

ANALYSIS OF POLICY FRAMEWORKS RELATED TO CIRCULAR ECONOMY IMPACT IN AGRICULTURE, ALBANIAN CASE

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Gecaj Merita

Agriculture University of Tirana, Albania

mgecaj@ubt.edu.al

Abstract

The transition to a circular economy (CE) is a critical pathway for achieving sustainable development, particularly in developing countries like Albania, where resource efficiency and waste management are pressing concerns. This study examines the interplay between regional development policy frameworks and the adoption of circular economy principles in Albania, analyzing it through agriculture sector. Agriculture is a vital sector in Albania, contributing significantly to GDP more than 18.5 % (INSTAT, 2023). However, the sector faces challenges such as low productivity, resource inefficiency, and environmental degradation. These issues present opportunities for circular economy (CE) practices, which focus on reducing waste, improving resource efficiency, and enhancing sustainability.

The study explores how existing policies focus subsidies to agriculture sector, institutional capacities, and economic strategies influence the implementation of CE practices. The paper highlights key barriers, including regulatory gaps, limited awareness, and infrastructure deficiencies, while also identifying opportunities such as EU integration incentives, access to green funding, and community-level initiatives. By analyzing case studies and policy approaches, the research provides actionable recommendations for aligning regional development goals with CE principles. It concludes that a more integrated policy framework, supported by robust governance and stakeholder engagement, can accelerate Albania's transition to a circular economy, fostering economic resilience, environmental agriculture sustainability, and regional equity.

Key words: *circular economy, legal framework, agriculture subsidies, impact assessment*

INTRODUCTION

In Albania, the integration of circular economy principles into agricultural subsidy schemes is gradually taking shape, driven by national goals for sustainability and alignment with the European Green Deal. Policy Framework has been incorporating circular economic goals into its legislative framework, focusing on waste management and sustainable energy. The National Plan for Integrated Waste Management outlines mechanisms and actors involved in transitioning from linear to circular production systems. This includes reducing waste and environmental impacts in agriculture , Various EU-funded initiatives are supporting Albania's transition to circular practices. The livestock sector, a significant part of Albanian agriculture, faces challenges like inefficient resource use and environmental impacts. Efforts to incorporate circular economy principles involve reducing waste, recycling nutrients, and improving sustainability in farming practices. These measures are still in the early stages but are crucial for Albania's broader agricultural transformation . Awareness campaigns and technical training for farmers and stakeholders are being prioritized. These efforts aim to address barriers such as limited understanding of circular practices, insufficient infrastructure, and a lack of financial and institutional resources

In Albania, subsidies in the agriculture sector funded by the national budget include efforts to incorporate circular economy principles, particularly through environmental protection and sustainable development initiatives. The legal frameworks supporting these

actions aim to align with EU standards for sustainable production and waste management, as part of Albania's broader European integration strategy.

Despite early-stage implementation, several initiatives target resource inefficiencies in sectors like livestock farming (Ministry of Agriculture and Rural Development [MARD], 2023).

Awareness campaigns and technical training are essential to overcoming knowledge gaps and infrastructural limitations. In 2024, MARD allocated 3.9 billion ALL in direct subsidies, supporting sustainable farming practices, eco-technologies, and compliance with EU standards (MARD, 2024).

In 2024, the Ministry of Agriculture and Rural Development in Albania introduced several subsidy schemes aimed at enhancing sustainability and aligning with circular economy principles. The key aspects include:

Meanwhile Efforts to integrate circular practices are visible in programs supporting waste reduction, sustainable resource management, and the promotion of eco-friendly technologies in farming. The initiatives are supported by Albania’s National Strategy for Development and Integration and European Union standards. The government’s focus on aligning subsidies with sustainable practices ensures compliance with international commitments, such as the European Green Deal and climate action goals.

METHODOLOGY

A mixed-methods approach was adopted to assess CE integration in Albania’s agricultural subsidy system.

Objectives:

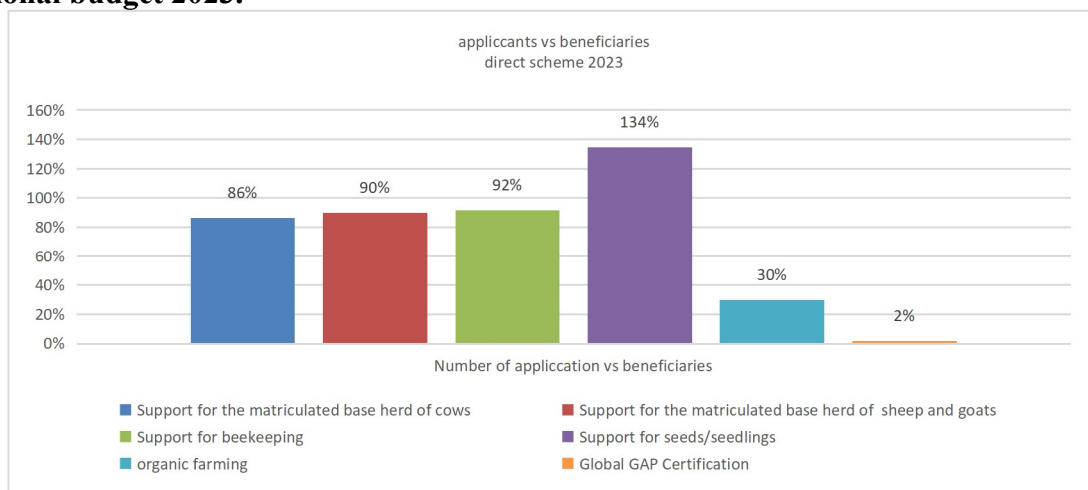
1. Analyze secondary data on agriculture subsidies and their support for CE.
2. Measure impact indicators linked to CE-related practices.

Data sources include MARD, INSTAT, UNSTAT, and national policy documents. A literature review and policy analysis were also conducted, focusing on CE-related incentives in national agricultural programs.

STATISTICAL DATA RESULTS ANALYSIS

Based on statistical data it results the direct schemes financed through national budget program for rural development.

Chart 1, Applicants vs beneficiaries by measures direct schemes financed through national budget 2023.

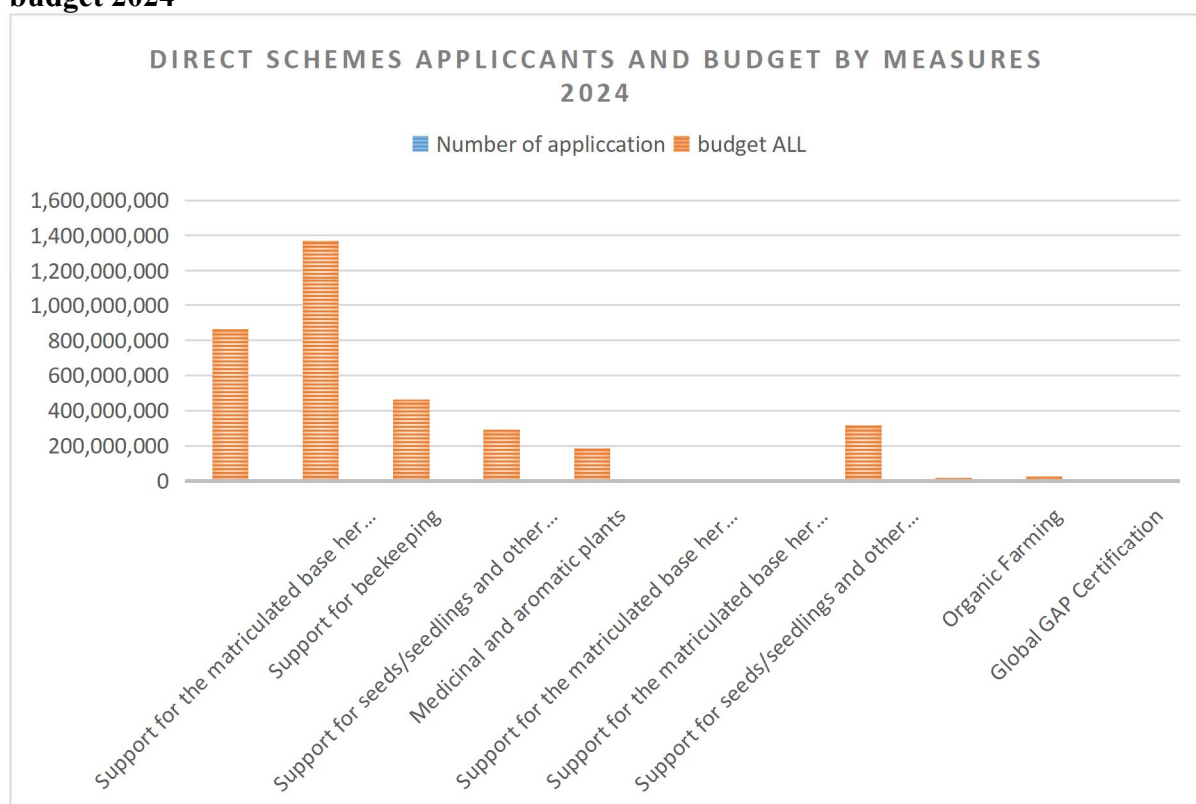


Source: Ministry of Agriculture and Rural Development, annual report 2023.

An analysis of the statistical data from the national rural development program indicates notable disparities in the distribution of direct subsidies across agricultural measures.

Chart 1 presents a comparison between the number of applicants and beneficiaries across selected subsidy schemes in 2023. The data demonstrate that the highest beneficiary rates were observed in the livestock sector, specifically for the matriculated base herd of sheep and goats, as well as in seed and seedling support programs. Conversely, organic farming exhibited a substantially lower absorption capacity, with only 30% of applicants successfully securing subsidies. This pronounced gap underscores systemic challenges in promoting environmentally sustainable practices, suggesting that organic agriculture may face structural constraints such as limited institutional support, insufficient awareness, or more stringent eligibility criteria compared to conventional agricultural activities.

Chart 2: Applicants and budgeted by measures. direct schemes financed through national budget 2024



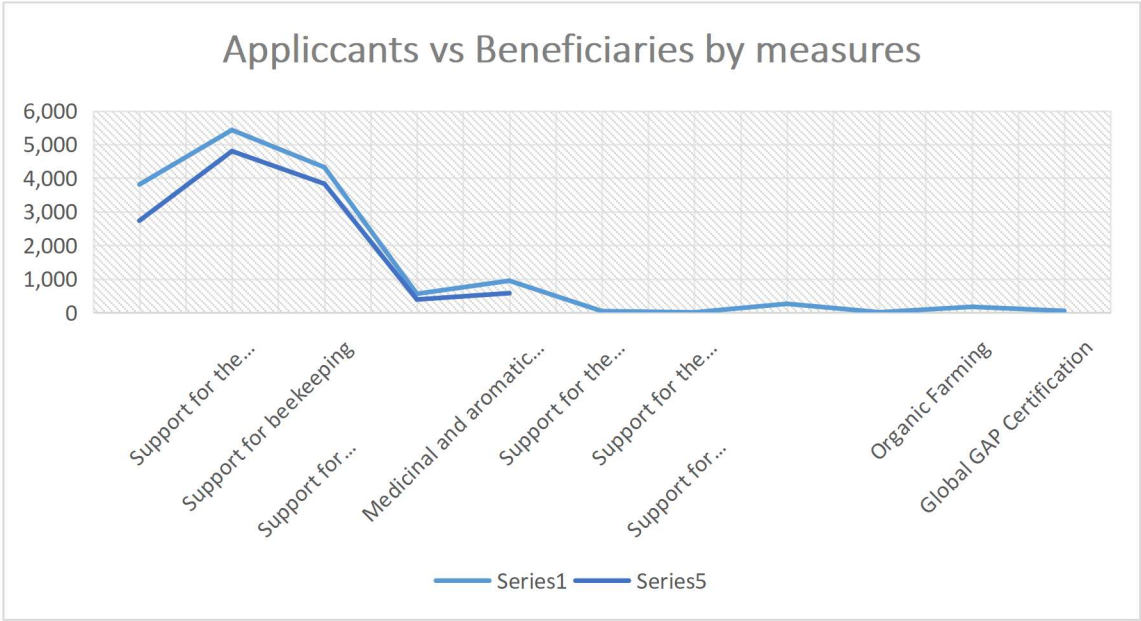
Source: Ministry of Agriculture and Rural Development, 2024

The analyzed data provide a comparative overview of both the number of applicants and the allocated budget across various measures under the direct schemes financed by the national budget for rural development as of 2024.

The data reveals a divergence between the volume of applicants and the distribution of financial resources across measures. While certain schemes, such as livestock herd support and seed/seedling programs, continue to attract the majority of applicants, the corresponding budget allocation is not always proportional to applicant demand. Some measures with fewer applicants, such as mechanization or eco-technology investments, receive relatively higher budget shares, reflecting policy priorities aimed at promoting modernization and circular economy principles.

This trend may indicate a deliberate policy shift to encourage capital-intensive investments aligned with sustainable agricultural practices, despite traditionally lower application rates. Additionally, the observed imbalance between applications and budgetary commitment highlights the need for further refinement in aligning subsidy distribution with sectoral demand, particularly in the context of advancing Albania’s transition towards more resource-efficient and circular agricultural systems.

Chart 3: Applicants vs beneficiaries by measures. direct schemes financed through national budget 2024



Source: Ministry of Agriculture and Rural Development, 2024

Chart 3 presents a comparative analysis of applicants and beneficiaries across multiple subsidy measures under the national rural development program.

The data highlights a clear concentration of both applications and successful disbursements in a few key areas. The highest number of applicants and beneficiaries is observed in schemes supporting livestock herds and beekeeping, indicating these as the most sought-after and accessible funding categories. The notable gap between applicants and beneficiaries across these two measures, while present, is relatively moderate, suggesting efficient fund disbursement relative to demand.

Conversely, measures such as support for medicinal and aromatic plants, organic farming, and Global GAP certification exhibit significantly lower figures for both applicants and beneficiaries. This trend reveals two critical issues: first, a lack of widespread farmer engagement with specialized or sustainability-oriented schemes; second, a substantial implementation gap in promoting value-chain upgrades (e.g., certifications) and environmentally sustainable practices like organic farming.

The sharp drop-off in applicant and beneficiary numbers beyond the top two measures reflects a structural imbalance in the national program's appeal and possibly in its administrative complexity or eligibility criteria for niche sectors.

Policy Implications:

- The over-reliance on traditional subsidy categories (livestock and beekeeping) highlights the need for diversification and stronger incentives for underutilized programs like organic farming and certification schemes.
- The persistent gap between applicants and beneficiaries across all measure's points to procedural bottlenecks, budgetary constraints, or challenges related to compliance with technical criteria, especially for measures aligned with circular economy objectives.

CONCLUSIONS

- During the design of policy making in agriculture sector Subsidies in Albania should improve Policy Integration Develop targeted policies that encourage Circular Economy in agriculture, supported by clear incentives and regulatory frameworks.
- Improve of Capacity Building: Train farmers and agribusinesses on CE practices and their economic and environmental benefits.
- Investment in Infrastructure: Establish composting facilities, biogas plants, and water recycling systems in agricultural regions.
- Market Development: Create demand for recycled and bio-based agricultural products through subsidies, awareness campaigns, and public procurement.
- Research and Innovation: Support R&D for CE technologies and practices tailored to Albania's agricultural context.

RECOMMENDATIONS

1. Diversify and Promote Underutilized Measures

Strengthen awareness campaigns and technical assistance for less popular schemes, particularly those related to sustainable agriculture (e.g., organic farming and certification programs). Tailored outreach could enhance farmer engagement and improve uptake.

2. Streamline Administrative Processes

Review and simplify application and approval procedures to reduce the gap between applicants and beneficiaries. This may include clearer guidelines, faster review timelines, and reducing bureaucratic hurdles, especially for measures that currently show low conversion rates.

3. Enhance Advisory and Extension Services

Establish or strengthen advisory services focusing on niche and high-value sectors such as medicinal plants, organic farming, and eco-certifications. Improved access to technical knowledge will increase farmers' confidence and capability to apply for and meet the requirements of these schemes.

4. Rebalancing Budget Allocations

Consider reallocating or increasing budgetary provisions for measures that are crucial to supporting the circular economy and climate-resilient agriculture. This rebalancing could encourage farmers to adopt more sustainable and innovative agricultural practices.

5. Monitor and Evaluate Impact

MARD in the function of policy design should implement continuous monitoring and evaluation mechanisms to assess the effectiveness of each measure and adjust program design based on data-driven insights. Feedback loops between policymakers and farmers could further refine future rural development initiatives.

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