32; amended by Law no.30/2019, OJ no.99, page 7173);
- 2/1. Decision of the Council of Ministers (DCM) no.506/2007 "On the procedures and publication in the National Registration Center", Official Journal no. 113/2007, (as amended by DCM no.864/2015, OJ no.188; amended by DCM no.391/2017, OJ no 105, page 5757);
3. Law no. 1008/2009, "On licenses, authorisation and permissions in the Republic of Albania", Official Journal no. 31/2009, (as amended by Law no. 10137/2009; amended by Law no.37/2016; OJ 64, page 4026);
- 3/1. DCM no. 538/2009 "On the licenses or permissions processed by or through the National Licensing Centre and on some other secondary legislation regulations", Official Journal no. 80/2009; (as amended by DCMs no. 1295/2009, no. 385/2010, no. 436/2011, no. 421/2013, as amended by DCM no. 20/2016; no.107/2016; no.827/2016; amended by DCM no.34/2020, OJ 64, page 775);
4. Law no. 38/2012 "On agricultural cooperation companies", Official Journal no. 42/2012;
5. Law no. 9136/2003 "On the compulsory social and health contributions in the Republic of Albania, Official Journal no. 84/2013; (as amended by Law no. 87/2014; by DCM no.77/2015, OJ no.9; Legal initiative no.1/2017, OJ no.11; amended by Normative Act no.1/2017, OJ no. 11, page 313);
6. Law no. 9975/2008 "On national taxes", Official Journal no. 128/2008,(as amended, by Law no.157/2014; amended by Law no.141/2015; amended by Law no.127/2016; amended by Law no.86/2019, OJ no.184, page 15000);
7. Law no. 9632/2006 "On the system of local taxes", Official Journal no.123/2006,(as amended by Law no.106/2013; by Law no.85/2014; amended by Law no.142/2015; amended by Normative Act no.3/2019,OJ no.137, page 11454);
8. Law no. 9920/2008 "On the tax procedures in the Republic of Albania", Official Journal no. 85/2008, (as amended by law nr.99/2015; amended by Law no.83/2019, OJ no.184, page 14987);
9. Law no. 8438/1998 "On income tax", Official Journal no. 32/1998; (as amended by law no.177/2013; amended by law nr.156/2014; by Law no.129/2016; amended by Legal initiative no. 10/2019, OJ no. 184,page 14995);
10. Law no.92/2014 "On the value added tax (VAT) in the Republic of Albania", Official Journal no. 128/2014, page 5853, as amended;
- 10/1. Instruction of the Minister no. 19/2014 "On the special regime for the compensation scheme of the agricultural producers for the purpose of the VAT".

B. Construction and Environment

1. Law no. 107/2014 “On planning and development of the territory”, Official Journal no. 137/2014; (as amended by Law no.73/2015, OJ no.126; amended by Law no.28/2017, OJ no.75; amended by Law no.42/2019, OJ no.128);
2. Law no. 9244/2004 “On the protection of the agricultural land”, Official Journal no. 49/2004;(as amended by Law no. 69/2013; Law no. 131/2014, OJ no.163, page 8267);
3. Law 8752 dated 26.03.2001 “On establishment and functioning of the structures for protection of agricultural land”, Official Journal no. 14/2001, (as amended by Law no. 9244/2004; Law no. 10257/2010; Law no. 16/2012; Law no. 130/2014);
4. Law no. 9426/2005 “On livestock management”, Official Journal no. 78/2005 (as amended by Law no. 9864/2008; Law no. 10137/2009; Law no. 72/2013; amended by Law no.79/2018, OJ 172, page 12067);
5. Law no.8402/1998 "On the controls and discipline of the construction works”, Official Journal no. 22/1998 (as amended by Law no.11/2012; amended by Law no.20/1013, OJ no.19, page 1201; amended by Law no.3/2020);
6. Law No. 10440/2011 “On the environmental impact assessment”, Official Journal no. 101/2011,(as amended by law no. 12/2015,OJ no. 38, page 1741; amended by DCM 13/2020);
7. Law no. 10448/2011 “On environmental protection”, Official Journal no. 89/2011, (as amended by Law.no.31/2013; amended by law no. 44/2013; amended by law no.60/2014, OJ no.109, page 4205 amended by 12/2015, OJ 109);
8. Law no. 10463/2011 “On the integrated management of waste”, Official Journal 148/2011, (as amended by Law no. 32/2013; Law no. 156/2013, OJ no.172, page 7517);
9. DCM no. 99/2005, “On the approval of the Albanian catalogue of waste classification”, OJ no. 15/2005, (as amended by DCM no. 579/2014, OJ no.140, page 6543);
10. Law no.10465/2011, “On veterinary service in the Republic of Albania”, Official Journal no. 143/2011, (as amended by Law no. 70/2013, OJ no. 31, page 1284);
11. Law no. 9115/2003, “For the environmental treatment of polluted waters”, Official Journal no. 78/2003, (as amended by Law no. 10448/2011; Law no. 34/2013);
12. Law no. 10448/2011 “On environmental permits”, Official Journal no. 105/2011 (as amended by Law no. 44/2013; Law no. 60/2014, OJ no.109, page 4205);
13. Law no. 111/2012, “On integrated management of water resources”, Official Journal 157/2012;
14. DCM no. 267 of 7.05.2014 ‘On the adoption of the priority substances in the aquatic environments’, Official Journal 71/2014;
15. DCM no. 246 of 30.04.2014 ‘On the establishment of environmental quality standards for surface waters’, Official Journal 65/2014; (amended by no.266/2018, OJ no.74, page 4658).

C. Identification and registration of animals/farm

1. Law no. 9817/2007 “On agriculture and rural development”, Official Journal no. 147/2007;(as amended by DCM no.709/2014, OJ 148);
2. Law no. 10465/2011, “On veterinary service in the Republic of Albania”, Official Journal no. 143/2011, (as amended by Law no. 70/2013, OJ no.31, page 1284, amended by Law 71/2020,OJ. No.119, amended by DCM no.683 of 02.09.2020);
3. Law no. 9426/2005 “On livestock management”, Official Journal no. 78/2005 (as amended by Law no. 9864/2008; Law no. 10137/2009; Law no. 72/2013; amended by Law no. 79/2018, OJ no.172, page 12067);
4. Law no.10201/.2009, “On general registration of agricultural economic units”, Official Journal no. 193/2009, page 8524);
5. Law no. 7802/2002 “On identification and registration of animals and farms”, Official Journal no. 47/2000, (as amended by Law no. 66/2013);
6. DCM no. 320/2008 “On the animal identification system and the registration of farms”, Official Journal no. 49/2008, (as amended by DCM no. 198/2009 and DCM no. 381/2009, amended by DCMno.957/2016, OJ no.272, page 27710)
7. Regulation no. 1/2002 “On the system for the identification and registration of the animals and the livestock enterprises”;
8. Minister Order no. 407/2008 approving the Regulation “On the implementation of Regulation no. 1/2000, in relation to ear tag, passport and farm register"
9. Minister Order no. 459/2006 approving the Regulation "On identification and registration of small ruminants".

D. Animal welfare and health, primary production

1. Law no 7802/2002 “On identification and registration of animals and farms’, Official Journal no. 47/2000, (as amended by Law no. 66/2013; amended by Law no.154/2014, OJ no.217, page 12899);
2. Law no.10465/2011, “On veterinary service in the Republic of Albania”, Official Journal no. 143/2011, (as amended by Law no. 70/2013, JO no.31, page 1284)
3. Law no. 9441/2005 “On the production, collection, processing and marketing of milk and milk-based products”, Official Journal no. 93/2005, (as amendedby Law no.73/2013; OJ no.31, page 1288);
4. DCM no. 1132/2008 “On the approval of the rules on the collection of unprocessed milk”, Official Journal no. 134/2008; (as amended by 1132/2008, OJ no.178, page 7883);
5. DCM no.1708/2008 “On the implementation of the programs for in-situ protection of autochthone ruminants”, Official Journal no. 208/2008, page 11176;
6. DCM no. 320/2008 “On the animal identification system and the registration of farms”, Official Journal no. 49/2008, (as amended by DCM no. 198/2009 and DCM no. 381/2009, Amended by DCM no 198/2009, OJ no. 40, DCM no. 831/2009 OJ 30 DCM no 957/2016, OJ no 272,page 27710);

7. Regulation No. 3/2006 “On hygiene of food products”, Annex 1 “Primary Production PART A: General Conditions in the Subject for Primary Production and Operations Hygiene Related”;
8. Order of the Minister No. 4/2008 approving the Regulation “On minimal standards for the breeding of house animals (cattle, calves);
9. Order of the Minister no.3/2008 approving the Regulation “On certification of the pure breed species of cattle, sheep, goat, horse, pure breed and hybrid pig and their the sperm, ovules and embryo”;
10. Order of the Minister No. 1/2009 approving the Regulation “On the standards for breeding of pigs and hens”;
11. Minister Instruction No 3, Date 30.04.2009 “On Animal Health Regulations Regarding the Production, Processing, Distribution and Import of Products of Animal Origin for Human Consumption”;
12. Order of the Minister No. 2/2008 approving of the Regulation “On reproduction of farm animals and production and marketing of pedigree material”;
13. Instruction No. 5/2011 “Specific Hygienic Requirements for Establishments/Units for Production, collection and processing of milk and milk- based products”;
14. Order of Minister No. 354, date 21.12.2011 approving Regulation “On protection of animals during transport”;
15. Order of the Minister no. 91/2012 “On certain protection measures in relation to highly pathogenic avian influenza and movements of pet birds accompanying their owners” (Commission Decision 2007/25/EC, 22 December 2006);
16. Order of the Minister no. 92/2012 approving the regulation “On the placing on the market and administration of bovine somatotrophin (BST)” (Dec.1999/879 EC, 17 December 1999);
17. Order of the Minister no. 24/2012 “On specific provisions for the control of African swine fever” (Directive 2005/624/EC);
18. Order of the Minister no. 286/2012 “On protection of animals kept for farming purposes”, (Council Directive 98/58/EC of 20 July 1998);
19. Order of the Minister no. 363/2013 “On the procedures for the establishment of residue limits of pharmacologically active substances in foodstuffs of animal origin” (Reg. no 470/2009/ EC of 6 May 2009, Reg. 2006/1055/EC, Reg. of 12 July 2006, 2006/1231/EC of 16 August 2006, Reg.2006/1451/EC of 29 September 2006);
20. Instruction of the Minister no. 7/2013 “On the protection of animals at the time of killing” (Council regulation (EC) no 1099/2009 of 24 September 2009);
21. Order of the Minister No. 188/2013 “On additional guarantees for the trade in bovine animals relating to infectious bovine rhinotracheitis”, (Commission Decision of 15 July 2004, 2004/558/EC);
22. Order of Minister No. 328/2014 approving Regulation “On the diagnostic manual for the African Swine Fever” (Decision 2003/422/EC);
23. Order of Minister No. 329/2014 approving Regulation “On minimum standards for the protection of calves” (Dir.2008/119/EC);
24. Order of Minister no. 370/2014 approving Regulation “On veterinary medicinal products”, (Directive 2001/82/EC);

25. Order of Minister no. 351/2014 approving Regulation “On the measures for the control of foot-and-mouth disease” (Directive 2003/85/EC);
26. Order of Minister no. 336/2014 approving Regulation “On the protection measures for the control of Avian Influenza”;
27. Order of the Minister no. 370/2014, approving the Regulation “On veterinary medical products”.

E. Plant protection

1. Law no. 9244/2004 “On the protection of the agricultural land”, Official Journal no. 49/2004, (as amended by Law no. 69/2013, Law no. 131/2014, OJ no. 163, page 8267);
2. Law no. 27/202016, “On the management of chemicals”, Official Journal no. 46/2016, page 3094;
3. Law no. 17/2020 “On fertilizer products”, Official Journal no. 31/2020, page 2729;
4. Law no. 105/2016, “On the plant protection”, Official Journal no. 217/2016, page 22733;
5. DCM no. 923/2011, “On composition and functioning of the Commission for the Evaluation and registration of Fertilizers and the procedures for the evaluation and registration”, Official Journal no. 182/2011;
6. DCM no. 774/2012, “On the production requirements, labelling, packing and marketing, as well as tolerance and list of types of fertilizers named “EC fertilizers”;
7. DCM no. 260/2013, “On the establishment of rules for the control, sampling, analysis and procedures, communication of results for the fertilizers analysis”, Official Journal no. 57/2013, page 2471;
8. DCM No. 612/2011, “On the establishment of the detailed requirements for fertilizers based on ammonium nitrate containing 28% nitrogen”, Official Journal no. 139/2011, page 6254;
9. DCM no.1188/2008 “On approval of rules for importation, trading, transport, storing, using and elimination of plant protection products”, Official Journal no. 141/2008, (as amended by DCM no. 462/2012; amended by DCM no.532/2018; amended by DCM no.317/2019, OJ no. 71, page 5346);
10. DCM no. 335/2018 “On the approval of the rules on registration and evaluation criteria of plant protection products”, Official Journal no. 84/2018,page 5209;
11. DCM no. 750/2010 “On the approval of the rules on phytosanitary quarantine inspections”, Official Journal 139/2010, page 7551;
12. Order of the Minister No. 1/2003 approving the Regulation “On production, protection and use of the certified material in fruit and grape plants”;
13. Instruction of the Minister no. 1/2007, “On the approval of the rules concerning the phytosanitary measures for the limitation of the bacterial afta (*Erwinia amylovora* (Burr.) Winsl. et al) in the Albanian territory”;
14. Instruction of the Minister no. 2/2007, “On the approval of the rules concerning the phytosanitary measures for protection of the pure potato from the quarantine parasites”;
15. Instruction of the Minister no. 3/2007, “On approval of the rules on monitoring, control, and quarantine measures to be adopted for the corn rootworm (*Diabrotica virgifera* Le Conte)”;

16. Instruction of the Minister no. 7/2007, “On the approval of the rules on the phytosanitary safety of the woody packing material in the international and domestic trade”;
17. Order of the Minister no. 51/2009. “On the functioning of the State Commission for the registration of the plant protection products”, Amended by Order of Minister no.345/2016”;
18. Order of the Minister no. 250/2012, “On the establishment of the Commission for the Evaluation and Registration of the fertilizers used in plants not named “EC Fertilizers”;
19. Order of the Minister no. 268/2012, “On the form and content of the plant fertilizers’ register”;
20. Instruction of the Minister no. 9/2012, “Conditions for the transport, storage and conservation of fertilizers”.

MEASURE 3: PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS

A. Establishment, registration and licensing of business entities

1. Law no. 9901, date 14.04.2008 "On entrepreneurs and commercial enterprises", Official Journal no.60/2008, (as amended by Law no. 10475/2011 and Law no.129/2014, amended by law no.129/2014, OJ no.163, page 8255);
2. Law no. 9723 date 03.05.2007, "On the National Registration Center", Official Journal no. 60/2007, (as amended by Law no. 9916/2008 and Law no. 92/2012 Amended by law 8/2015, OJ no.32; amendedby Law no. 8/2019, OJ 99, page 7173);
- 2/1. Decision of the Council of Ministers (DCM) no.506, date 1.8.2007 "On the procedures and publication in the National Registration Center", Official Journal no. 113/2007 (as amended by DCM no.864/2015, OJ 188, page 12600);
3. Law no.9863/2008 “On food”, Official Journal no.17/2008, (as amended by Law no. 10137/2009; Amended by law no.74/2013, OJ no.31; amended by Law no.8/2019, OJ 33, page 1449);
4. Normative Act no. 4/2012 “On the adoption of rules on the animal slaughter and sale of meat products”, Official Journal no. 110/2012;
5. Law no. 10081 date 23.02.2009, "On licenses, authorisation and permissions in the Republic of Albania", Official Journal no. 31/2009 (as amended by Law no. 10137/2009, page 4026);
- 5/1. DCM no. 538 date 26.05.2009 "On the licenses or permissions processed by or through the National Licensing Center and on some other secondary legislation regulations", Official Journal no. 80/2009, (as amended by DCMs no. 1295/2009, no. 385/2010, no. 436/2011, no. 421/2013, as amended by DCM no.6/2015, OJ no.31; amended by DCM no.301/2017, OJ no.78, amended by DCM no. 34/2020, OJ no.9, page 775);
6. Law no. 38/2012 "On agricultural cooperation companies", Official Journal 42/2012;
7. Law no. 9136/2003 “On the compulsory social and health contributions in the Republic of Albania, Official Journal no. 84/2013, (as amended by law no.87/2014, OJ 126, DCM no.77/2015 OJ no.9; amended by Normative Act no.1/2017, OJ no.11,page 313);
8. Law no. 9975/2008 “On national taxes”, Official Journal no. 128/2008 (as amended, by law no141/2015, OJ no.252; by law no.127/2016’, OJ no.250; amended by Normative Act no.93/2018,OJ no.187; amended by Law

- no.55/2019, OJ no.113, page 8498; amended by Law no.86/2019, OJ 184, page 1500);
9. Law no. 9632/2006 “On the system of local taxes”, Official Journal no.123/2006, (as amended, by law no.142/2015, OJ no.252; amended by Law no.41/2018,OJ no.111,page 6826; amended by Law no. 95/2018, OJ no. 187, page 14106; amended by Normative Act no.3/2019, OJ no. 137, page 11454);
 10. Law no. 9920/2008 “On the tax procedures in the Republic of Albania”, Official Journal no. 85/2008, (as amended by law nr.164/2014, OJ no.198; by law no.99/2015 OJ.185; amended by Law no.97/2018, OJ no.187,page 14113, amended by Law no. 31/2019, OJ no.99, page 7174; amended by Law no.83/2019, OJ no.184, page 14987);
 11. Law no. 8438/1998 “On income tax”, Official Journal no. 32/1998, (as amended by law no. 129/2016 OJ no.259;amended by Law no.39/2018, OJ no.134,page 9177;amended by law no. 94/2018, OJ no.138, page 12407; amended by Normative Act no.5/2019, OJ no. 162, page 12913; amended by no. 84/2019, OJ no.184, page 14995; amended by Normative Act no.10/2019, OJ no.173, page 13211);
 12. Law no.92/2014 “On the value added tax (VAT) in the Republic of Albania”, Official Journal no. 128/2014, page 5853, as amended;

B. Construction and Environment

1. Law no. 107/2014 “On planning and development of the territory”, Official Journal no. 137/2014(amended by Law no.73/2015, OJ no. 126, amended by Law no. 28/2017; amended by Law no. 42/2019, OJ 128);
2. Law no.8402/1998 "On the controls and discipline of the construction works”, Official Journal no. 22/1998 (as amended, by law no.20/2013, OJ no. 29; amended by Law no. 3/2020);
3. Law No. 10440/2011 “On the environmental impact assessment”, Official Journal no. 101/2011as amended by law no.12/2015, OJ no.38;(amended by DCM no.13/2020);
4. Law no. 10448/2011 “On environmental protection”, Official Journal no. 89/2011, (as amended by Law no. 31/2013;amended by Law no. 12/2015, OJ no.109; amended by Law no. 20/2019);
5. Law no. 10463/2011 “On the integrated management of waste”, Official Journal 148/2011, (as amended by Law no. 32/2013; Law no. 156/2013, amended by law no.32/2013, OJ no.30; by law 156/2013, OJ no. 172; amended by Law no.9/2019);
6. DCM no. 99/2005, “On the approval of the Albanian catalogue of waste classification”, Official Journal no. 15/2005, (as amended by DCM no. 579/2014);
7. Law no. 9115/2003, “For the environmental treatment of polluted waters”, Official Journal no. 78/2003, (as amended by Law no. 10448/2011; Law no. 34/2013, OJ no.30);
8. Law no. 10448/2011 “On environmental permits”, Official Journal no. 105/2011 (as amended by Law no. 44/2013; Law no. 60/2014; amended by DCM no.9/2019);
9. Law no. 10138/2009, “On the public health”, Official Journal no. 87/2009, (as amended by Law no. 52/2013; amended by Law no.27/2019);

10. Law no. 9441/2005 “On the production, collection, processing and marketing of milk and milk-based products”, Official Journal no. 93/2005, (as amended by law no. 73/2013, Fletorja Zyrtare no.31);
11. Order of the Minister no.22/2010 “On the general conditions and in particular of the hygiene in the food establishments”.

C. Food safety. Milk, meat and fruit/vegetables

1. Law no. 9441/2005 “On the production, collection, processing and marketing of milk and milk-based products”, Official Journal no. 93/2005, (as amended by law no. 73/2013, OJ no.31);
2. Law no.9863/2008 “On food”, Official Journal no.17/2008, (as amended by Law no. 10137/2009; Law no. 74/2013; amended by Law no.8/2019, OJ no.33, page 1449);
3. Law no.10465/2011, “On veterinary service in the Republic of Albania”, Official Journal no. 143/2011, (as amended by Law no. 70/2013);
4. Law no. 7659/1993 “On seeds and seedlings”, Official Journal no. 1/1993;
5. Law no. 7929/1995 "On the protection of fruit trees”, Official Journal no. 12/1995;
6. Law No. 10416/2011,"On plant seeding material”, Official Journal no. 46/2011, (as amended by Law no. 67/2013, amended by law no. 105/2015, OJ no.182; amended by Law no.12/2019, OJ no.33, page 1459);
7. Law no. 9587/2006 “On protection of biodiversity”, Official Journal no. 84, (as amended by Law no. 37/2013; Law no. 68/2014);
8. DCM no. 1132/2008 “On the approval of the rules on the collection of unprocessed milk”, Official Journal no. 134/2008;
9. Instruction of the Minister no.5, date 25.03.2011 “On specific requirements of hygiene in establishments of the milk production, collection and processing, also for the milk based products”;
10. Instruction of the Minister no.22/2010 “On the general conditions and in particular of the hygiene in the food establishments”, Official Journal no. Extra 80/2012;
11. Instruction of the Minister no.21/2010 “On specific requirements of hygiene and official controls for products with animal origin”, Official Journal no. Extra 80/2012;
12. Instruction no. 20/2010 “On the implementation of the preventive programs, GMP. GHP and procedures based on risk analysis and CCP-s (HACCP) in the food establishments”, Official Journal no. Extra 80/2012;
13. Instruction no.23/2010 “Specific requirements of the hygiene for meat and meat products”, Official Journal no. Extra 80/2012;
14. Instruction of the Minister no. 7/2013 “On the protection of animals at the time of killing” (Council regulation (EC) no 1099/2009 of 24 September 2009);
15. Instruction no.7/2012 “On the use of food additive “E 960 Steviol Glycoside” in the food products”;
16. Order of the Minister no.327/2012 approving the Regulation “On the monitoring of the zoonosis”;
17. Instruction of the Minister no.15/2012 “On the materials and articles in contact with food”, as amended by DCM no.3, dt.08.03.2016;

18. Order of the Minister no.363/2013 approving the Regulation “On the limitation of the residues of active pharmacologic substances in the foods of animal origins”;
19. Instruction of the Minister no.1/2014 “On the enzymes in the food products”;
20. Instruction no. 4/2014, “On food products and food ingredients treated with rays”;
21. Order of the Minister no.235/2014 approving the Regulation “On the requirements for traceability of the food with animal origins”;
22. Instruction of the Minister No. 6/2014 “On the extracting solvents used in the food production and food ingredients”;
23. Instruction of the Minister no. 11/2021 “For maximum level of pesticide residues in fruits, vegetables, and seeds fresh / or processed”, Official Journal no.72/2021, page 7011;
24. Order of the Minister no.127/2014, “On the approval of the Action Plan in the milk and milk products sector”;
25. Order of the Minister no. 350/2014, “On certain lactoproteins (casein and caseinate) used for human consumption”;
26. Order of the Minister no. 234/2014 amending the Order no. 261/2009 “On the microbiologic criteria for food products”, as amended by order no.645, dt.08.03.2016.

MEASURE 4: Environmental protection and organic agriculture

1. Law no. 10431/2011, "On environmental protection" (amended by Law 53/2020);
2. Law no. 9244/2004 “On the protection of the agricultural land”, Official Journal no.49/2004, (as amended by Law no. 69/2013, Law no. 131/2014);
3. Law 8752 dated 26.03.2001 “On establishment and functioning of the structures for protection of agricultural land”, Official Journal no. 14/2001, (as amended by Law no.9244/2004; Law no. 10257/2010; Law no. 16/2012; Law no. 130/2014);
4. Law No 106/2016 “On biologic production, labelling of biologic products and their control and corresponding bylaws;
5. Law no. 10448/2011 “On environmental permits”, Official Journal no. 89/2011, (as amended by Law no. 31/2013);
6. Law no. 9426/2005 “On livestock management”, Official Journal no. 78/2005 (as amended by Law no. 9864/2008; Law no. 10137/2009; Law no. 72/2013);
7. DCM no.1708/2008 “On the implementation of the programs for in-situ protection of autochthone ruminants”, Official Journal no. 208/2008;
8. Law no. 9587/2006 “On protection of biodiversity”, Official Journal no. 84, (as amended by Law no. 37/2013; Law no. 68/2014);
9. The *Biodiversity Strategy and Action Plan 2015-2020*;
10. Law no. 9817/2007 “On agriculture and rural development”, Official Journal no.147/2007;
11. Law no. 10465 date 28.09.2011 “On the Veterinary Service in Republic of Albania”, Official Journal no. 143/2011;
12. DCM no. 683, date 02.09.2020 “For the establishment, organization and functioning of the National Authority of Veterinary and Plant Protection”, Official Journal no.158/2020, page 10063;
13. DCM no. 147. Date 13.03.2018 “On establishing, organization and functioning of the Regional Agencies of Extension Service”;
14. Law no.106/2016 "On organic production, labelling of biological products and their control";

15. DCM no. 336, dated 06.06.2018 "Improvement of detailed rules for production, passage, exclusionary production rules and control of biological plant production of seaweed";
16. DCM no. 830, dated 18.12.2019 "Improvement of detailed rules for collection, packaging, transport, storage, labelling, notification of activity and control of biological products";
17. Order no.131, dated 28.3.2018, "Improvement of the list of products and substances used in organic production";
18. DCM no. 336, dated 06.06.2018 "Improvement of detailed rules for production, transfer, exclusion rules of production and control of biological plant production of seaweed";
19. DCM no. 859, dated 24.12.2019 "Composition, functioning, organization and tasks of the commission for biological production";

MEASURE 6: "Rural Infrastructure"

1. Order no. 370, dated 11.6.2019 "On the approval of the standard statute of the Water Users Organization" (published in the Official Gazette no. 123, year 2019);
2. Order no. 535, dated 27.9.2019 "On the approval of the standard cooperation agreement between the municipality and the agricultural cooperation company (published in the Official Gazette no. 138, year 2019);
3. Instruction no. 12, dated 30.12.2019 "On the rules and technical criteria for the maintenance and operation of irrigation and drainage infrastructure" (published in the Official Gazette no. 189, year 2019);
4. Order no. 697, dated 30.12.2019 "On the approval of the registers of the directorates of irrigation and drainage, municipalities and organizations of water users" (published in the Official Gazette no. 190, year 2019);
5. DCM no. 345, dated 22.5.2019, the National Strategy for Irrigation and Drainage 2019 - 2031 was approved (published in the Official Gazette no. 77, year 2019);
6. Draft law on some additions and amendments to law no. 10006, dated 23.10.2008 "On the protection of wild fauna", Amended: Order No. 148, dated 21.2.2013 Approval of the Standard Structure Management Plan PA Strategic Policy Paper for Biodiversity Protection;
7. Law no. 7/2014 30.01.2014 On the announcement of the hunting moratorium in the Republic of Albania;
8. Law 68-2014 03.07.2014 for some additions and amendments to Law no. 9587, dated 20.7.2006 on the protection of biodiversity;
9. Law 81 2017 04.05.2017 On Protected Areas;
10. VKM no. 901, 11.11.2015 amendment of the hunting law;
11. DCM no. 57, dated 6.2.2019 "On the criteria and manner of zoning the territory of an environmentally protected area;
12. DCM no. 414, dated 19.6.2019 "On the rules, criteria and procedures for the use of caves for tourist purposes;
13. DCM no. 302, dated 10.5.2019 "On the criteria for exercising, approving and monitoring research-scientific activities in environmental protected areas;
14. DCM no. 369, dated 29.5.2019 "On the approval of the rules for declaring special storage areas;
15. DCM no. 303, dated 10.5.2019 "On the approval of the revised, updated list of Albanian natural monuments;
16. VKM no. 593, dated 9.10.2018 "On the composition, functions, duties and responsibilities of the Management Committees of environmental protected areas.

MEASURE 7: FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

A. Establishment, registration and licensing of business entities

1. Law no. 9901/2008 "On entrepreneurs and commercial enterprises", Official Journal no.60/2008, (as amended by Law no. 10475/2011 and Law no.129/2014);
2. Law no. 9723/2007, "On the National Registration Center", Official Journal no. 60/2007, (as amended by Law no. 9916/2008 and Law no. 92/2012, amended by order no. 8/2015, OJ no.32; amended by Law no.30/2019, OJ no.99, page 7173);
- 2/1. Decision of the Council of Ministers (DCM) no.506/2007 "On the procedures and publication in the National Registration Center", Official Journal no. 113/2007 (as amended by DCM no.391/2017, OJ no.105, page 5757);
3. Law no. 1008/2009, "On licenses, authorisation and permissions in the Republic of Albania", Official Journal no. 31/2009 (as amended by Law no. 10137/2009; amended by law no. 131/2015; amended by Law no. 372016, OJ no.64, page 4026);
- 3/1. DCM no. 538/2009 "On the licenses or permissions processed by or through the National Licensing Center and on some other secondary legislation regulations", Official Journal no. 80/2009, (as amended by DCMs no. 1295/2009, no. 385/2010, no. 436/2011, no. 421/2013, amended by law no. 827/2016, OJ no. 233; amended by DCM no.301/2017,OJ no.78,page 4798; amended by DCM no. 34/2020, OJ no. 9, page 775);
4. Law no. 38/2012 "On agricultural cooperation associations", Official Journal no. 42/2012;
5. Law no. 9136/2003 "On the compulsory social and health contributions in the Republic of Albania, Official Journal no. 84/2013, (as amended by Normative Act no. 1/2017,OJ no.11, page 313);
6. Law no. 9975/2008 "On national taxes", Official Journal no. 128/2008 (as amended by law no.141/2015, OJ no.252; by law no.127/2016', OJ no.250; amended by Law no. 93/2018, OJ 187, page 14105; amended by Law no. 55/2019, OJ no. 113, page 8498, amended by Law no.86/2019, OJ no.184,page 15000);
7. Law no. 9632/2006 "On the system of local taxes", Official Journal no.123/2006, (as amended by law no.142/2015, OJ no.252; amended by Law no.41/2018, OJ no. 111,page no.6826;amended by Law no.95/2018, OJ no.187,page 14106; amended by Normative Act no. 3/2019,OJ no.137, page 11454);
8. Law no. 9920/2008 "On the tax procedures in the Republic of Albania", Official Journal no. 85/2008, (as amended, by law no. 112/2016, OJ no 129;amended by Law no.97/2018, OJ no.187, page 14113; amended by Law no.31/2018, OJ no.99, page 7174; amended by law no.83/2019, OJ no.184, page 14987);
9. Law no. 8438/1998 "On income tax", Official Journal no. 32/1998, (as amended by law no.129/2016, OJ no.259; amended by Law no.39/2018, OJ no. 134, page 9177; amended by Law 94/2018,OJ.no.183, page 12407; amended by Normative Act no. 5/2019, OJ no.162, page 12913; amended by Law no.84/2019, OJ no.184, page 14995; amended by Normative Act no.10/2019, OJ no.173, page 13211);
10. Law no.92/2014, "On value added tax", Official Journal no.128, as ammended.

B. Construction and Environment

1. Law no. 107/2014 "On planning and development of the territory", Official Journal no. 137/2014;
2. Law no.8402/1998 "On the controls and discipline of the construction works", Official Journal no. 22/1998 (as amended by law no.20/2013, OJ no. 29);
3. Law no. 9244/2004 "On the protection of the agricultural land", Official Journal no. 49/2004, (as amended by Law no. 69/2013, Law no. 131/2014);
4. Law No. 10440/2011 "On the environmental impact assessment", Official Journal no. 101/2011, as amended by law no.12/2015 OJ nr. 38;
5. Law no. 10448/2011 "On environmental protection", Official Journal no. 89/2011, (as amended by Law no. 31/2013, by law nr.60/2014, OJ no. 109);
6. Law no. 9587/2006 "On protection of biodiversity", OJ 84/2006 (as amended by Law no. 37/2013; Law no. 68/2014);
7. Law no. 10463/2011 "On the integrated management of waste", Official Journal 148/2011, (as amended by Law no. 32/2013; Law no. 156/2013);
8. DCM no. 99/2005, "On the approval of the Albanian catalogue of waste classification", Official Journal no. 15/2005, (as amended by DCM no. 579/2014);
9. Law no. 9115/2003, "For the environmental treatment of polluted waters", Official Journal no. 78/2003, (as amended by Law no. 10448/2011; Law no. 34/2013);
10. Law no. 10448/2011 "On environmental permits", Official Journal no. 105/2011 (as amended by Law no. 44/2013; Law no. 60/2014);
11. Law no. 10138/2009, "On the public health", Official Journal no. 87/2009, (as amended by Law no. 52/2013);
12. Law no. 9103/2003, "On cross border protection of lakes", Official Journal 65/2003 (amended by Law 35/2013);
13. Law no. 111/2012, "On integrated management of water resources", Official Journal 157/2012;
14. DCM no. 480/2012, "On protection of the national emergency plan on reaction to sea pollution in the Republic of Albania", Official Journal 113/2012;
15. Law 8905/2002 "On protection of sea water environment from pollution and damage" OJ 29/202 (amended 10137/2009; 30/2013);
16. DCM n. 709/2014 approving the Inter-sectorial Strategy for Rural and agricultural Development. Official Journal 169/2014 (as amended by DCM no.21/2018, OJ no.3, page 46)

C. Mushrooms, honey, ornamental plants and snails

1. Law no. 9244/2004 "On the protection of the agricultural land", Official Journal no. 49/2004, (as amended by Law no. 69/2013, Law no. 131/2014);
2. Law no. 9587/2006 "On protection of biodiversity", OJ 84/2006 (as amended by Law no. 37/2013; Law no. 68/2014);
3. Law no.10416/2011 "On planting and propagating material", OJ 46/2011, page 1959 (as amended by Law no.67/2013; Law no.105/2015, Law no.12/2019);
4. Law No.105 dated 27/10/2016 "On Plant Protection" OJ 46/2011, page 1959;

5. Law no.9863/2008 “On food”, Official Journal no.17/2008, (as amended by Law no. 10137/2009; Law no. 74/2013; amended by Law no.8/2019, OJ no.33, page 1449);
6. DCM no. 750/2010 “On inspections of phytosanitary quarantine”, Official Journal no. 139/2010;
7. Law no.10120/2009, “On protection of medicinally plants’ fund”, Official Journal no. 62/2009, (as amended by Law 10137/2009; Law no. 42/2013);
8. Order of the Minister no. 42/2012, “On the species of plants whose variety must be registered in the National Catalogue of Plants”, Official Journal no. 36/2012;
9. Law no.10465/2011, “On veterinary service in the Republic of Albania”, Official Journal no. 143/2011, (as amended by Law no. 70/2013);
10. DCM no.434/2018, “On food labelling and consumer information”, Official Journal no. 106/2018, page 6597;
11. Instruction of the Minister no.22/2010 “On the general conditions and in particular of the hygiene in the food establishments”, Official Journal no. Extra 80/2012;
12. Instruction of the Minister no.21/2010 “On specific requirements of hygiene and official controls for products with animal origin”, Official Journal no. Extra 80/2012;
13. Instruction no. 20/2010 “On the implementation of the preventive programs, GMP, GHP and procedures based on risk analysis and CCP-s (HACCP) in the food establishments”, Official Journal no. Extra 80/2012;
14. Regulation No. 3/2006 “On hygiene of food products”, Annex 1 “Primary Production PART A: General Conditions in the Subject for Primary Production and Operations Hygiene Related”;
15. Order of the Minister no. 286/2012 “On protection of animals kept for farming purposes”, (Council Directive 98/58/EC of 20 July 1998, as amended CDM no. 286/2014, OJ no 89);

D. On-farm processing and direct marketing of agricultural products (milk, meat, fruits and vegetables, olive, wine, honey, etc.)

1. Law no. 9441/2005 “On the production, collection, processing and marketing of milk and milk-based products”, Official Journal no. 93/2005, (as amended by Law no. 9863/2008, OJ. no.17,page 581; amended by Law no.10137/2009,OJ no.86, page 3775;amended by Law no.73/2013, OJ no. 31, page 1288);
2. Law no. 87/2013 “On the categorisation of the production, labelling and marketing of olive oil”, Official Journal no. 20/2013;
3. Law no.9863/2008 “On food”, Official Journal no.17/2008, (as amended by Law no. 10137/2009; Law no. 74/2013; amended by Law no.74/2013, OJ no.31, page 1289, amended by Law no.8/2019, OJ no.33, page 1449);
4. DCM no. 1132/2008 “On the approval of the rules on the collection of unprocessed milk”, Official Journal no. 134/2008 (amended by DCM no.1132/2009, OJ 178, page 7888)
5. Instruction of the Minister no.5, date 25.03.2011 “On specific requirements of hygiene in establishments of the milk production, collection and processing, also for the milk based products”;

6. Instruction of the Minister no.22/2010 “On the general conditions and in particular of the hygiene in the food establishments”, Official Journal no. Extra 80/2012;
7. Instruction of the Minister no.21/2010 “On specific requirements of hygiene and official controls for products with animal origin”, Official Journal no. Extra 80/2012;
8. Instruction no. 20/2010 “On the implementation of the preventive programs, GMP. GHP and procedures based on risk analysis and CCP-s (HACCP) in the food establishments”, Official Journal no. Extra 80/2012;
9. Instruction no.23/2010 “Specific requirements of the hygiene for meat and meat products”, Official Journal no. Extra 80/2012;
10. Instruction of the Minister no.16/2011 “On food additives different from the colorant and sweeteners”, Official Journal 134/2011;
11. DCM no. 409/2013 “On establishment of the criteria for marketing and certification of the seeding material for grapevines”, Official Journal 86/2013;
12. Instruction of the Minister no. 620/2005, “On the variety structure of the seedlings and seeding material of the imported or domestic produced grapevine”, Official Journal (not identified).

E. Aquaculture

1. Law no. 64/2012, “On Fishery”, Official Journal no. 73/2012, (as amended Law 29/2013; amended by Law no.4/2019));
2. Law no. 9863/2008 “On food”, Official Journal no.17/2008, (as amended by Law no. 10137/2009; Law no. 74/2013;amended by Law no.121/2016, OJ no.236, page 24305; AMENDED by Law no. 119/2016,OJ 236, page 24289);
3. Law no. 9251/2004, “Sea Code of Albania”, Official Journal no. 55/2004, (as amended by Law no. 10483/2011);
4. DCM no. 462/2014 “On approval of the regulation on registration of vessels in the Republic of Albania”, Official Journal 113/2014;
5. DCM no. 402/2013, “On establishment of managing measures for the sustaining exploitation of the fish resources in the sea”, Official Journal 85/2013;
6. DCM no. 407/2013, “On the establishment of a control regime for the compliance with the rules of fish managing policy”, Official Journal 85/2013,(as amended CDM no.494/2016, OJ Zyrtare no.128;amended by DCM no.255/2019, OJ 61,page 4732);
7. DCM no. 302/2013, “On the establishment of the inspection system for the prevention, discouraging and eradication of the illegal, unreported and unregulated fishing activity and the establishment of the certification scheme for fishes”, Official Journal 65/2013.

F. Rural tourism

1. Law no. 9734/2007, “On tourism”, Official Journal no. 63/2007, (amended by Law no. 9930/2008; Law no. 76/2013;amended by Law no. 93/2015, OJ no.164, page 11491);
2. Law no. 9048/2003 "On the cultural heritage”, Official Journal no. 33/2003, (as amended by Law no. 9592/2006; Law no. 9882/2008; Law no. 10137/2009; Law no. 77/2013, amended by Law no.27/2018,OJ 86, page 5297);
3. Action Plan of the Ministry of Tourism “On the Strategy for Tourism 2014-2020”;

4. Law no. 9376/2005, "On sports", Official Journal no. 36/2005 (amended by Law no. 9816/2007; Law no. 9963/2008; amended by Law no. 79/2017, OJ no.114, page 5999).

G. Services for rural population and business

1. Law no. 69/2012, "On the pre-academic instruction system in the Republic of Albania" (amended by Law no.56/2015; amended by Law no.48/2018);
2. Law no. 8872/2002 "On the professional instruction and formation in the Republic of Albania", Official Journal no. 11/2002, (as amended by Law no. 10011/2008; Law no. 10137/2009; Law no. 10434/2011; Law no. 63/2014; amended by Lawno.15/2017, OJ no.43, page 2779);
3. Law no. 9355/2005, "On the social assistance and services", Official Journal no. 22/2005, (as amended, by lawno.47/2014, OJ no.72; by law no.44/2016, OJ no.77; amended by Law no.57/2019, OJ no.113, page 8499);
4. Law no. 10107/2009, "On health care in the Republic of Albania", Official Journal no. 46/2009, (as amended by Law no. 51/2013; amended by Law no.76/2015, OJ no.132, page 6760; amended by Law no.27/2019, OJ no.79, page 5951);
5. DCM no. 564/2005, "On licensing of the social care service providers", Official Journal no. 66/2005, (as amended by DCM no. 349/2007);
6. DCM no. 708/2003, "On the licensing and functioning of the private employment agencies", Official Journal no. 90/2003 (as amended by DCM no.101/2018, OJ no.27, page 2035);
7. Instruction of the Minister no. 1590/2008, "On the licensing procedures for the entities exercising the activity of professional formation" (as amended, DCMno.1457/2009; OJ no.122);
8. Instruction of the Minister no. 28/2009, "On the procedure for the evaluation of the licensing applications for the entities exercising activities of professional formation", (as amended by Instruction no. 1/2013, amended by Instruction no.15/2016);
9. Instruction of the Minister no. 1456/2009, "On the procedures for the evaluation of licensing applications for the entities exercising social care activity", (as amended by Instruction 1456 (2)/2009, instruction no. 2/2014 OJ no.41).

H. Renewable energy production

1. Law no. 9072/2003, "On electric energy sector", Official Journal no. 53/2003, (as amended by law no.43/2015, OJ no.87; amended by Law no.7/2018, OJ no.32)
2. Law no. 138/2013. "On the renewable energy sources", Official Journal no. 83/2013;
3. Regulation of Energy Regulatory Entity, "On the certification of renewable energy";

MEASURE 10: "Advisory Service"

DCM no. 147, dated 13.03.2018 "On the establishment, organization and functioning of agencies Regional agricultural extension ", the following have been created:

1. Tirana Regional Agricultural Extension Agency
2. Korça Regional Agricultural Extension Agency
3. Shkodra Regional Agricultural Extension Agency
4. Regional Agency of Agricultural Extension Lushnje

MEASURE 11: “Establishment and protection of forests”

1. Law No. 57/2020 This law is partially aligned with: - Council Regulation (EC) no. 2173/2005, dated 20 December 2005 "On the establishment of a FLEGT licensing scheme for the import of timber in the European Community", as amended, Number CELEX 32005R2173, Official Journal of the European Union, Series L, no. 347, dated 30. 12. 2005, pages 1-6;
2. Regulation (EU) no. 995/2010 of the European Parliament and of the Council, dated 20 October 2010 "On the determination of the obligations of operators who place on the market timber and timber products", as amended ", Number CELEX 32010R0995, Official Journal of the European Union, Series L, no. 295, dated 12.11.2010, pages 23-34;
3. Commission Implementing Regulation (EU) No 607/2012, dated 6 July 2012 “On detailed rules regarding the due diligence system and the frequency and nature of controls over monitoring organizations, as provided in Regulation (EU) no. 995/2010 of the European Parliament and of the Council "On the determination of the obligations of operators placing on the market timber and timber products", Number CELEX 32012R0607, Official Journal of the European Union, Series L, no. 177, dated 7. 7. 2012, pages 16-18.

ANNEX 2. LIST OF RURAL AREAS

Nr.	QARKU	BASHKIA	NJESIA ADMINISTRATIVE			
1.	BERAT	BERAT	Berat			
			Velabisht	Sinje		
				Otllak	Roshnik	
			URA VAJGURE	Ura Vajgure	Kutalli	
				Poshnje	Cukalat	
			KUCOVE	Kucove	Perondi	
				Kozare	Lumas	
				SKRAPAR	Corovode	Potom
			Qender Skrapar		Leshnje	
			Bogove		Gjebes	
			Vendreshe		Zhepe	
			Cepan			
			POLICAN	Polican	Vertop	
				Terpan		
		2.	DIBER	DIBER	Peshkopi	Selishte
					Tomin	Silove
Melan	Kala e Dodes					
Kastriot	Zall-Dardhe					
Lure	Zall-Rec					
Maqellare	Fushe Cidhen					
Muhurr	Arras					
Luzni						
	BULQIZE				Bulqize	Shupenze
				Martanesh	Gjorice	
				Fushe-Bulqize	Ostren	
	MAT			Zerqan	Trebisht	
				Burrel	Macukull	
				Baz	Komsi	
				Derjan	Lis	
				Rukaj	Ulez	
	KLOS			Klos	Suc	
				Xiber	Gurre	
3.	DURRES			DURRES	Sukth	Katund i Ri
					Ishem	Rashbull
		Manez				
			SHIJAK	Shijak	Xhafzotaj	
				Maminas	Gjepalaj	
			KRUJE	Kruje	Nikel	
				Fushe-Kruje	Thumane	
				Bubq	Cudhi	
		4.	ELBASAN	ELBASAN	Labinot Fushe	Shirgjan
Labinot Mal	Tregan					
Gjinar	Gracen					
Shushice	Bradashesh					
Gjergjan	Zavaline					
Funar	Paper					
	CERRIK			Cerrik	Mollas	
				Gostime	Shales	

			Klos	
		BELSH	Belsh	Fierze
			Grekan	Rrase
			Kajan	
		PEQIN	Peqin	Perparim
			Pajove	Gjocaj
			Karine	Sheze
		GRAMSH	Gramsh	Lenie
			Pishaj	Porocan
			Kodovjat	Skenderbegas
			Kukur	Sult
			Kushove	Tunje
		LIBRAZHD	Librazhd	Stebleve
			Qender Librazhd	Polis
			Hotolisht	Orenje
			Lunik	
		PRRENJAS	Prrenjas	Rrajce
			Qukes	Stravaj
5.	FIER	FIER	Cakran	Topoje
			Mbrostra Ura	Levan
			Libofshe	Frakull
			Qender	Portez
			Dermenas	
		PATOS	Patos	Ruzhdie
			Zharrez	
		ROSKOVEC	Roskovec	Kurjan
			Kuman	Strum
		LUSHNJE	Lushnje	Karbunare
			Allkaj	Ballagat
			Bubullime	Fier-Shegan
			Hysgjokaj	Kolonje
			Golem	Krutje
			Dushk	
		DIVJAKE	Divjake	Gradishte
			Terbuf	Remas
			Grabian	
		MALLAKASTER	Ballsh	Gracan
			Qender Dukas	Kute
			Greshice	Fratar
			Aranitas	Selite
			Hekal	
6.	GJIROKASTER	GJIROKASTER	Gjirokaster	Lunxheri
			Cepo	Odrie
			Lazarat	Antigone
			Picar	
		LIBOHOVE	Libohove	Zagorie
			Qender Libohove	
		TEPELENE	Tepelene	Lopes
			Qender Tepelene	Kurvelesh
		MEMALIAJ	Memaliaj	Buz
			Memaliaj Fshat	Krahes
			Luftinje	Qesarat

		PERMET	Permet	Petran
			Carshove	Qender Piskove
			Frasher	
		KELCYRE	Kelcyre	Suke
			Ballaban	Dishnice
		DROPULL	Dropull i Poshtem	Pogon
			Dropull i Siperm	
7.	KORCE	KORCE	Qender Bulgarec	Vithkuq
			Voskop	Mollaj
			Voskopoje	Drenove
			Lekas	
		MALIQ	Maliq	Pirg
			Libonik	Pojan
			Gore	Vreshtas
			Moglice	
		PUSTEC	Pustec	
		KOLONJE	Erseke	Novosele
			Qender Erseke	Barmash
			Leskovik	Mollas
			Qender Leskovik	Çlirim
		DEVOLL	Bilisht	Proger
			Qender Bilisht	Miras
			Hocisht	
		POGRADEC	Pogradec	Dardhas
			Hudenisht	Trebinje
			Bucimas	Proptisht
			Cerrave	Velcan
8.	KUKES	KUKES	Kukes	Topojan
			Malzi	Bushtrice
			Bicaj	Gryke-Caje
			Ujmisht	Kalis
			Terthore	Surroj
			Shtiqen	Arren
			Zapod	Kolsh
			Shishtavec	
		HAS	Krume	Gjinaj
			Fajze	Golaj
		TROPOJE	Bajram Curri	Llugaj
			Fierze	Bujan
			Lekbibaj	Bytyc
			Margegaj	Tropoje
9.	LEZHE	LEZHE	Lezhe	Kallmet
			Shengjin	Blinisht
			Zejmen	Dajc
			Shenkoll	Ungrej
			Balldren	Kolsh
		MIRDITE	Rreshen	Fan
			Rubik	Orosh
			Selite	Kacinar
			Kthelle	
		KURBIN	Lac	Milot
			Mamurras	Fushe-Kuqe

10.	SHKODER	SHKODER	Ana e Malit	Pult
			Berdice	Rrethinat
			Dajc	Shale
			Gur i Zi	Shosh
			Postribe	Velipoje
		VAU DEJES	Vau - Dejes	Hajmel
			Bushat	Temal
			Vig-Mnel	Shllak
		PUKE	Puke	Qelez
			Gjegjan	Qerret
			Rrape	
		MALESI E MADHE	Koplik	Kelmend
			Gruemire	Qender
			Kastrat	Shkrel
		FUSHE-ARREZ	Fushe Arrez	Qafe Mali
			Fierze	Iballe
			Blerim	
11.	TIRANE	TIRANE	Petrole	Shengjergj
			Farke	Vaqarr
			Dajt	Kashar
			Zall-Bastar	Peze
			Berzhite	Ndroq
			Krrabe	Zall-Herr
			Baldushk	
		KAMEZ	Paskuqan	
		VORE	Vore	Berxulle
			Preze	
		KAVAJE	Kavaje	Golem
			Synej	Helmes
			Luz i Vogel	
		RROGOZHINE	Rrogozhine	Lekaj
			Kryevindh	Gose
			Sinaballaj	
12.	VLORE	VLORE	Orikum	Novosele
			Qender Vlore	Shushice
		SELENICE	Selenice	Kote
			Armen	Sevaster
			Vllahine	Brataj
		HIMARE	Himare	Hore-Vranisht
			Lukove	
		SARANDE	Sarande	
			Ksamil	
		KONISPOL	Konispol	Markat
			Xarre	
		FINIQ	Finiq	Aliko
			Livadhja	Mesopotam
			Dhiver	
		DELVINE	Delvine	
			Vergo	
	12	61		373

ANNEX 3. DESCRIPTION OF THE METHODOLOGY FOR ASSESSMENT OF THE ECONOMIC VIABILITY

A. Projects with total eligible cost of the investment not exceeding EUR 50,000 euro.

The projects have to submit simplified Business plan containing simplified income statement and cash flow projection. The projects will be assessed for profitability and liquidity and will be supported, if the below given criteria are satisfied:

- Net profit ≥ 0 ; and,
- Cumulative cash flow ≥ 0 .

B. Projects with total eligible cost of the investment above EUR 50,000 euro.

The projects have to submit a business plan. The business plan will be assessed for profitability and liquidity and the project will be supported, if the below given criteria are satisfied:

- Net Present Value ≥ 0 ; and,
- Internal Rate of Return \geq **discount rate** (Bank of Albania basic rate).

The Business plan should provide a brief description of the business, its current assets and liabilities, human resources, a description of the investment proposed, its financing and projections on the future economic operation (incl. marketing).

ANNEX 4. DEFINITION OF SMALL AND MEDIUM ENTERPRISES

Definition of small and medium enterprises

Enterprises qualify as micro and small sized enterprises if they fulfil the criteria as per Law no. 25/2018 “On accounting and financial statements” dated, 30.05.2018, summarized in the table below. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Enterprise category	Headcount	1) Turnover or 2) Balance sheet total
medium	<250	1) ≤ €12 million 2) ≤ €10,3 million
small	<50	3) € 2,4 million 4) ≤ € 2,4 million
micro	<10	1) ≤ € 0,24 million 2) ≤ € 0,24 million

The size of the company is established considering the linked and partner national and international companies.

Newly established enterprises shall be assessed on the basis of expression of their expected size of headcount, turnover or balance sheet total to be reached as proposed in the technical project Proposal/Business plan, but not exceeding range of SME enterprises.

The assessment of applicants is performed by the IPARD Agency.

ANNEX 5. LIST OF LESS FAVOURED AREAS/MOUNTAIN AREAS WITH HIGHER AID INTENSITY

The list was approved by Instruction No 3 of 10/02/2011 on the definition of disadvantaged mountain areas issued by the Ministry of agriculture, food and consumer protection.

The definitions used are as follows:

1) Disadvantaged mountain areas are those areas featured by great constrains regarding the possibility to use land and an obvious increase of the agricultural mechanics cost, due to the:

- Difficult climate conditions, because of the considerable altitude beyond the sea level, which have a significant impact on the shortening of growth and production season;
- In lower altitudes, the presence of steep slopes in the overwhelming part of the surface limiting the efficient use of usual means of the agricultural mechanism; or
- A combination of both factors, where the limitation coming as a consequence of each factor is smaller, but merging of the negative impacts of both factors yields an equivalent level of limitation and difficulties.

2) The smallest unit of a “disadvantaged mountain area” is the local government unit (a commune or municipality), which shall meet at least one of the following criteria:

- have at least 50% of the surface of the agricultural land in the altitude of above 600 meters above the sea level;
- have at least 50% of the surface of the agricultural land in a slope of over 20%;
- have at least 50% of the surface of the agricultural land in an altitude of over 300 meters above the sea level and also have over 50% of the amount of its agricultural land in a slope of over 15%;
- have a steep relief, set in a standard deviation of the altitude over the sea level above 200 meters;
- be surrounded in over 50% of its territory by: (i) other local government units classified as “less favoured” with at least one of the above criteria; or (ii) be partially surrounded by local government units classified as “disadvantaged mountain areas” and partially from the national borders.

No.	Regions	Municipalities	LGU classified as “disadvantaged mountain areas”	Other LGU
1.	BERAT	BERAT	Roshnik	Berat
			Velabisht	Otlak
			Sinje	
		URA VAJGURE	Ura Vajgure	Kutalli
				Cukalat
				Poshnje
		KUCOVE		Perondi

				Lumas
				Kozare
				Kucove
		SKRAPAR	Corovode	
			Qender Skrapar	
			Bogove	
			Vendreshe	
			Cepan	
			Gjërbes	
			Leshnje	
			Potom	
			Zhepe	
		POLICAN	Terpan	
			Vertop	
2.	DIBER	DIBER	Arras	
			Fushe Cidhen	
			Kala e Dodes	
			Kastriot	
			Lure	
			Luzni	
			Maqellare	
			Melan	
			Muhurr	
			Peshkopi	
			Selishte	
			Silove	
			Tomin	
			Zall-Dardhe	
			Zall-Rec	
		BULQIZE	Bulqize	
			Martanesh	
			Fushe-Bulqize	
			Zerqan	
			Gjorice	
			Klenje-Trebishte	
			Ostren	

			Shupenze	
		MAT	Burrel	
			Baz	
			Derjan	
			Rukaj	
			Komsi	
			Lis	
			Macukull	
			Ulez	
		KLOS	Klos	
			Gurre	
			Suc	
			Xiber	
3.	DURRES	DURRES		Durres
				Ishem
				Katund i Ri
				Manez
				Rashbull
				Sukth
		SHIJAK		Gjepalaj
				Maminas
				Shijak
				Xhafzotaj
		KRUJE	Kruje	Bubq
			Cudhi	Thumane
			Nikel	Fushe-Kruje
4.	ELBASAN	ELBASAN	Bradashesh	Elbasan
			Gjinar	Gjergjan
			Gracen	Shirgjan
			Labinot Fushe	
			Labinot Mal	
			Shushice	
			Tregan	
			Zavaline	
		CERRIK	Funar	Cerrik
			Mollas	Gostime

				Klos
				Paper
				Shales
		BELSH		Belsh
				Fierze
				Grekan
				Kajan
				Rrase
		PEQIN		Peqin
				Gjocaj
				Karine
				Pajove
				Perparim
				Sheze
		GRAMSH	Gramsh	
			Kodovjat	
			Kukur	
			Kushove	
			Lenie	
			Pishaj	
			Porocan	
			Skenderbegas	
			Sult	
			Tunje	
		LIBRAZHD	Librazhd	
			Qender Librazhd	
			Hotolisht	
			Lunik	
			Orenje	
			Polis	
			Stebleve	
		PRRENJAS	Prenjas	
			Qukes	
			Rrajce	
			Stravaj	
5.	FIER	FIER		Fier

				Cakran
				Derpenas
				Frakull
				Levan
				Libofshe
				Mbrostra Ura
				Topoje
				Portez
				Qender
		PATOS		Patos
				Ruzhdie
				Zharrez
		ROSKOVEC		Roskovec
				Strum
				Kuman
				Kurjan
		LUSHNJE		Lushnje
				Allkaj
				Ballagat
				Bubullime
				Dushk
				Fier-Shegan
				Golem
				Hysgjokaj
				Karbunare
				Kolonje
				Krutje
		DIVJAKE		Divjake
				Grabian
				Gradishte
				Remas
				Terbuf
		MALLAKASTER	Aranitas	Ballsh
			Fratar	Hekal
			Greshice	Qender Dukas
			Kute	

			Gracan	
			Selite	
6.	GJIROKASTER	GJIROKASTER	Gjirokaster	
			Antigone	
			Cepo	
			Lazarat	
			Lunxheri	
			Odrie	
			Picar	
		LIBOHOVE	Libohove	
			Qender Libohove	
			Zagorie	
		TEPELENE	Tepelene	
			Qender Tepelene	
			Kurvelesh	
			Lopes	
		MEMALIAJ	Memaliaj	
			Memaliaj Fshat	
			Luftinje	
			Buz	
			Qesarat	
			Krahes	
		PERMET	Permet	
			Carshove	
			Frasher	
			Petran	
			Qender Piskove	
		KELCYRE	Kelcyre	
			Ballaban	
			Dishnice	
			Suke	
		DROPULL	Dropull i Poshtem	
			Dropull i Siperim	
			Pogon	
7.	KORCE	KORCE	Korçë	
			Drenove	

			Lekas	
			Liqenas	Nk eshte askund
			Qender Bulgarec	
			Voskop	
			Voskopoje	
			Mollaj	
			Vithkuq	
		MALIQ	Maliq	
			Gore	
			Libonik	
			Moglice	
			Pirg	
			Pojan	
			Vreshtas	
		PUSTEC	Pustec	
		KOLONJE	Erseke	
			Barmash	
			Çlirim	
			Leskovik	
			Qender Leskovik	
			Mollas	
			Novosele	
			Qender Erseke	
		DEVOLL	Bilisht	
			Qender Bilisht	
			Hocisht	
			Proger	
			Miras	
		POGRADEC	Pogradec	
			Bucimas	
			Cerrave	
			Dardhas	
			Proptisht	
			Hudenisht	
			Trebinje	
			Velcan	

8.	KUKES	KUKES	Kukes	
			Arren	
			Bicaj	
			Bushtrice	
			Gryke-Caje	
			Kalis	
			Kolsh	
			Malzi	
			Shishtavec	
			Shtiqen	
			Surroj	
			Terthore	
			Ujmisht	
			Topojan	
			Zapod	
		HAS	Krume	
			Fajze	
			Gjinaj	
			Golaj	
		TROPOJE	Bajram Curri	
			Tropoje	
			Bujan	
			Bytyc	
			Fierze	
			Lekbibaj	
			Llugaj	
			Margegaj	
9.	LEZHE	LEZHE	Kallmet	Lezhe
			Kolsh	Balltren
				Blinisht
				Dajc
				Shengjin
				Shenkoll
				Ungrej
				Zejmen
		MIRDITE	Rreshen	

			Rubik	
			Selite	
			Kthelle	
			Fan	
			Kacinar	
			Orosh	
		KURBIN	Milot	Lac
				Fushe-Kuqe
				Mamurras
10.	SHKODER	SHKODER	Postribe	Shkoder
			Pult	Ana e Malit
			Shale	Berdice
			Shosh	Dajc
				Gur i Zi
				Rrethinat
				Velipoje
		VAU DEJES	Vau - Dejes	Hajmel
			Shllak	Bushat
			Temal	Vig-Mnel
		PUKE	Puke	Qelez
			Gjegjan	Qerret
			Rrape	
		MALESI MADHE	E Gruemire	Koplik
			Kastrat	Qender
			Kelmend	
			Shkrel	
		FUSHE-ARREZ	Fushe Arrez	
			Fierze	
			Blerim	
			Iballe	
			Qafe Mali	
11.	TIRANE	TIRANE	Berzhite	Tirane
			Dajt	Baldushk
			Krrabe	Farke
			Shengjergj	Kashar

			Zall-Bastar	Ndroq
			Zall-Herr	Petrelle
				Peze
				Vaqarr
		KAMEZ		Kamez
				Paskuqan
		VORE		Berxulle
				Vore
				Preze
		KAVAJE		Kavaje
				Golem
				Helmes
				Luz i Vogel
				Synej
		RROGOZHINE		Rrogozhine
				Sinaballaj
				Kryevidh
				Lekaj
				Gose
12.	VLORE	VLORE	Orikum	Vlore
				Novosele
				Shushice
				Qender Vlore
		SELENICE	Brataj	Armen
			Kote	Selenice
			Sevaster	Vllahine
		HIMARE	Himare	
			Hore-Vranisht	
			Lukove	
		SARANDE	Ksamil	Sarande
		KONISPOL	Konispol	
			Markat	Xarre
		FINIQ	Finiq	Aliko
			Mesopotam	

			Livadhja	
			Dhiver	
		DELVINE	Delvine	
			Vergo	

ANNEX 6. METHODOLOGY FOR PAYMENT CALCULATION FOR MEASURE 4⁹⁶

1. ELIGIBLE EXPENDITURE – PAYMENTS CALCULATION

1.1. PRINCIPLES AND METHODOLOGY

The approach for calculation of the annual payments for agri-environment-climate and organic farming activities outlined in Article 29 (4) of Regulation (EU) No.1305/2013 of 17 December 2013 and IPARD guidelines.

The payments are calculated on the basis of:

- income forgone;
- additional costs;
- transaction costs.

Support are limited to the following maximum amounts:

- 600 EUR per ha per year for annual crops
- 900 EUR per ha per year for specialised perennial crops
- 450 EUR per ha per year for other land uses;

The methodology used for the calculation of the agri-environment payments in Albania covers:

- Income foregone as a result of reduced production intensity or resulting from preserved extensiveness of production;
- Additional costs resulting from activities carried out over and above the usual farming practice;
- Costs savings resulting from not undertaking certain activities;
- Additional income based on the higher prices of the quality products.

The calculations were done by the experts from the Agriculture University of Tirana, Faculty of Agriculture and Environment for the organic farming and endangered local breeds and independent experts and the experts from Agricultural Technology Transfer Centers in Vlora for maintenance of traditional olive groves. The draft calculations were consulted with different stakeholders in the beginning of 2020 and at the stakeholders' consultation meeting held on 20 February 2020.

1.2. Payments calculations

1.2.1. Payment calculations for organic farming

Organic vegetables

The agri-environmental payments for organic vegetables are calculated on the basis of:

- income forgone (between the conventional practices and the organic ones);
- additional costs;
- savings from the costs for mineral fertilizers.

The calculations were done for production of organic tomatoes.

Data are referred to the prefecture of Fieri where the biggest part of the tomato production for the domestic and foreign market is situated and the climatic and soil conditions of the region are representative for the western lowland where agricultural activities in Albania are concentrated.

The data used is from the National Statistical Institute of Albania, Regional Agricultural Directories of Fieri, and some data are collected through interviews with farmers.

⁹⁶ The methodology will be applied after the entrustment of measure 4. It might be further modified as part of the Programme modification before the entrustment of the measure.

The following considerations were taken:

Additional production costs due to:

- the annual expenditures for control and certification of the production for the organic production;
- additional expenditures cost required for manual labour.

Savings from the costs for the mineral fertilizers

Income forgone due to:

- lower yields from crops per ha because of the decreased level of intensification, i.e. no use of fertilizers and the plant protection chemicals

The crops yields of the conventional production were defined by experts considering the data reported by the National Statistical Institute of Albania for the levels achieved during last three years. In the organic production the decrease of the yields compared to the conventional one was defined according to the existing experience in Albania. The prices were defined by experts taking into account their value in the last 3 years in Albania and in the region as well as at the international markets. The production expenditures were based on the prevailing technologies in the country on average.

In the organic production the decrease of the yields compared to the conventional one is determined according to the existing experience in Albania, where the majority of data are provided by Institute of Organic Agriculture, BioAdria Association, and Ministry of Agriculture.

The proposed annual payment rate is 410 EUR/ha.

Organic orchards and vineyards

The agri-environmental payments for organic fruits and vineyards are calculated based on:

- income forgone (between the conventional practices and the organic ones);
- additional costs;
- savings from the costs for mineral fertilizers.

The calculations were done for production of organic vineyards.

Data are referred to the hilly area of Fieri prefecture, 0-300m above sea level. The climatic and soil conditions of this area are representative for the vineyards cultivation in Albania.

The data used is from the National Statistical Institute of Albania, Regional Agricultural Directories of Fieri, and some data are collected through interviews with farmers.

Additional production costs are due to:

- the annual expenditures for control and certification of the production for the organic production;
- additional expenditures cost required for manual labor.

Savings from the costs for the mineral fertilizers.

Income forgone due to:

- lower yields and productivity from crops per ha because of the decreased level of intensification, i.e. no use of fertilizers and the plant protection chemicals.

The crops yields of the conventional production were defined by experts considering the data reported by the National Statistical Institute of Albania for the levels achieved during last three years. In the organic production the decrease of the yields compared to the conventional one was defined according to the existing experience in Albania.

The prices were defined by experts taking into account their value in the last 3 years in Albania and in the region as well as at the international markets. The production expenditures were based on the prevailing technologies in the country on average.

In the organic production the decrease of the yields compared to the conventional one is determined according to the existing experience in Albania, where the majority of data are provided by Institute of Organic Agriculture, BioAdria Association, and MARD.

The proposed annual payment rate is 843 EUR/ha.

Organic medical and aromatic plants (MAPs)

The agri-environmental payments for organic oregano are calculated on the basis of:

- Income forgone (between the conventional practices and the organic ones);
- Additional costs;
- Savings from the costs for the mineral fertilizers

All data on product prices (oregano) are taken from the Extension Service sectors of the Regional Agricultural Directories (RAD) of Shkoder and ATTC Shkoder taking into account their value in the last 3 years in Albania. In addition, several studies carried out in Shkodra regions were consulted. Also expert assumptions were used due to the lack of existing figures at the time of the calculations, since the National Statistical Institute of Albania and the Ministry of Agriculture do not calculate the yields on oregano. The yields of Oregano (last three years average) are taken from the technological cards developed by the Agricultural Technology Transfer Centres (ATTC) in Shkodra as well as from farmer interviews.

In general farmers are not going to sell Oregano as organic products, but as the products coming from a farm in the conversion process.

Additional production costs due to:

- The annual expenditures for control and certification of the production for the organic production;

Savings from the costs for the mineral fertilizers.

Income forgone due to:

- Lower yields and productivity from crops per ha because of the decreased level of intensification, i.e. no use of fertilizers and the plant protection chemicals.

The crops yields of the conventional production were defined by experts considering the data reported by the National Statistical Institute of Albania for the levels achieved during last three years. In the organic production the decrease of the yields compared to the conventional one was defined according to the existing experience in Albania and other European countries - around 20-25% less on average. The assumption was taken due to the lack of existing figures at the time of the calculations. The prices were defined by experts taking into account their value in the last 3 years in Albania and in the region as well as at the international markets.

The production expenditures were based on the prevailing technologies in the country on average.

The prices of labour and inputs expenditures were defined on the grounds of the observations of the Agricultural Directories, ATTC, extension services, and farmers' interviews.

In the organic production the decrease of the yields compared to the conventional one is determined according to the existing experience in Albania, where the majority of data are provided by Institute of Organic Agriculture, BioAdria Association, and Ministry of Agriculture.

The proposed annual payment rate is 300 EUR/ha.

1.2.2. Payment calculations for Conservation of local breeds of small ruminants

The payment calculations are prepared only for small ruminants that are endangered (in total 11450 heads) such as:

- ✓ Goat breeds: "Capore e Mokres", "Lara e Kallmetit", "dhia e Hasit", "dhia e Velipojes", "dhia e Dukatit", "dhia e Liqenasit", "Capore e Dragobise";
- ✓ Sheep breeds: "Lara e Polisit", "Shkodrane" and Syska e Matit"

Calculations are done for ewes and does because only the animals in the main herd will be supported (the yearlings are not taken into account).

All the data on product prices (milk, meat, wool and manure), animal feed (alfalfa hay, concentrate, silage, fodder, salt and grazing pasture fees), veterinary service, labour cost and miscellaneous are taken from the Regional Agencies of the Extension Service and Regional Agencies of Veterinary Service and Plan Protection of Albania; taking into account their value in the last 3 years in Albania. In addition, private veterinarians, of the above mention regions, were contacted. Also expert assumptions were used due to the lack of existing figures at the time of the calculations, since the Statistical Institute of Albania and MARD do not calculate the yields on breed bases. The yields of improved breeds (last three years average) are taken from the technological cards developed by the Agricultural Technology Transfer Centers (ATTC) in Korce and from farmer interviews.

Milk and meat prices are nearly the same for products produced by local and improved breeds.

Additional production costs due to:

- Additional labour force due to the higher requirement for the animals that are grazing in summer pastures;
- Income forgone due to lower yields and productivity (meat and milk) of autochthon breeds.

The production expenditures were based on the prevailing technologies in the country on average.

The prices of labour, veterinary service and miscellaneous expenditures were defined on the grounds of the observations of the RAD, ATTC, private veterinarians, extension services, and farmers' interviews.

The certification of the endangered small ruminant breeds will be done by ATTC in Korca, University of Tirana or other institution approved by MARD. The estimated cost of the certificate of origin is 10 EUR/head.

The proposed annual payment rate is 18 EUR/sheep and 19 EUR/ goat.

1.2.3. Maintenance of the traditional olive groves

The payments for the maintenance of the traditional olive groves are based on:

- Income foregone as a result of reduced production intensity and lower number of trees in traditional olive groves;
- Additional costs resulting from the higher prices for harvesting activities and certification of traditional olive groves;
- Costs savings resulting from pruning activities because of the higher tree density in the new plantations;

The production prices are defined by experts taking into account the real levels they have reached over the last 3 years in Albania. The production expenditures are based

on the average prices of the country and are consulted with the ATTC in Vlora, specialised in olive production.

Calculation of payments is based only on calculation of the additional costs related to introduction of additional expenditures.

Additional costs for certification of the traditional olive groves are also included.

The proposed annual payment rate is 344 EUR/ha.

ANNEX 7. DESCRIPTION OF THE PILOT AREAS FOR EACH SCHEME OF MEASURE 4

1. Pilot areas for maintenance of the traditional olive groves

Tirana region	
Description	Tirana region is one of 12 regions of Albania which includes also the capital city of the country. Tirana district is surrounded in the North by the region of Durres, in the North-East by the region of Dibra, in the South-East by the region of Elbasan, in the South by the region of Fieri and West by the Adriatic Sea. Tirana region has a population of 800,791 inhabitants ⁹⁷ . The total agricultural land area of Tirana region is 35.200 ha ⁹⁸ .
Environmental Importance	Tirana has a wealth landscapes from Tirana field to Dajti Mountain. Tirana field is the agricultural area while Dajti Mountain is a National Park.
Agriculture	Agriculture is an important sector of the economy in the region of Tirana. The climate and agricultural conditions are optimal for the development of agriculture particularly in horticulture, fruit trees, vegetables, vineyards, etc. The arable land is about 35,200 ha and in 2015 was planted mainly with forage (19,149 ha), vegetables (5, 907 ha), fruit trees (1, 069 ha), olives (4, 754 ha and vineyard (793 ha) ⁹⁹ . In Tirana the cultivar Ulli i Bardhe Tirane for oil, occupies 60-70% of the total number of olives. The centuries old olive groves occupy 50% of olive groves. The surface of the olive farm varies from 0.25 to 2.5 ha.
Relationship between Agriculture & the Environment	The territory of the Tirana Region has the visible pedological diversity which reflects the high number of soil types. The existence of various soil types is a precondition for growing diverse agricultural crops. However, the irrational land use may lead to serious land degradation. Experts' estimates show that the erosion processes have started on 60% of the whole territory of this region. Water and soil pollution can also be expected due to intensive crop production and use of mineral fertilizer and pesticides. The agriculture development in this region had a significant influence on biodiversity because of the loss of native habitat because of agricultural conversion especially after the '60s until the '80s for opening of agricultural land, terraces and establishment of fruit plantations. Environmental damage to the soil is both physical and chemical. Physical damage (usually very expensive to remedy) includes, but is not limited to erosion, sealing, compaction, and water logging/bog formation. Chemical damage includes nutrient deficiencies, acidity, and reductions in the capacity to retain nutrients, as well as increased contents of salts (salinisation) and occurrence of environmental toxins. In many cases, the degradation process has reached its final phase, land desertification, when soil loses its capacity to carry out its functions.

⁹⁷ INSTAT, 2016

⁹⁸ INSTAT, 2015

⁹⁹Ministry of Agriculture, Rural Development and Water Administration; INSTAT 2015 (<http://www.instat.gov.al/al/themes/agriculture,-forestry-and-fishery.aspx>)

Berat region	
Description	Berat region is one of the 12 regions of Albania. The population at the 2015 was 141,944 inhabitants ¹⁰⁰ , in an area of 1 798 km ² . Its-main city is Berat. It is bounded by Elbasan region to the north, Korça to the east, Gjirokastra to the south and Fieri to the west. Berat is bounded by Tomorri mountain a National Park covered with rich pine forests.
Environmental Importance	Berat region is characterized by a high degree of biodiversity in the Osum River valley and the Tomori National Park. The climate of the district is typically Mediterranean, with annual average temperature 15.9 degrees C. The average annual precipitation is 928 mm, mainly in the winter months ¹⁰¹
Agriculture	Agriculture is an important sector of Berat region. The Mediterranean climate and soil conditions are optimal for the development of agriculture. The arable land is about 2,829 ha ¹⁰² and in 2015 was planted mainly with forage (14,999 ha), vegetables (2,481 ha), fruit trees (2, 206 ha), olives (7, 775 ha and vineyard (1,085 ha) ¹⁰³ . In Berat the cultivar Kokermadhi i Beratit for table consumption occupies 90% of the total number of olives. The centuries old olive grove occupies more than 12% of olive groves.
Relationship between Agriculture & the Environment	One of the biggest problems of the municipality is water pollution of river Osumi. It is estimated that only 20% of the households are connected to sewage system and the rest is discharged directly into the river. The agricultural area along the river banks is used for intensive agriculture or unauthorised construction which leads to further pollution of the area. Another problem in the municipality is the erosion process. In most of the cases it is a result of the non-rational use of agricultural land, uncontrolled cutting of forests and uncontrolled use of inert materials and construction. Beside the gradual change of the crop structure, as well as the demand for agricultural products different from previously, the agriculture is faced with concerns and interventions on the environment. The main environmental problems in this region are related to land degradation due to uncontrolled deforestation, livestock grazing, and illegal construction and rapid urbanization. Deforestation took place mainly after transition and does not only affect forest but also fruit plantations being in large part already destroyed or endangered by erosion, the latest being very high in Berati. Moreover, land fragmentation, lack of mechanization, insufficient access to credit, access to external markets due to poor transport infrastructure afflicts the agriculture sector giving it a subsistence character unable to make a profit. Also there is a lack of secondary processing facilities available for any agricultural products or produce. However, destruction of infrastructure would have closed the opportunities for delivering goods to markets outside of this region.

¹⁰⁰ INSTAT, 2015

¹⁰¹ <http://www.iosrjournals.org>

¹⁰² INSTAT, 2016

¹⁰³ INSTAT, 2016: Ministry of Agriculture, Rural Development and Water Administration

Vlora region	
Description	Vlora region is one of the 12 regions of Albania. The population is 175,640 inhabitants, in an area of 2,706 km ² . Its main city is Vlora ¹⁰⁴ . Since the 2015 local government reform, the county consists of the following 7 municipalities: Vlora, Delvinë, Finiq, Himarë, Konispol, Sarandë and Selenicë. The South-eastern part of the county borders Greece. Tourism has become a major industry in recent years, with many hotels, recreational centers, and vast beaches.
Environmental Importance	Vlora is located in the south of Albania and forms the Albanian Riviera. The region of Vlora is one of the richest with natural resources, protected natural areas as Narta Laguna, Karaburun Natural Park, Llogara Nacional Park, Butrinti Laguna and Blue Eye Natural Monument. Vjosë-Nartë is protected landscape areas, rich in wetlands and aquatic birds with current size 19,738hectares ¹⁰⁵ .
Agriculture	In Vlora region the importance of agriculture with very large-scale of olive and fruit trees has grown, and the city has become center of the food processing. The county is mainly agricultural and pastoral, producing oats, maize, cotton, olive oil, cattle, sheep, skins, hides and butter. In Vlora the Kalinjoti cultivar for oil occupies more than 80% of the total number of olives. The centuries old olive groves occupy more than 25% of the olive groves. This area is divided into three districts, Vlora, Saranda and Delvina. Vlora district with a total of 10,787 hectares of olive groves, from which the 3,199 ha are centuries old olive or 29.6%. The centuries old olives in Saranda district are 20.8% and in Delvina 21.9%.
Relationship between Agriculture & the Environment	The relation between agriculture and environment largely depends on the methods of cultivation, the use of techniques and technology, and the use of various inputs and cultivars. With intensive agriculture there is a higher chance to have a more polluted environment and vice versa. There is a close, complex and dynamic relationship between natural resources used in agriculture and the environment. The extent of the environmental impacts depends on agricultural structures, the amount of land and other resources used, and the effects of farming practices on ecosystems at local, regional and national level. There is a general recognition of the need to improve environmental performance of agriculture, through enhancing the beneficial, and reducing the harmful environmental effects, and to ensure the sustainability of resource use. Starting from that recognition, such a treatment is based on the argument that the state of the environment interacts with the economic situation; human activities exert pressure on the environment, like generation of pollution and waste, and also depend on the environment, as far as the inputs of natural resources are concerned, like water, sea, forest and land resources. Across Vlora Region, the relative importance accorded to the beneficial and harmful environmental effects of agriculture is often related to the density of population and the pressure of population on agricultural land use and water supplies. Nowadays, Vlora agriculture continues to face problems that are characteristic for the period of its consolidation,

¹⁰⁴ INSTAT, data from 2011 census

¹⁰⁵ http://akzm.gov.al/index.php?option=com_content&view=featured&Itemid=412&lang=us

Vlora region

based on an improving legislation and the new agriculture strategy. Beside the gradual change of the crop structure, as well as the demand for agricultural products different from previously, the agriculture is faced with concerns and interventions on the environment. Agriculture policy in Vlora still lacks that variety of policy measures which will address environmental concerns and the development of indicators to track the state and trends of environmental conditions in agriculture. The main environmental impacts of agriculture may be characterized through the beneficial or harmful contribution of agricultural activities to soil quality (erosion, desertification, compaction, pollution, stepping, nutrient supply, moisture balance, etc).

ANNEX 8. SWOT TABLES SUMMARISING SEPARATE TABLE FOR EACH SECTOR SELECTED FOR SUPPORT (LINKED WITH CHAPTER 4 OF THE IPARD III PROGRAMME)

Primary meat production

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long traditions with breeding small ruminants and livestock production in general. • Crossbred cows with beef breed are increased (up to 50%) providing calves with high daily gain. • Small ruminants' local breeds are well adapted to local conditions and products are appreciated by consumers • Investments in large and modern pig and broiler farms. • Technological changes in large pig and broiler farms have a positive impact on meat production. • Good operational slaughterhouses in large farms of pigs ensuring quality product. • Largest integrated poultry farms are equipped with hatchery, feed mill, and slaughterhouse • Largest integrated poultry farms are equipped with hatchery, feed mill, and slaughterhouse • Increasing activity of animal fattening/finishing (ruminants and pigs) to replace import of live animals ready for slaughtering and meat. 	<ul style="list-style-type: none"> • Low yields in fodder production due to small farm size and high fragmentation. • Low daily body gain in fattening calves and small ruminants due to high cost of feeding and long distance to pastures and sometimes low quality of pastures • Low quality of hay and silage in small/medium farms • Limited amount of compound feed used for fattening calves and small ruminants. • Small scale farms for fattening calves. • High cost of meat production. • Limited attention paid to animal welfare and environmental cleanliness. Improper storage of manure. • The heterogeneity among pig farms (small and large) is pronounced. Small pig farms do not exploit sufficiently their production possibilities. • High age of farmers, no successor. Labour and quality of labour is a problem. Working in rural areas is not seen as attractive. • National Minimum Standards are not recognized by most farmers. • The live weight of slaughtered calves and small ruminants is often too low (less than 300 kg for calves and 20 kg for SR) and therefore, low profitability. • Insufficient knowhow on animal feed production, storage, animal husbandry, animal welfare and, waste management especially among small farmers. • Network of live animal markets in need of major improvement: most animal market does not comply with standards on public health, animal welfare and environmental protection.
Opportunities	Threats

<ul style="list-style-type: none"> • The establishment of NAVPP is expected to improve commodity chain governance. • NSS and IPARD III supports meat production. • High natural potential for meat and fodder production. • Increase of meat consumption in urban areas. • Access to a wider set of tools, increased flexibility in IPARD III structure and alignment to EU. Green Deal could allow to create a more suitable environment for the small-ruminants sub-sector. • Increasing meat production orientation of ruminants' breeding activities, due to dairy sector weakness. • Some improvement recorded in RUDA system (animal database). 	<ul style="list-style-type: none"> • Socio-demographic trends and depopulation in mountain areas create negative outlook for small ruminants' sub-sector. • Still unresolved issues of property rights management affect investments in livestock breeding. • Farm and technological waste environmental pollution. • The import of live animals and frozen meat from other countries. • Inadequate monitoring of plant protection products, additives, and antibiotics residues in meat. • Animal Feed price increases. • Fierce competition of imported frozen meat for processing, broilers, and broiler meat cuts for fresh consumption; import of broiler meat is rapidly increasing.
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Meat processing

Strengths	Weaknesses
<ul style="list-style-type: none"> • Presence of good examples of efficient, highly modernised processing plants with promising specialisation and market strategies which serve as good examples for other operators. • Technological changes in large meat processing plants have a positive impact on meat products • Most of the large and medium processing units applied the food safety system (HACCP) and majority applied ISO 22000 as well - the EU requirement focused on meat processing plant management comprising a prerequisite for export. • Sustainable business: Several of processing plants have 2-3 experienced owners/managers, and the young generation (family members) are involved in the business. 	<ul style="list-style-type: none"> • Food safety management systems. • Equipment, laboratories, and as well as knowledge and skills of the labour force and management • Poor technological expertise and hygiene in small processing units • Underutilization of plants capacity, especially slaughterhouses providing slaughtering services for a fee. • Poor waste disposal and treatment practices/facilities and technologies and low by-product utilization. • High cost of animal feed resulting in high meat production cost. • Little progress in developing a wider range of meat processed products

<ul style="list-style-type: none"> • Some companies have their own chain of stores. Distribution with its own means all over the country. • Good operational slaughterhouses in live animal importers facilities- the trend to close the production/processing cycle by processing salami • Increasingly consolidated ABP sub-sector, also starting to export and to re-export 	
Opportunities	Threats
<ul style="list-style-type: none"> • Increased meat products consumption in large urban areas. • Favourable government policy for the sector. • Development of different products to niche markets. • The appreciation of Albanian meat products from the current consumers. • Meat products export potential exist with neighbouring countries. • Legal framework for food safety largely aligned with EU standard. • Increasing demand for a wider range of meat products (meat preparations ready for cooking, a range of meat cuts, premium products etc.). • Good opportunities from ABP export and re-export. • NFA reform could bring to a more flexible and effective system of risk controls and law enforcement. 	<ul style="list-style-type: none"> • Increasing competition from other regional producers of meat products. • Commodity chain governance and law enforcement still insufficient (traceability). • Inadequate monitoring of plant protection products, additives, and antibiotics residues • Extreme competitiveness of imported standard broilers and main broiler cuts. • Price volatility of imported meat. • Seasonal price fluctuations for the raw material (the imported frozen meat or live animals). • Range of products and quality makes very competitive some imported processed meat: imports are growing.

Milk Production

Strengths	Weaknesses
<ul style="list-style-type: none"> • On-going improvement of cattle herds through artificial insemination • Small ruminants' local breeds are well adapted to local conditions and products are appreciated by consumers 	<ul style="list-style-type: none"> • Low yields in fodder production. • Poor quality of hay and silage in small and medium farms • Majority of cows are crossbred with scarce genetic potential to allow a sizable growth of milk yield.

<ul style="list-style-type: none"> • A few large modernized milk farms (mostly cattle milk) with productivity comparable to EU Member States milk farms set a viable model • Some large SR farms with vertically integrated businesses and clear market strategies 	<ul style="list-style-type: none"> • Low milk yield from small ruminants • Gap in milk production per head vs. potential - farmers do not exploit sufficiently their production possibilities • Prevalence of several animal diseases • Limited attention paid to animal welfare. • Improper storage of manure. Increasing environmental threat caused by sub-sector evolution (small farms have no means to manage manure, large farms create potential environmental hotspots) • Milk quality - Most dairy farms do not use milking equipment and cooling tanks which pose a risk to food safety. • Milk quality National Minimum Standards are not known to most farmers. • Very little production of organic raw milk, especially cow milk • Fragmented production base. High share of non-specialized farms with very few animals. • High milk production cost as compared with regional competitors. Low level of technology and labour productivity in milk production • Strong farm heterogeneity (small and large), with huge differences of outputs/results between the best and the worst. The sub-sector is polarising • High age of farmers, no successor. Labour and quality of labour is a problem. Working in rural areas is not seen as attractive. • Persistent high level of informality in the sector penalize investments and slow down primary production sector reorganization. • Interests of dairy farmers, especially small ones, are scarcely represented by agriculture and sectoral representative and advocacy groups.
Opportunities	Threats
<ul style="list-style-type: none"> • Potential for larger fodder production • Exploit dairy hub program with Tetra Laval and scale up the experience, based on lessons learnt, also using existing bilateral cooperation tools. 	<ul style="list-style-type: none"> • Socio-demographic trends and depopulation in mountain areas create negative outlook for small ruminants' sub-sector. • Still unresolved issues of property rights management affect investments in stables and perennial forage crops.

<ul style="list-style-type: none"> • Increase of dairy products consumption in large urban areas leads to overall increase in raw milk demand • Overall consumers preference for domestic products • The reference legal framework is broadly harmonized to EU Acquis and is expected to remain stable • Milk production ranks high in agriculture policies priorities; NSS and IPARD consistently support milk production - it is a governmental priority. • Access to a wider set of development support tools, increased flexibility in IPARD III structure and alignment to EU Green Deal could create a more suitable environment for the dairy production, especially small-ruminants. • The establishment of NAVPP is expected to improve commodity chain governance. 	<ul style="list-style-type: none"> • Environment pollution due to overall farming and industry. • Weak law enforcement in primary production compliance with legal requirements (animal health, hygiene in stables, management of manure and waste). • Still incomplete legal framework on animal welfare. • Inadequate monitoring of plant protection products, additives and antibiotics residues in milk products. • Persisting weakness of raw milk prices. • Availability of fresh milk and powder milk from other countries (especially Serbia) with very competitive quality/cost ratio • Animal Feed price increases. • Insufficient and inadequate provision of extension services
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Milk Processing

Strengths	Weaknesses
<ul style="list-style-type: none"> • Technological changes in large dairy processing plants have a positive impact on quality of milk products. • Large and medium-sized processing plant substantially improved range and competitiveness of milk and fresh dairy products offered. • Most of the large and medium processing units apply HACCP and majority applied as well ISO 22000 which are the EU pre-requisite for export. • Management knowhow generally appropriate to business size: several processing plants have 2-3 experienced owners/managers; younger generation (family members) is involved in the business. 	<ul style="list-style-type: none"> • Difficulty to source quality milk from small farmers (hygiene). Most dairy farms do not use refrigeration tanks which pose a risk to food safety. • Underdeveloped raw milk collection systems in certain parts of the country. Poor infrastructure for milk collection in mountainous areas. • Poor technological expertise and hygiene in small dairies (baxho). • Dairy plants use only part of their processing capacity, especially large ones (average 60%-70%) • Few established brands. Most cheese is sold without a brand
	<ul style="list-style-type: none"> • Difficult to challenge the dominant position of the two dominant actors, due to limited market size and level of investments required to be competitive; little space for newcomers (a weakness especially for the new comers). • Seasonal price fluctuations for the raw material • Very few companies treat waste and wastewater according to norms.

Opportunities	Threats
<ul style="list-style-type: none"> • Increase of dairy products consumption in large urban areas • Priority sector for agriculture policies and support facilities (IPARD) • Increased consumers' income and market segmentation create space for products with higher added value • Segmentation of demand creates conditions for more articulated marketing policies: widening product range, development of premium product lines, artisanal and GI production • Potential to increase cheese export, because there is a demand • The legal framework on production, collection, processing of milk and milk-based products is updated and harmonized <p>Consumers' preference for Albanian dairy milk products from the current consumers</p>	<ul style="list-style-type: none"> • Increasing competition from milk and dairy imported products • Commodity chain governance and law enforcement still insufficient (traceability) • Lack of specific strategies for the development of bigger and smaller processing plants. • Weak demand for goat dairy products • Increasing cheese imports, offering very wide range of products and good price/quality ratio • Inadequate monitoring of plant protection products, additives and antibiotics residues • Unfavourable VAT regulation for formalized the milk processors.

Fruit and vegetable sector

Strengths	Weaknesses
<ul style="list-style-type: none"> • Tradition in production of main fruits and vegetable • Good soil and climate conditions for a wide range of fruits and vegetable • Existence of clusters for some products (e.g., greenhouse vegetable (Lushnje-Berat), fruit such as apple (Korce), mandarin etc, with accumulation of expertise, services etc. • Growing number of larger farms. • A major current advantage for processing is the low labour cost in Albania. • Consolidating trade channels (for some products and markets). Some farmers have stable relation with exporters, who also provide the farmers high quality seedling in line with export market demand. • Vegetables' greenhouse is an export-oriented success story, with good competitiveness and growing emphasis on using high quality inputs. • Recent growing interest and willingness to cooperate among farmers. • Export-oriented quality certifications are being adopted and promoted by large farms: these leading farms are stimulating organisation of farmers. 	<ul style="list-style-type: none"> • Small farm size and fragmentation of production base • Heterogeneity of varieties within the same farms (e.g., for fruits) • Insufficient attention to quality of inputs, affecting yields, quality and eventually residuals: low price is more important, as access to inputs is affected by farmers' low financial capacity. Smaller vegetable farmers often tend to produce seedlings on farm. • Some varieties are not suitable both in terms of production as well as market demand • Weak production technology, equipment and infrastructure, including irrigation. • Despite the increase in storage capacities, current cold storage capacities do not meet the demand. • Insufficient farmers know-how or inappropriate practices related to plant protection, with low attention to farm-to-fork principles, and postharvest: the incapacity to control timing of harvesting or sell may lead to price risk Improper use of inputs can affect product quality. • Low level of digitalisation of the production. • Farmers hardly carry out any lab analysis (e.g.,

	<p>soil analysis)</p> <ul style="list-style-type: none"> • Weak agroindustry, with small absorption of primary production. • Lack of qualified technicians and technical assistance. The main source of advice is input suppliers. Absence of weather monitoring systems to facilitate adoption of IPM. • VET, research and technology transfer in horticulture lag and cannot fulfil the needs. • Downstream value chain and services to farmers (market information, post-harvest, insurance, finance, etc.) are weak. • Price and quality of inputs are seldom satisfactory: chemical treatments against diseases and pests have a high cost. • While a legal framework for inputs exists, the low implementation and lack of adequate controls are a serious concern for the progress of the sector.
Opportunities	Threats
<ul style="list-style-type: none"> • High and increasing domestic demand for fruit and vegetable also due to increased awareness about health, which is enlarging and expanding the demand. • Growing tourism implies growing market in the long run • More attention to quality of products from domestic consumers. Growing national consumer preference for local fruit and vegetable. • Use of local varieties with a very good commercial potential. • Selected seeds suppliers cooperate with collection points, to orient jointly farmers for those varieties which are mostly demanded in the market. • Favourable government policy for the sector • Potential support to introduce GIs. • The alignment to EU-Green Deal stimulates the improvement of the environmental performances of the domestic horticulture. • Energy is largely obtained from renewable sources. 	<ul style="list-style-type: none"> • Improper quality of inputs is a concern for efficiency and quality of products. • Insufficient financial management, lack of cost analysis may lead to ‘blur’ financial situation and low financial predictability of farms. • Greenhouse export is focused on regional countries (Kosovo, Serbia, Bulgaria, Bosnia e Herzegovina) at relatively low reported prices. • Unreliability of farmers in respecting supply contracts agro-processors make difficult establishing long-term contracting relations with supplying farmers.

Fruit and vegetable sector of processing

Strengths	Weaknesses
<ul style="list-style-type: none"> • Domestic processing companies have gained a stable market share for some products • The present production range of processed fruit has a competitive price edge toward imported products. • Strong consumer preferences for local processed food, including diaspora. • Growing technological and managerial experience for the successful companies. • Some large processing plants already made significant investments to improve their facilities according to international standards. 	<ul style="list-style-type: none"> • Collaboration in the processing sector among companies is low. • Fragmentation of primary production limits competitiveness of raw materials for processing. • Scarce and expensive working capital available • Existing economies of scale not compatible with production of glass packaging, the most diffused. Dependence on expensive imported (glass) packaging. • Fragmentation of production, increasing costs and complexity of logistics. • Unfair competition from informal processors. • Lack of contracting for some products and processors – relying on spot market does not guarantee traceability • No institutionalized stakeholders to facilitate production contracts (POs and industry association). • Inability to meet EU standards for the very small F&V processing enterprises. • VET, research and technology transfer in horticultural processing lag and cannot fulfil the needs. • Lack of specialised, efficient production for processing. • Lack of qualified specialists (F&V processing technology, laboratory etc.) in rural areas. • Technology of processing not yet aligned with high environmental requirements. • Limited production diversification.
Opportunities	Threats
<ul style="list-style-type: none"> • Low cost of raw material in peak production periods. • Increasing consolidation in the distribution sector will give the opportunity to increase specialization and focus on best products. Strengthening of supermarket chains is forcing larger companies to increase standardization and control of products, 	<ul style="list-style-type: none"> • High competition from imported products for high end-market segments. Majority of processed import products are more competitive than the domestic productions in terms of both price and quality. • Strengthening of supermarket chains leads to higher working capital requirements, because of longer payment periods and

<p>reducing the room for informal competitors.</p> <ul style="list-style-type: none"> • Strong consumer preference for local products • Growing e-commerce in the wake of COVID19 pandemics. • No duties on equipment imported from medium-technology countries. • Favourable government policy for the sector. Availability of support and subsidies (including IPARD III) for enterprises which will adopt higher standards. • Potential support to introduce GIs. • The alignment to EU-Green Deal stimulates the improvement of the environmental performances of horticulture processing. • Access to services has improved (such as marketing, labelling). • Lack of access to services is a weakness. • Undergoing improvement in post-harvest will increase quality of raw material for industry, especially fruit. • Post harvest losses are a weakness increasing unit costs of products for sale. • Good climatic conditions and natural resources for growing a wide range of different raw fruit and vegetables. • There is a tradition in the production and consumption of processed fruit and vegetables. 	<p>because they find it easier and cheaper to deal with imported products, making competition from imports more direct and international producers benefiting from well-established brands and from access to distribution channels.</p> <ul style="list-style-type: none"> • Prices of fresh agriculture products, especially vegetables, are very volatile and subject to speculation of trade. • Increased awareness about health is reducing the domestic demand for processed fruit and vegetables. • Domestic market is not yet demanding much in terms of marketing standards. • Strong competition from other countries for most processed fruits (e.g., juices) and vegetable (including tomatoes sauce and ketchup). • Pressure for formalization increases processing and distribution costs. • Growing pressure to comply with national and EU standards • Informal operators thriving because of lax market surveillance and law enforcement <p>Depopulation of rural areas. Difficulty to find, qualified employees. Limited interest of youngsters for vocational training.</p>
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Primary olive production

Strengths	Weaknesses
<ul style="list-style-type: none"> • Tradition and consolidated knowhow in olive production both for table and olive oil processing. • Cultivation of local varieties with a very good commercial potential both for table and processing. • Sizable added value per production unit related to short value chains. • Existence of olive producers' clusters in Berat and Elbasan. • Improving provision of services from private sector. • Consumers consolidated practice to buy olive oil directly from olive growers. 	<ul style="list-style-type: none"> • Fragmentation olive production base • Low production yields. • Weak distribution. • Lack of equipment (e.g. related to harvesting) • Insufficient farmers' practices and knowhow or inappropriate practices related to pruning, fertilization, protection, harvesting techniques and lack of efficient tools resulting in low quality of olives. • Part of olives are planted in locations which are not suitable • New plantations are not established on the base of proper technical advice (location,

<ul style="list-style-type: none"> Increasing demand for agri-tourism provides opportunities for olive farms with old olive groves in suitable areas. 	<p>varieties not suitable to local conditions, etc.)</p> <ul style="list-style-type: none"> Inadequate coordination of logistics in harvesting period, affecting performance and quality of product. Lack of producer organizations Lack of storage capacity affects quality of olive oil directly sold to consumers Accumulation of olive oil reserves at farm level (e.g. 2020 – 21 season) which implies competition for agroindustry. <p>Planting olives is sometimes perceived as a cheap tool to reassert property rights in planted areas rather than a productive investment</p> <ul style="list-style-type: none"> Inadequate plant protection practices when subsidies are not available, especially for olive-oil oriented productions
Opportunities	Threats
<ul style="list-style-type: none"> High and increasing domestic demand for olive oil Growing tourism, including growing rural and agri-tourism, implies growing market potential Growing demand for high quality and organic olive oil. Favourable government policy for the sector Favourable agro-climatic conditions for olive oil production, with good soil and climate conditions, and existence of olive oil clusters in various parts of the Country. Strong consumer preference for local olive oil and to buy olive oil directly from farmers / producers. Available processing capacity and presence of olive oil mills in all olive producing areas, which makes it easy for farmers to process their olives Olive production has limited environmental impact. 	<ul style="list-style-type: none"> High production risk related to climate change effects Importing olive oil with a better price/quality ratio, thereby making it more difficult for farmers to sell both their olives to olive oil processors and also olive oil. Pressure for formalization will make it more difficult for farmers to sell olive oil (e.g. to HoReCaetc). Weakening social ties between rural and urban residents (e.g. family and other ties) which will make it more difficult to sell directly to households. Degeneration of some local varieties such as Kalinjot. Increasing scarcity and cost of agricultural workforce, especially in harvesting period Still inadequate availability of public and private services.

Olive oil processing

Strengths	Weaknesses
<ul style="list-style-type: none"> • Tradition in olive oil and table olives processing • Consolidation of several olive oil processor and table olive processor. • Some small oil mills have reached high quality standards, gaining national and international awards. • Some small oil mills have reached high quality standards, gaining national and international awards. • Service & mediation business model is financially efficient (low financial immobilisation) 	<ul style="list-style-type: none"> • Fragmentation of olive production base resulting in excessive farm-gate price of olives • Low quality of olives, due to poor agronomic, harvesting and post-harvesting practices. • Low level of capacity utilization • Low/limited cooperation with farmers • Growing number of outdated factories • Scarce oil storage capacity affect olive oil quality • Lack of investment in bottling and labelling • Lack of investment in olive oil waste processing • Climate change impact will require additional investments for irrigation in some areas and make cultivations not viable in some lowland areas. • Processing overcapacity affecting fixed costs
Opportunities	Threats
<ul style="list-style-type: none"> • Growing production trends of raw olives. • High and increasing domestic demand for olive oil • Some export demand for high quality olive oil • Favourable government policy for the sector • Potential support to introduce GIs. • Strong consumer preference for local olive oil and to buy olive oil directly from farmers / producers. • Growing production trends of raw olives and cultivation of local varieties with a very good commercial potential • Climate change impact will make perennial Mediterranean crops more viable than annual crops in areas affected by scarcity of water • Cultivation of local varieties with a very good commercial potential • Strong consumer preference for local olive oil • Growing interest and favourable market structure in introducing GI. 	<ul style="list-style-type: none"> • Accumulation of olive oil reserves both at farm and processor level (e.g. 2020 season) • Strong competition from production from other Mediterranean countries (especially Italy, Greece, which are neighbouring countries) • Pressure for formalization increases processing and distribution costs. • Growing pressure to comply with national and EU standards - lack of compliance with certain standards. • Fragmentation of olive production base results in excessive farm-gate price of olives • Low quality of olives, due to poor agronomic, harvesting and post-harvesting practices at farm level. • GIs not yet functional • Lack of pomace oil refinery increase complexity of virgin olive cake management

<ul style="list-style-type: none"> • Possibility to import qualitative olive oil and table olives in bulk when raw olive price grows too much • Processing capacity oil mills can absorb larger production without additional investments. 	<ul style="list-style-type: none"> • Unstable relations with farmers (the yearly demand for oil milling services and the willingness of farmers to sell raw olives and olive oil is scarcely predictable) • GI introduction will segment the market, generating a downward price pressure on processing companies which have not a brand. • GI introduction could create downward pressure on prices on olive-oil oriented productions in areas where the value chain is less organised • Strong consumer preference to buy olive oil directly from farmers / producers
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Medicinal and aromatic plants

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long experience/expertise in MAPs collection, cultivation, and trade • Large investments at processing level by leading sector operators • Considerable investments in the food industry (tea, herbs, and spices) • An emerging export-oriented tea infusions production industry. • High quality of Albanian wild MAPs. 	<ul style="list-style-type: none"> • Poor or inadequate harvesting and post-harvesting practices and techniques • Insufficient investments upstream the chain, especially drying and storing facilities. • Insufficient capacity in sterilization • Insufficient capacity for essential oil distillation and no processing lines for essential oil refinement. • Lack of in-country laboratory for quality controls • Poor multi-level governance • Limited capacity in market intelligence. • Lack of contractual governance • The disruption of supply chains due to competition between Albanian processing and exporting companies.
Opportunities	Threats
<ul style="list-style-type: none"> • Growing international demand for wild and cultivated MAPs and essential oils • Growing domestic market demand for tea, herbs, and spices • Large areas available for cultivation of MAPs • Favourable donor support policy for the sector • Suitable soil and climate conditions for MAPs sector development. • Recognition of the high quality of Albanian wild MAPs. 	<ul style="list-style-type: none"> • Depopulation of some inner, mountainous areas. • Damaged wild MAPs population puts at risk both sector sustainability and biodiversity. • Growing labour costs and increased labour shortage in MAP cultivation • International market dynamics impose to accelerate and widen investments • Limitations in access to qualified human resources

	<ul style="list-style-type: none"> • Cultivated MAPs market price cyclical shocks • Insufficient provision and difficult access to qualified technical and marketing advisory services
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Timber and Wood Products

Strengths	Weaknesses
<ul style="list-style-type: none"> • Relatively large forest cover • Fuelwood production • Forage production • Sightseeing of natural and cultural attractions • Employment of local population in forest works • Forest recreation and ecotourism development 	<ul style="list-style-type: none"> • Degraded wood stock • Lack of funds for investments • Lack of funds for management plan studies • Lack of tools for sustainable forest management assessment and integration in forest management plans • Lack of know-how (new technologies and tools for sustainable forest management) • Insufficient professional development and management capacities • Difficulties to enforce the law • Insufficient staff and expertise • Limited forests infrastructure • Limited information/knowledge on forest resources • Low transformation of wood into value-added forest products • Resistance to change in the sector
Opportunities	Threats
<ul style="list-style-type: none"> • New modern forest information system (Forest cadastre) • Support wild flora and fauna biodiversity • Support of mountainous population employment • Income support of mountainous population • Expansion of forest lands • Renewability of the resource • EU integration process, access to EU funds • Development of international/national protection projects • Raised environmental awareness on sustainable forest management issues • Available capacity building programs • Biodiversity conservation/protection • Planning of natural disasters prevention • Clear forest management mechanisms • Available new technologies for sustainable forest management 	<ul style="list-style-type: none"> • Wildfires • Diseases, insects • Climate change • Landslides, erosion • Invasive plant species • Illegal lodging and rural poverty • Forest land encroachment, mining activities • Hydropower development • Land use change in management, abandoning of forests • Demographic changes, decrease of population and emigration • Resistance to change in the sector • Forest land tenure problems • Societal pressures (demand) for firewood

Non-timber forestry products

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long experience/expertise in MAPs collection, cultivation, and trade • Large investments at processing level by leading sector operators • Considerable investments in the food industry (tea, herbs, and spices) • An emerging export-oriented tea infusions production industry. • Recognition of the high quality of Albanian wild MAPs 	<ul style="list-style-type: none"> • Poor or inadequate harvesting and post-harvesting practices and techniques • Insufficient investments upstream the chain, especially drying and storing facilities. • Insufficient capacity in sterilization • Insufficient capacity for essential oil distillation and no processing lines for essential oil refinement. • Lack of in-country laboratory for quality controls • Poor multi-level governance • Limited capacity in market intelligence. • Lack of contractual governance • The disruption of supply chains due to competition between Albanian processing and exporting companies.
Opportunities	Threats
<ul style="list-style-type: none"> • Growing international demand for wild and cultivated MAPs and essential oils • Growing domestic market demand for tea, herbs, and spices • Large areas available for cultivation of MAPs • Favourable donor support policy for the sector • Suitable soil and climate conditions for MAPs sector development 	<ul style="list-style-type: none"> • Depopulation of some inner, mountainous areas. • Damaged wild MAPs population puts at risk both sector sustainability and biodiversity. • Growing labour costs and increased labour shortage in MAP cultivation • International market dynamics impose to accelerate and widen investments • Limitations in access to qualified human resources • Cultivated MAPs market price cyclical shocks • Insufficient provision and difficult access to qualified technical and marketing advisory services

Forestry Based Energy Products

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large coppice forests • Existing experiences in the country • Income opportunity from the forestry sector 	<ul style="list-style-type: none"> • Lack of capacities/funds of forest institutions to control/enforce • Wood processing plants lack access to materials • Limited information on forest resources and potential

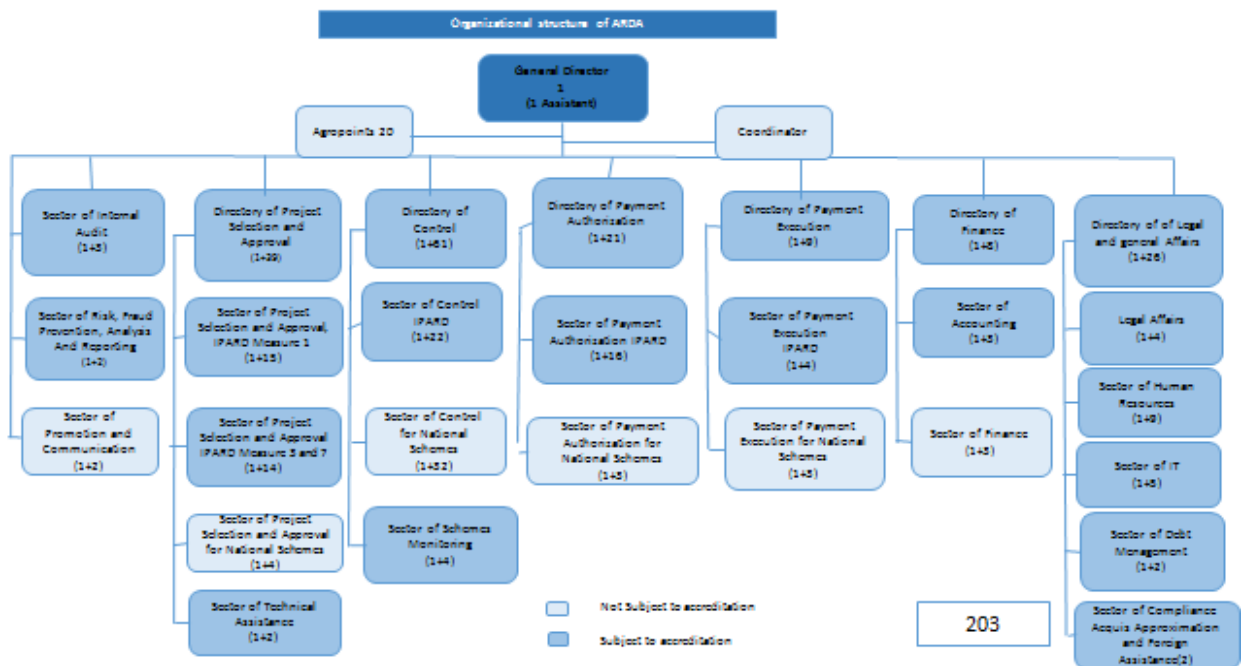
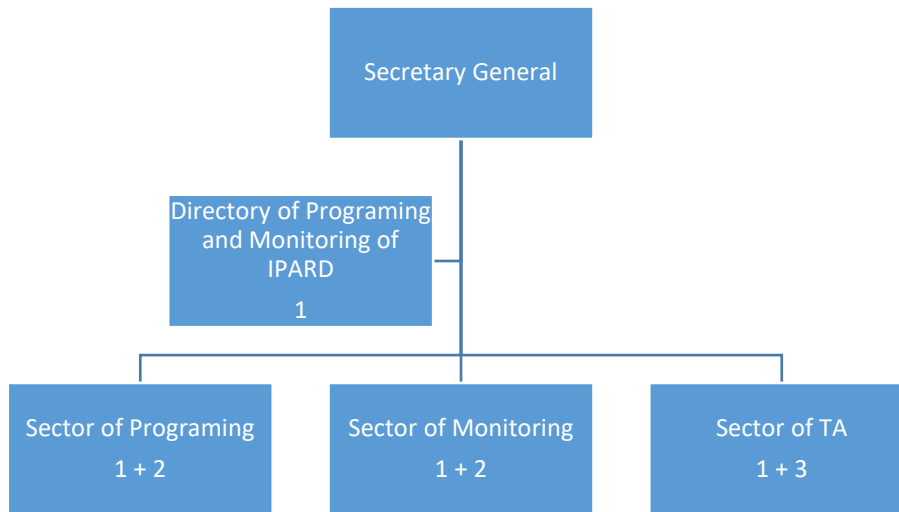
	<ul style="list-style-type: none"> • Poor condition of forest roads • Limited availability of locally manufactured efficient technologies
Opportunities	Threats
<ul style="list-style-type: none"> • High demand for fuel wood/ pellets • Cost-effective use of fuelwood • Availability of energy efficient technologies (Use of more efficient stoves (improved stoves/ pellets) • Land seems available to set up tree plantations • EU green deal/WB Green Agenda (Availability of EU funds) • Renewability of the resource • Climate change programs 	<ul style="list-style-type: none"> • An increased demand could be an incentive for unsustainable forest management and boost illegal practices • Particulate emissions from burning wood biomass • Climate change • Forest fires

Vineyard farmers

Strengths	Weaknesses
<ul style="list-style-type: none"> • Local/autochthon grape cultivars are well adapted to local conditions and appreciated by consumers. • Cultivation of autochthon grape varieties by wineries producing high quality wine and by farmers in certain areas is becoming a trend. • Farmers' tradition in grape production motivated by high demand for raki production; Traditional knowledge on grape production. • Emerging category of farmers interested in product safety and quality. • Emerging/growing category of farmers interested in cost calculation and financial literacy. 	<ul style="list-style-type: none"> • Errors in selecting grape cultivar according to the condition of climate and soil. • Use of uncertified planting material (seedlings). • Limited know-how/skills on grape grafting needed to convert to cultivar suitable to wine. • Insufficient know how in terms of plant protection and plant nutrition. • Insufficient knowledge in wine grape production technology: strong orientation towards quantity at the detriment of grape quality. • Limited know-how on food products quality and safety standards. • Limited know how on pre-harvest raw material analysis (estimation of sugar, acidity, pH), harvest and post-harvest and production quality assessment.

	<ul style="list-style-type: none"> • Poor physical assets base, in terms of special vineyard machineries and equipment. • Low grape price since not suitable for wine production. • Lack of knowledge on sustainable farming (including soil conservation and environment protection) and climate change mitigation. • Lack of marketing skills among producers. • Only a small proportion of farmers are financial literate and very few have know-how on business plan preparation. • Difficult access to market due to lack of business relationships with wineries.
Opportunities	Threats
<ul style="list-style-type: none"> • Increased demand for wine grape from wineries. • Favourable government policy for the sector in the recent past. • Access to public funds for improvement in the previous programming period. • Government support for autochthon grape varieties. 	<ul style="list-style-type: none"> • Recent decreasing support from public funding. • Increasing competition from other regional producers: (still some) import of grape juice for wine production. • Competition from imported wine; import of wine at very low prices. • Still unresolved land property rights hampers investment in increasing vineyard area. • Production risk due to climate changes, including more frequent hail precipitation and abnormally high temperatures.

ANNEX 9. ORGANOGRAM OF MA AND IPARD AGENCY



ANNEX 10. RESULTS OF CONSULTATIONS – SUMMARY

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/person consulted	Summary of the results
<p>Objectives of the measures 11 Eligibility rules Selection criteria Budget</p>	<p>19.03.2021</p>	<p>1hr.30min</p>	<p>Leonidha Peri- Dean of the Faculty of Forest Sciences</p> <p>Ylli Hoxha- Head of Forest and Pasture Sector (MTE)</p> <p>Erion Istrefi- Environmental Services Project Coordinator</p> <p>Bilena Hyseni - Specialist National Forest Agency</p>	<p>The measure of investments in forests should also support the financing of monitoring systems of various pests and diseases in forests. Municipalities do not have the ability and capacity to manage various pests and diseases ; Afforestation of agricultural lands with forest species should not be prioritized;</p> <p>More detailed information should be presented in the sectoral study regarding the medium-high risk areas to be considered as priority areas for taking preventive measures in case of forest fires (N Proposed and considered priority investments under the forest measure should be a logical flow of sectoral study, SWOT analysis and identified needs rather than following the IPARD program priorities under other measures;</p> <p>The level of support for the measure for the drafting of new management plans for forests and pastures should be increased, so it will be possible to make investments in many municipalities of the country which currently lack valid plans for forests and pastures.; Involvement of KPA in project acceptance and control of works as Authority that monitors forest management standards, performance and methodologies;</p>

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/person consulted	Summary of the results
			<p>Albora Kacani - Specialist National Federation of Forests and Pastures</p> <p>Mrs. Drita Dade- TTL of Environmental Services Project (World Bank)</p>	<p>The inclusion of mountain system works in combination with afforestation to mitigate the effects of erosion should be seen as a priority, as well as forest fire prevention measures are important ;</p> <p>The measure of investments in forests should provide special support for traditional forest and pasture users (such as farmers and forest users' associations) through contracts provided by the respective municipalities. Also support to guarantee the drafting of new management plans for forests and pastures.</p>
<p>Objectives of the measures 11</p> <p>Eligibility rules Selection criteria Budget</p>	13.04.2021	1hr.30 min	<p>Ms. Silvia Mauri- Senior Agricultural specialist (World Bank)</p> <p>Mrs. Anja Nordlund- Gender expert (SIDA)</p> <p>Ms. Rezarta Katuci- Gender expert (SIDA)</p> <p>Ylli Hoxha- Head of Forest and Pasture Sector (MTE)</p>	<p>Forestry measure should contain elements of gender balance; Criteria should be set incorporating gender balance requirements when preparing the call for grants;</p> <p>-Private farmers should be prioritized and women applicants receiving extra points in ranking;</p> <p>Verification of standard of works, project proposals, and evaluation of investment sites before project investment must be done by forest experts of NFAMTE; MARD will have to sign a memorandum of understanding with MTE for measure implementation</p> <p>Two separate calls should be applied in order to avoid the risk of municipalities benefiting all funds available for the call, leaving FPUAs/NGOs as non-grants beneficiaries. Municipalities can be eligible applicants in one sub-call, while FPUAs/NGOs and private farmers may be eligible to apply in the other sub-call;</p> <p>The risk of exclusion of forest and pasture user associations as potential beneficiaries of the forest-based investment scheme should be avoided, where the appropriate solution is to call with two sub-calls according to applicants (1. forest and pasture users associations and farmers local government units) through which it is guaranteed to benefit all users (avoids the risk of absorption of all funds available from the respective municipalities</p>

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/person consulted	Summary of the results
			Erion Istrefi- Environmental Services Project Coordinator	Verification of technical standards of works in forests and pastures and evaluation of technical project proposals should be performed by experts in the field of forests The rights of users of associations must be respected
	27.03.2021	1 hour	Adem Tocilla- member of LAG Kimete Mazari- NGO Integration Fabjola Derxhiu- representativ of LAG in Kosovo. Petrit Sinaj- NGO Integration Aleksander Trajce- Guesthouse	Construction of Hydropower Plants not to be eligible in the measure 5. The separate Law needs to be adopted for establishing LAGs. LAG of Decan, Kosovo is a very good example to be taken into consideration. They have done several projects starting from sportive center, a park for children, projects for tourism, etc LAGS have to collaborate among The measure LEADER on the preparation and implementation of local development strategies will be very difficult to implement. The construction investments must be allowed to be undertaken inside the protected areas, under measure LEADER approach/. The Statute of the organization of LAGS must be unified for all the same.
	15.04.2021		Mirgen Dobruna- ARDA Astrit Balliu - Agricultural University of Tirana	The minimum size in fruits and vegetables sector Measure 1, must be synchronised in order to not distort farmers decision and stimulate distortionary behaviours Use a minimum criterion unified for all crops - Avoid to use minimal size in the beginning of investments for greenhouse Promote the investments in greenhouse in areas with proper climacteric conditions and less concentrated with greenhouses (as is the case of Berat and Fier). Currently in these areas there are no more spaces for investments. Prioritise areas which have de-favourised soil conditions The minimal criteria should use the quantity of milk produced not the number

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/person consulted	Summary of the results
criteria Budget		14.00	Mirgen Dobruna	Avoid overlapping on Measure 3 with measure 7 on regards to wine. In the LEE may be included restaurants and degustation rooms as marketing investments
		14.10	Rigers Kacorri	There is a need for Cadastral update on wines Avoid concentration on large investments -there is a risk for dumping in the market Costs are slightly undervalued in terms of vineyard investments costs per 1 ha
		14.30	Mirgen Dobruna	In the case of slaughter houses there is a risk for too concentrated investments. The limit for NUTS 3 have to be escaped. Is there a need for anatomic division on meat or additional processing There is a space to invest in meat processing
Objectives of the measures Eligibility rules Selection criteria Budget	28.4. 2021	13.50 to 154.50	Mirgen Dobruna	There is a need for defining the handicraft business in order to avoid presence of other types of investments in the measure - Edvin Zhllima. One approach is adding a maximum value (at 20 ths Euro) - Another approach is to add a legal criteria or space criteria. In the report was added the criteria as defined in Law 70 of 2016 Act 4 on definition of handicraft.
	28.04.2021	13.50 to 14.50	Majlinda Hoxha World Vision	- Additional trainings to be carried out, in order to increase the general capacities for preparation successful application. - To have more support in irrigation channels.
	28.04.2021	13.50 to 14.50	Nikolin Karapançi Association Agrinet	- Budget for Agri environment and organic farming to be higher.

ANNEX 11. EX-ANTE EVALUATION REPORT

An *ex-ante* evaluation of the Albanian Rural Development Programme under IPARD 2021-2027 (abbreviation: IPARD III), coordinated by Ecorys Croatia, was carried out by a team of evaluators in the period June – August 2020. The work comprised (i) review of relevant documents/studies, (ii) assessment of the programme-related SWOT analysis, (iii) assessment of expected impacts, (iv) assessment of proposed implementation procedures, including monitoring, evaluation, and financial management, and (v) preparation of the *ex-ante* evaluation report. The *ex-ante* evaluation has to furnish the responsible authority (Albanian Ministry of Agriculture and Rural Development) with comments and recommendations aiming at improving the IPARD III programme's relevance, coherence, quality, efficiency, effectiveness, EU added value, consistency and synergy with relevant policies

Approach & methodology

The evaluation approach and methodology largely followed the instructions provided in the EC's Guidelines for *ex-ante* evaluations of rural development programmes under the Instrument for Pre-Accession Assistance Rural Development (IPARD III) from October 2020. A combination of qualitative and quantitative evaluation methods was employed. The basis for the evaluation was the Draft Rural Development Programme 2021-2027. The project team also studied numerous other documents, statistical information and paid a fact-finding mission to Albania. The relevance of the *ex-ante* evaluation is achieved through a comparative assessment of (i) the situational analysis in the Albanian agricultural and food sectors presented in the draft programme chapters 2 to 4; and (ii) the strategy, the selected measures and their design as presented in chapters 6 to 8. Efficiency is achieved through an estimation of the expected results and impacts generated by the programme interventions compared with the resources spent. Effectiveness is achieved by assessing the implementing structure in terms of the effectiveness of applied systems. The *ex-ante* evaluation also provided recommendations to the beneficiary regarding possible improvements to the programme text reflecting initiatives to increase relevance, efficiency, and effectiveness.

Key findings

General: the document style, layout and English is modest. The description of measures is generally good, but improvements of text and explanations can still lead to even better measure descriptions. The maximum levels of total eligible investment costs for measure 1 and measure 3 and the maximum level of investment costs per beneficiaries are too high and may restrict the distribution of resources to smaller and weaker farmers and agri-processors. The implementing structures are well described and are in place to facilitate an effective implementation of the programme. However, steps can be taken to increase effectiveness in ARDA and to improve the transparency of the decisions taken in ARDA. Recruitment of staff to vacant jobs in ARDA and MA is still not accomplished to support the implementation, but the recruitment processes are started. The Farm register is not in place. The animal register is not updated on a regular basis. The FADN system is not in place. However, MARD has taken steps to make sure that the registers are in place and operational when the programme is ready to be opened. Stakeholder involvement in the programming process has been good but is poorly described in the programme text. Fully implemented, the IPARD III programme will support 1,700 farmers, agri-processors

and rural dwellers and support the sector with 15,000 advisory services. The investments will generate an increase in GVA in agriculture and agri-processing of 30.9 million EUR equal to 1.16% of GVA of agriculture and agri-processing in total. As many as 2,558 new jobs will be generated, and an additional 2,558 jobs maintained in agriculture and agri-processing, equal to 1.1 % of the work force in the two sectors. Finally, investments in rural infrastructure will contribute to improved living conditions in rural areas, and support to investments in forestry and organic farming will deliver biodiversity benefits in the sector.

The appraisal of the current situation, prioritisation of needs and SWOT analysis, including the relevant economic, social, and environmental indicators provides a sound overview of agriculture, forestry, and the food sector.

The Final report on ex-ante evaluation of the IPARD Programme of the Republic of Albania for the period of 2021-2027 is available for downloading on the following link:

<https://bujqesia.gov.al/wp-content/uploads/2021/10/Final-ex-ante-IPARD-III-ALB.docx>