

**Analyzing the impact of governmental subsidies in the agriculture sector in Albania –
a comparative approach**

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Abstract

This study analyses the impact of government subsidy schemes in the Medicinal and Aromatic Plant (MAPs) sector in Albania, applying a methodological comparative approach. The paper uses a quasi-experimental design by applying Propensity Score Matching Method combined with the “veteran” approach. This is the first time that “veteran” and comparative approach has been applied to impact assessment in Albania. Analysis is based on a structured survey administrated in 2015 in Malesi e Madhe, region of Shkoder (northern Albania) where MAPs cultivation is concentrated. As expected we find that treatment (benefit of subsidy) has an immediate effect on the planted area. Results show that subsidy schemes are not found to have an impact on price (proxy for quality) and income. The paper contributes in the literature not only in terms of the relevant empirical analysis findings, but also regarding the benefit of applying combined methods in policy impact assessment.

Keywords: Agricultural subsidies, Impact assessment, Propensity Score Matching, “veteran approach”, Medicinal and Aromatic Plant, Albania