Thematic Roundtable
“Agriculture, Rural Development, Forestry, Fisheries, and Food Safety”¹

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<th>Description</th>
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<tbody>
<tr>
<td>AHS</td>
<td>Agricultural Household Survey</td>
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<tr>
<td>ARD</td>
<td>Agriculture and Rural Development</td>
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<td>ARDP</td>
<td>Agriculture and Rural Development Plan</td>
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<td>ASD</td>
<td>Advisory Services Department</td>
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<td>CAP</td>
<td>Common Agriculture Policy</td>
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<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
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<td>DAES</td>
<td>Department of Agriculture and Environment Statistics</td>
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<td>DRD</td>
<td>Department for Rural Development</td>
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<tr>
<td>DRPD</td>
<td>Department of Rural Policy Development</td>
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<tr>
<td>EAFRD</td>
<td>European Agriculture Fund for Rural Development</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EPAP</td>
<td>European Partnership Action Plan</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>FADN</td>
<td>Farm Accountancy Data Network</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Production</td>
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<td>IACS</td>
<td>Integrated Administration and Control System</td>
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<td>IPA</td>
<td>Instrument for Pre-accession Assistance</td>
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<td>IPARD</td>
<td>Instrument for Pre-Accession Assistance in Rural Development</td>
</tr>
<tr>
<td>IPRR</td>
<td>Immovable Property Rights Registry</td>
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<tr>
<td>KAS</td>
<td>Kosovo Agency of Statistics</td>
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<tr>
<td>KCA</td>
<td>Kosovo Cadastral Agency</td>
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<tr>
<td>LAG</td>
<td>Local Action Group</td>
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<tr>
<td>LEADER</td>
<td>Liaison Entre Actions de Développement de l'Economie Rurale</td>
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<tr>
<td>LFA</td>
<td>Less Favorable Areas</td>
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<tr>
<td>LPIS</td>
<td>Land Parcel Identification System</td>
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<td>MAFRD</td>
<td>Ministry of Agriculture Forestry and Rural Development</td>
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<td>MCO</td>
<td>Municipal Cadastral Offices</td>
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<td>MIPD</td>
<td>Multi-Indicative Planning Documents</td>
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<td>NIF</td>
<td>Farm Identification Number</td>
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<td>PD</td>
<td>Paying Department</td>
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<td>SAPD</td>
<td>Stabilization-Association Process Dialogue</td>
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1 INTRODUCTION

1.1 Executive summary

This diagnostic report is prepared with the request of the GIZ project “Support to the European Integration Process in Kosovo” which is supporting Kosovo’s institutions in the European integration process. The report aims to present current situation and identify strategic challenges in the field of Agriculture and Rural Development toward European Integration process.

The focus of the report lies in three levels: legislation and policy framework; institutional development and capacities; as well as implementation and enforcement. Based on these analyses strategic priorities have been identified and aims to address identified challenges of Agriculture and Rural Development sector in Kosovo.

This diagnostic report was developed through consultation of the reports and materials produced by various governmental institutions, NGOs, international organizations, various donor projects, and serves as a discussion paper for the Thematic Roundtable (TRT) no. 7 on Agriculture, Rural Development, Forestry, Fisheries, and Food Safety.

1.2 Background of the sector

The total area of Kosovo is 1.1 million hectares, of which 53% is agricultural land and 41% is forest land. The agriculture sector is characterised of small farms. According to the Agricultural Household Survey (AHS) 2009 there are nearly 180,000 active farms in Kosovo, (72% of which have less than 1.5 ha of utilized agricultural land)\(^2\). The contribution of the agricultural sector in the Gross Domestic Production (GDP) is nearly 12%, agricultural products comprise nearly 16% of the total exports and the agriculture sector provides nearly 25% of the total employment, mainly in the informal sector. It is considered that 60% of Kosovo population lives in rural areas and the agriculture sector plays an important role in providing employment opportunities and generating incomes for the inhabitants living in these areas.\(^3\)

Recently, official results from the Population, Households and Housing Census in Kosovo, conducted in April 2011 shows the employment rate in agriculture of 4.4% while the number of rural population is 1,078,239 or 61.97%.\(^4\)

\(^2\) Kosovo - Country Economic Memorandum, World Bank
\(^3\) Answers to the Questionnaire of the Feasibility Study. June 2012
2 AGRICULTURE, RURAL DEVELOPMENT AND THE EU INTEGRATION

During EU integration process, two elements are of key importance for the agriculture and rural development sector:

1. “Economic aspects – the situation in the countries on the basis of the economic criteria for membership, and
2. Community standards – the country's capacity to implement the Community legal and administrative provisions in the areas of agriculture and rural development”.5)

A large number of binding rules and regulations which are directly applicable constitute the agricultural chapter. Proper application and effective enforcement of these rules by an efficient public administration is very important for the functioning of the Common Agricultural Policy (CAP). In order to become effective implementation of the CAP, states should strengthen their capacities and administrative structures.

2.1 Priorities for Agriculture and Rural Development

The priorities for assisting national administrations in the area of agriculture and rural development depend mainly on the specific context of each country and are in the framework of 1st IPA component (Transition Assistance and Institution Building). Acquis priorities for all areas including those for ARD are defined by the Commission’s official documents like; MIPD (Multi-Indicative Planning Documents) and the Accession/European Partnerships.

For potential candidate countries, support to progressive adoption of EU standards is the main priority of institution building assistance. In the field of ARD, the following main priorities can be noticed:

- “Strengthening of administrative capacity of the agricultural administrations, in particular in the area of agricultural policy formulation, analysis, implementation and control.
- Building up of administrative capacity for future implementation of pre-accession rural development measures (IPARD)”.6

2.2 Administrative structures for implementation of the ACQUIS

For candidate countries, the main focus is put on legislative alignment and building up of administrative capacity to implement the acquis communautaire that constitutes the CAP. The implementation, management and control of the CAP require the creation, modification and/or reinforcement of appropriate administrative structures.

Building an effective administration is the necessary process for the successful implementation and management of CAP. 7

The administrative structures required are not always specified in the acquis. In many cases the acquis simply uses terms such as the “competent authority” to refer to the administrative structure that is needed. This means that it is left to each Member State to decide which institution is responsible for effective implementation of the acquis. In practice, this is most often the Ministry of Agriculture or a competent authority under its responsibility, e.g. an agency. However, the functions that EU Member States must have the capacity to carry out - through the administrative structures they establish - are clearly specified in the acquis. 8

The major administrative structures required by the EU Acquis Communautaire are:

2.2.1 The main structures / Horizontal issues

The EU legislation requires from its member countries the following main functions/institutions: 9

1. Ministry for Agriculture and Rural Development*;
2. State Veterinary Office with Animal Identification Agency;
3. State Plant Health Protection Administration;
4. State Food Safety Agency;
5. Paying Agency;
6. Integrated Administration and Control System (IACS);
7. Farm Accountancy Data Network (FADN) and a National;
8. Market Information System (MIS);
9. Monitoring Committee for rural development;
10. Managing Authority;
11. Certification body (EC Regulation No. 1290/2005)
12. Farm Register;

* It is up to each member state to decide about the name of the administrative structures.

2.2.2 Specific structures for EU market organizations

In addition to the above listed main institutions specific structures are required for the administration of EU market organizations: Market Intervention Agencies; Producer organizations; Approved distilleries for the wine sector and Registers for vineyards.

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7 Ibid
8 Guide to the Main Administrative Structures Required for Implementing the Acquis. May 2005 në: adminstructures_version_may05_35_ch_public_en
Some administrative structures non-specified are required as well like: Common Market Organization mechanisms; statistical requirements; effective implementation of the Community legislation on organic farming and on quality policy.\(^\text{10}\)

### 2.2.3 Structures for Rural Development

The competent authorities for rural development measures must be designated by the national authorities (the Ministry) and subsequently approved by the Commission. Explicitly required is the establishment of a Monitoring Committee to evaluate the effectiveness and quality of implementation of the rural development programs.

The above listing of EU institutional requirements is not comprehensive. Details and additional information are, however, available in the document “Guide to the main administrative structures required for implementing the acquis”.\(^\text{11}\)

**Additional requirements from acquis for the rural development**

According to the Council Regulation (EC) No. 1698/2005 Local Action Groups (LAGs) are required. As local public/private partnerships they are in charge to implement the LEADER\(^\text{12}\) approach.

The only mandatory part of rural development programming is agri-environmental measures, required under the current provisions of the acquis for Rural Development (Council Regulation (EC) No. 1698/2005).

Beyond that, each Member State may choose whether to use or not relevant EC measures in accordance with their conditions and needs. However, Member States shall ensure the minimum expenditure for each axle (10\% for axis 1 and axis 3, 25\% for axis 2 and 5\% for LEADER). Member States are required to establish and maintain administrative structures for the measures they implement.\(^\text{13}\)

Nevertheless, all established administrative structures must be able to ensure that they fully comply with the Community rules for the implementation of rural development measures.

**Statistical requirements with view to EU approximation**

There is no single guideline or regulation describing the overall statistical requirements regarding the agricultural sector for EU member states. These types of requirements are found in particular regulations and guidelines implementing the Common Market Organizations, the rural development schemes, the financial regulations, etc. (statistics on exports/imports, commodity production, agricultural farm structures, farmer incomes, subsidy payments, a number of applications, etc.).

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\(^{10}\) Ibid

\(^{11}\) Ibid

\(^{12}\) Note: Links between Actions for the Development of Rural Economy.

Most of this information will be collected by the administrative bodies responsible for the schemes in question, or also by customs, trade NGOs, public and private companies specialized in collection of reliable statistics, or external data sources. Farmer income statistics are gathered by the FADN.14

3 AGRICULTURE AND RURAL DEVELOPMENT IN KOSOVO

3.1 Institutional development and capacities

The MAFRD is under restructuring and reformation process of her administration with the aim to establish necessary administrative structures in line with CAP and competent to implement the IPARD policies toward EU integration process.

The above presented chart shows the complete picture of the MAFRD new structures. Novelties of this process are upgrade of the Paying Unit and the Advisory Services Unit into Departments. Other departments include: Department of Rural Policy Development (DRPD) including the Managing Authority; Department of Agriculture Policy and Markets (DAPM), Department of Legal Services, Administration Department, Department of EU Integration and Policy Coordination. Administrative

structures within MAFRD are also Peja Agriculture Institute and Institute of Viticulture and Wine in Rahovec. Current number of employees in MAFRD is 175.\textsuperscript{15}

Meanwhile, the Economic Analyses Department which is not presented in the chart was created as a new department. Within this department now belongs also the Statistics Office of the MAFRD which was under Policy Development and Statistical Department.

Restructuring process is not an easy process and always is followed by challenges like: dissatisfaction of the current staff, non-possibility and/or difficulties to recruit new staff to fill all the positions, lack of budget etc. Big support to the MAFRD in staffing issue is doing the World Bank (WB) project who is recruiting around 30 new staff for the needs of MAFRD.

Despite all these changes and the progress made so far, challenges remain the same: lack of budget to implement and enforce policies, human capacities limited both in number and skills. According to the 2010 Progress Report “administrative capacity in various institutions remains weak, and human resources are not used in most efficient way”.\textsuperscript{16}

### 3.2 Paying Department (Paying Agency)

Paying Unit was established by the AI No. 01/2010 based on the Law on Agriculture and Rural Development No. 03 /L-098. Paying unit was upgraded into a Paying Department (PD) in 2012 which is a step forward in establishment of the Paying Agency, in full compliance with IPARD rules and procedures. The main function of the PD is the implementation and execution of the support schemes drafted by the Managing Authority and funded by Kosovo government, EU and other donor organisations.

Paying Unit started with three sectors: Direct Payment sector, Rural Development sector and IT sector. Now, after upgrade as department is operating with nine divisions: Rural Development; Direct Payments; Technical Inspection; Finance; IT and Registries; Administration and Marketing division.

Current staff (18 including 5 from the WB project) of the PD is getting trained and used with procedures for the implementation of direct rural development payment schemes. In 2011 they received 17,916, while in 2012 they received around 22,400 applications for direct payments and rural development projects.\textsuperscript{17} Two modules software has been designed for Paying Unit (one module for direct payments and one module for rural development projects) but is not linked with the LPIS and Farm Register programmes.

With the new reorganisation of the MAFRD and upgrade of Paying Unit into a Department, municipal agriculture officers are supposed to become a MAFRD staff.

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\textsuperscript{15} Personnel Division. MAFRD\textsuperscript{16}
\textsuperscript{16} Kosovo Progress Report. EC 2010.\textsuperscript{17}
\textsuperscript{17} Paying Department. MAFRD
Also, 20 MAFRD regional employees will be appointed by PD to the positions of technical inspectors.

According to the Paying Unit Development Strategy 2010 – 2015 (adopted in 2010) following structures and staff developments have been foreseen:

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<td>On-the-spot control RO</td>
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<td>IT &amp; Registers</td>
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<td>Legal department</td>
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<td>Financial department</td>
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<td>0</td>
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<td>Administrative department</td>
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<tr>
<td>Total</td>
<td>9</td>
<td>29</td>
<td>45</td>
<td>51</td>
<td>68</td>
<td>73</td>
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</table>

World Bank project is supporting PD with the new staff. In total, 19 employees will be recruited at the PD, out of which 14 will be technical inspectors. Five (5) of them are already recruited and working (2 in rural development projects; 2 in control sector and 1 in the IT sector). In 2012, the Paying Department has moved out of the MAFRD offices in an adequate office space.

Even as department and with more staff in board, they are facing difficulties and challenges to fulfil their mission. With the amount of workload they have, beside their internal operational and technical challenges (lack of staff, IT) PD is facing other external challenges like: outdated cadastre and property registers; fraud tendency from applicants (more than one application from the same farm).

In addition, another important challenge remains to be still unsolved, question of “Municipality agriculture officers” who are supposed to be MAFRD staff in charge to operate with LPIS and Farm Register programmes and receive applications from farmers. They are (should be) very important link between farmers and PD, being the main filter of the problems at the beginning of the process before the problems come to the PD. They do not fill that responsibility as Municipality employees they are; therefore this issue has to be addressed in the way that PD must have their permanent staff in all Municipalities.

PD is still doing some manual work writing down the general data from applications for rural development project into a data base. These data are available in other registers like LPIS and Farm Register, Animal I&R but, the current software used by PD is not linked to these registers. Now, the question how to better use available resources has to be addressed and solved. Of course an agreement to have these

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18 Strategy for further development of the PU of MAFRD 2010 to 2015.
19 Paying Department. MAFRD
registers linked and accessible from single software application should be reached between the stakeholders.

**Farm Register**

Farm Register is one of the components of the EU Integrated Administration and Control System (IACS) system. Establishment of the Farm Register aims to prepare Kosovo for the implementation of the national agriculture and rural development plan and provide information on the current structure of agricultural holdings for better planning and executing agriculture and rural development policy in line with the *acquis*.

The Farm Register in Kosovo was established by the Administrative Instruction (AI) No. 7/2011 based on the Law on Agriculture and Rural Development No. 03/L-098. According to this AI, all the farmers who apply for financial support (direct payments and rural development projects) are obliged to prior registration in the Farm Register. All the farmers who fulfill the registration criteria receive a Farm Identification Number (NIF) which has to be used in all other registers related to agriculture and rural development.

Farm Register is for the Paying Department a very important tool to administrate the payments, controls and overall monitoring of the situation. For the first time in Kosovo, data collection for the Farm Register started in 2011 during the application campaign for the payment scheme 2011-2012. Up to date 16,616 farmers have been registered in total.\(^{20}\)

### 3.3 Advisory Services

The Advisory Services for agriculture and rural development were established and have been operational since 2004. They have been operating as a division under the Department for Rural Development and Advisory Services. Now in 2012, with the reorganization of the MAFRD, Advisory services are being upgraded into a department composed of three divisions: technical advisory services; economic, social and legal advice; information, cooperation, monitoring and training. The total foreseen number of employees at central level is 15 while at local level is 68 advisors.

The Law No. 04/L-074 on Advisory Services for Agriculture and Rural Development was approved on February 2012. Also the Strategy for Advisory Services 2011-2015 has been prepared and was approved by the Government. The Advisory Services are organised into Public and Private Services in two levels: the central and local level. Advisory services for agriculture and rural development in the central level are established in seven regional offices in the country and operate under the framework of the MAFRD. The advisory services in the local level are established in all municipalities of Kosovo.

The main function of the Advisory Service Department is to provide technical, economic, legal and social advices to the agriculture producers. The Department is

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\(^{20}\) Paying Department. MAFRD
also responsible for the planning, coordination and monitoring of the advisory services at local level. The Department in cooperation and coordination with other departments (RDD, PD) in MAFRD prepares information events/materials and supports farmers in the application process.  

In 2011, more than 6,396 farmers have been trained in different fields through the MAFRD financed project “Development of Rural Areas through Advisory Services advancement” in amount of 200,000 Euros. The project was tendered by MAFRD and implemented by a local company.  

Even though are operating, advisory services are not at satisfactory level and they need to improve their performance. “Advisory services do not yet inform farmers how to apply for the grants”. This has been stressed in the Kosovo 2011 Progress Report. Also in the last meeting of EU-Kosovo SAPD, enhancement of Advisory Services was considered one of the challenges. Further advisory services for grants and subsidies must be provided to the farmers in order to increase their incomes and improve quality of agriculture products.  

For the moment they are understaffed, only 7 out of 15 foreseen staff is working in the Advisory Services Department. This fact is important but is not a reason for being inefficient in fulfilling function of the Advisory Services. Advisory Services should be considered more seriously in all levels of the system, should be more professional and closer to the farmers. More professional means: having “Licensed Advisors” with their clear responsibilities for the process; having efficient reporting, monitoring and control system in place.  

3.4 Legislation  

In the process of establishing the legislative framework in the field of Agriculture and Rural Development are taken into account standards pertaining to these areas. So far, Kosovo has adopted some of the basic principles of EU legislation in the field of Agriculture and Rural Development, including secondary legislation. The list bellow shows the legal basis for policy implementation of this field.  

- Law on Agricultural and Rural Development, No. 03/L-098,  
- Law on Food No. 03/L-016, promulgated with the decree No DL-004-2.009 on 6 March 2009;  
- Law on Agricultural Inspection No. 03/L-029, promulgated with the decree No. DL-065-2.008 on 13 December 2008;  
- Law on Organic Agriculture No. 02/L -122, promulgated with the UNMIK Regulation 2008 / 2 on 8 January 2008;  
- Law on Veterinary No. 2004/21, promulgated with the UNMIK Regulation No. 2004/28 on 30 July 2004;  

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21 Act on Internal Organisation and Systematization of the MAFRD.  
22 Meeting report SAPD Agri_FS 2012  
23 Kosovo Progress Report. EC 2011
- Law on Animal Care, No 2005/02-L10, promulgated with the UNMIK Regulation No. 2005/24 on 9 May 2005;
- Law on Protection of Plant Products, No. 03/L-042 07, promulgated with the decree No. DL-061-2008 on 27 November 2008;
- Law on Law amendment No. 2003 / 9 on farmers’ cooperatives, No. 03/L-004, promulgated with the decree No. DL-050-2008 on 13 October 2008;
- Law on the protection of plant varieties, No. 2007/02-L98 promulgated with the UNMIK Regulation No. 2008/24 on 16 May 2008;
- Law on Beekeeping No. 02/L-111, promulgated with the UNMIK Regulation 2008/5 me 8 February 2008;
- Law on Plant Protection, No. 02/L-95, promulgated with the UNMIK Regulation 2007/6 on 31 January 2007;
- Law on Agricultural Land, No. 2005/02-L26, promulgated with the UNMIK Regulation No. 2006/37 on 23 June 2006;
- Law on planting material, No. 2004/13, promulgated on 28 May 2004;
- Law on Seeds, No. 2003/5, promulgated with the UNMIK Regulation No. 2003/10 on 15 April 2003;
- Law on fertilizers, No. 2003/10, promulgated with the UNMIK Regulation No. 2003/22 on 23 June 2003;
- Law no. 04/L-040 on Land Regulation (entered into force on 22 February 2012);
- Law no. 04/L-041 on Production, Collection, Processing and Trading of Tobacco (entered into force on 25 November 2011);
- Law on Advisory Services, approved by Kosovo Assembly on 16.02.2012.
- Administrative Instruction No.11/2011 on measures and criteria for support in agriculture and rural development in 2012.
- Administrative Instruction No .12/2011 on direct payments in agriculture.\(^24\)

During 2011, four laws have been revised and the tables of concordance have been drafted as part of approximation of legislation with the *acquis*. These include the following: Law no. 2004/33 on Livestock; Law no. 02/L-122 on Organic Farming; Law no.02/L-95 on Plant Protection; Law no. 02/L-09 on Irrigation of Agricultural Land. Meanwhile, 15 administrative instructions have been issued, and 7 are in the

procedure of approval. The following laws and sub-legal acts were planned by MAFRD for 2012:

- Law on the Amendment of the Law on Agriculture and Rural Development no. 03/098; (on 16 October 2012 published in Official Gazette of Kosovo)
- Adoption of the Law on Organic Farming (June 2012);
- Adoption of the Law on Enrichment of Flour (June 2012);
- Adoption of the Law on Agriculture Census (draft Law approved June 2012);
- Adoption of the Law on GMO-s (December 2012);
- Adoption of the Law on the Amendment of the Law no.2004/33 on Livestock (December 2012);
- Adoption of the Law on the Amendment of the Law no.2003/5 on Seeds (September 2012);
- Adoption of the Law on the Amendment of the Law no. 2004/13 on Planting Material (September 2012);
- Adoption of 21 sub-legal acts planned for 2012 (December 2012);

Even they were planned, Law on GMO-s; Law on the Amendment of the Law no.2003/5 on Seeds; Law on the Amendment of the Law no. 2004/13 on Planting Material are postponed for 2013.

This fact shows that the approximation process with the acquis is a hard process and is followed not only with challenges in implementation, but also with problems and delays in drafting and/or review of the laws. Also the reports from different organisations share the same opinion about the implementation of legislation in Kosovo, for example:

“Kosovo and interested donors have expended considerable effort and resources in adopting the new and revised legislation necessary to comply with the EU integration process. EU integration is especially complex, given the vast numbers of directives, regulations, and standards that must be met. Kosovo needs to be able to implement and enforce them as well.”

Also the Kosovo 2011 Progress Report prepared by the European Commission stressed this issue saying that: “In the area of agriculture and rural development policy, there has been limited legislative activity and the implementation of the legislative framework remains the main challenge”.

So far, the field of Agriculture and Rural Development is almost covered with primary legislation but, secondary legislation is not in a satisfactory level. Therefore, the main priorities should be secondary legislation and the review process and approximation of laws with the acquis. A national plan/strategy for approximation of the national legislation with the EU legislation should be considered as a solution.

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25 EU – Kosovo Stabilisation Association Process Dialogue (SAPD)
26 Finale-Conclusions on SAPD 27-28 March 2012_Final_02052012
27 AgCLIR: KOSOVO. Commercial Legal and Institutional Reform Diagnostic of Kosovo’s Agriculture Sector. Mars 2010 në http://egateg.usaid.gov/sites/default/files/Kosovo_Ag.pdf.
Main challenges are considered to be: implementation of Laws; lack of human capacities/staffing; lack of adequate knowledge; lack of budget for capacities to implement the legislation.

3.5 Policy and Strategy framework

In Kosovo, the MAFRD is responsible for the development and implementation of Agriculture and Rural Development national policies. Therefore, Agriculture and Rural Development Plan (ARDP) 2007-13 was drafted by MAFRD and approved by Government on 4 April 2007, the implementation of which is based on the Law on Agriculture and Rural Development No. 03/L-098. The ARDP objective to provide a framework that will help Kosovo to:

a. Restructure its agricultural sector in line with that of the EU, and

b. Improve the living standard of its rural population in Kosovo,

ARDP is based on two pillars: the first pillar aims at the development of agriculture, while the second pillar aims at rural development. Drafting of ARDP 2007-13 on rural development part is based on the provisions of the Council Regulation on Support for Rural Development 2007-13 (European Agriculture Fund for Rural Development (EAFRD) Council Regulation 1698/2005).

Until now, the ARDP 2007-13 has been updated two times. The first update of ARDP 2007-13 was done in 2009 for the period 2009-13, while the second update of was done in 2010 for the period 2010-13.

ARDP 2010-13 creates a medium-term planning framework for development of Kosovo’s agriculture sector. It takes into account: the current and changing nature of the EU CAP, in particular direct support like measures of the Pillar I of the CAP the 4 Axes of the EU’s Rural Development Strategy for 2007-13, (competitiveness; environment and sustainable land use; quality of life and rural diversification; and community-based local development strategies); the EU’s IPA for the Western Balkans; and the European Partnership.

A major effort was made in 2009 to build up MAFRD’s capacity in the area of agro-environment, so that Kosovo can increasingly align itself with both the Common Agriculture Policy and the EU’s agro-environmental policy. This led to the establishments of a MAFRD agro-environmental working group and the preparation of a position paper on agro-environmental policy issues relevant to Kosovo.

MAFRD has prepared also sub-sector strategies for horticulture, livestock and forestry. Meanwhile, strategy on Land Regulation, Advisory Services and Paying Unit (now Paying Department) strategy were prepared.

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28 Plan on Agriculture and Rural Development 2010-13
29 Ibid
30 Plan on Agriculture and Rural Development 2010-13 (axis 8)
The level of implementation of national policies and strategies is still not in satisfactory level and in the future should be considered as a priority issue for improvement.

3.6 Direct Support/Payments

Rural Development Policy in Kosovo is regulated by Law No. 03/L-098 on Agriculture and Rural Development, while priorities for the Rural Development are based on ARDP 2007-13 (now updated 2010-13), which is drafted based on EU regulations for Rural development. The ARDP 2010-13 strategy in the part of rural development has taken into account the EAFRD, (Council Regulation 1698/2005).\textsuperscript{31}

The support of the Government of Kosovo for the sector of agriculture and rural development is based on the ARDP 2007-13. This includes direct support measures, which are strongly harmonised with Pillar I measures of the CAP. The inclusion was done in order to make the ARDP 2007-13 a comprehensive and complete policy framework mirroring support measures from Pillar I and II of the CAP.

In Kosovo, the support introduced in 2009 is coupled to the type of products. In 2009 and 2010 the following measures of direct support have been implemented: per head premium for milking cows and heifers; per head premium for sheep and goats; area payment for wheat; fuel subsidies for harvesting cereals. The direct support measures introduced are not entirely in compliance with CAP support under the first pillar, since the CAP has undergone a process of decoupling. Therefore, these national direct payments will have to be adjusted in the long term.\textsuperscript{32}

New direct support schemes have been introduced also for industrial cultures (corn, sunflower and colza oil) which have potential for agro-processing development.

Implementation of ARDP

Agriculture and Rural Development objectives and measures to achieve these objectives have been clearly defined by MAFRD in the ARDP 2007-2013. One of the key objectives of MAFRD is to increase the competitiveness of domestic producers. In order to achieve a sustainable rural development in Kosovo and align agriculture and rural policy, direct support measures and rural development measures were adopted according to the four axes of the EU CAP.

So far, MAFRD is implementing these measures:\textsuperscript{33}

- Developing vocational training for meeting rural needs (Measure 1)
- Restructuring of the physical potential in the agri-rural sector (Measure 2).
- Managing water resources for agriculture – Rehabilitation of the irrigation system (Measure 3)
- Improving the processing and marketing of agricultural products (Measure 4)

\textsuperscript{31} Plan on Agriculture and Rural Development 2010-2013.
\textsuperscript{32} Ibid.
• Improving the management of natural resources (Measure 5)
• Support for local community development strategies, i.e. LAGs (Measure 8)

Rural development measures in the ARDP 2007-13 cover sub measures for milk, fruits and vegetables, vineyards, eggs, bees, machinery and land consolidation within measure 2. The Plan also covers direct payments including the livestock sector (milking cows, heifers, sheep and goats) and cereals (wheat, maize). Implementation of measures 6 (Farm diversification and alternative activities in rural areas) and 7 (Improving the rural infrastructure and maintaining rural heritage) has not started yet. The following activities have been planned for the implementation of the ARDP for 2012:

1. Amending and supplementing the Law on ARD No. 03/L-98; (done)
2. Set measures for direct payments and rural development payments; (done)
3. Administrative Instructions on:
   - Support Measures and Criteria for ARD for year 2012; (done)
   - Direct Payments in Agriculture for year 2012; (done)
   - Local Action Groups. (which has not been implemented yet)

Estimated financial details for implementation of the measures for 2012 are presented in tables below.

Direct payments

<table>
<thead>
<tr>
<th>Measures of direct payments /subsidies</th>
<th>Expenditure estimation/€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep and goats/per head</td>
<td>= 1,600,000</td>
</tr>
<tr>
<td>Milking cow/per head</td>
<td>= 1,300,000</td>
</tr>
<tr>
<td>Surfaces with wheat/ha</td>
<td>= 3,300,000</td>
</tr>
<tr>
<td>Surfaces with corn/ha</td>
<td>= 1,000,000</td>
</tr>
<tr>
<td>Surfaces for wheat seed/ha</td>
<td>= 200,000</td>
</tr>
<tr>
<td>Sunflower/colza oil/ha</td>
<td>= 200,000</td>
</tr>
<tr>
<td>Bee hives</td>
<td>= 200,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>= 7,800,000</strong></td>
</tr>
</tbody>
</table>

*Source: MAFRD*

Rural Development Projects

<table>
<thead>
<tr>
<th>Rural Development Projects/Measures</th>
<th>Expenditure estimation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 1: Advisory services</td>
<td>= 200,000</td>
</tr>
<tr>
<td>Measure 2: Sub-measure/milk production</td>
<td>= 600,000</td>
</tr>
<tr>
<td>Measure 2: Sub-measure/egg production</td>
<td>= 200,000</td>
</tr>
<tr>
<td>Measure 2: Sub-measure/greenhouse</td>
<td>= 450,000</td>
</tr>
<tr>
<td>Measure 2: Sub-measure/fruits</td>
<td>= 600,000</td>
</tr>
<tr>
<td>Measure 2: Sub-measure/vineyards</td>
<td>= 200,000</td>
</tr>
<tr>
<td>Measure 2: Regulation of land/consolidation</td>
<td>= 625,000</td>
</tr>
<tr>
<td>Measure 2: Cadastre of vineyards</td>
<td>= 250,000</td>
</tr>
<tr>
<td>Measure 3: Sub-measure/irrigation</td>
<td>= 2,000,000</td>
</tr>
<tr>
<td>Measure 4: Agro-processing and marketing of agriculture product</td>
<td>= 2,600,000</td>
</tr>
<tr>
<td>Measure 5: Measure/reforestation</td>
<td>= 300,000</td>
</tr>
<tr>
<td>Measure 8: Support to projects for Local Action Groups</td>
<td>= 150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>= 8,175,000</strong></td>
</tr>
</tbody>
</table>
This is the planned budget for whole implementation of ARDP 2007-13 according to axes.

<table>
<thead>
<tr>
<th>Axes</th>
<th>Mil. €</th>
<th>%</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Competitiveness</td>
<td>109,9</td>
<td>65,3</td>
<td>Public expenditure</td>
</tr>
<tr>
<td>2 – Agri-environment</td>
<td>12,0</td>
<td>7,1</td>
<td>Domestic public funding</td>
</tr>
<tr>
<td>3 – Farm diversification</td>
<td>30,4</td>
<td>18,1</td>
<td>Donor contributions</td>
</tr>
<tr>
<td>4 – Local Development</td>
<td>16,0</td>
<td>9,5</td>
<td>Private funds</td>
</tr>
<tr>
<td>Total</td>
<td>168,4</td>
<td>100%</td>
<td>Total costs</td>
</tr>
</tbody>
</table>

To implement all these measures, MAFRD has established the necessary legal basis: Law Nr. 03/L-098 on Agricultural and Rural Development and Administrative Instructions No. 11/2011 for measures and criteria for support of Agricultural and Rural Development, No. 12/11 for Direct Payments, Organizational Structures: Department for the Development of Rural Policies – Managing Authority, Implementing Mechanism; Paying Unit, Evaluation Steering Group and the Monitoring Committee.

According to the implementation monitoring report for 2011, main problems identified during the implementation of ARDP 2007-13 were: Paying Department staff overloaded; lack of co-financing sources; lack of clear specifications for eligible investments; lack of the agricultural register; ownership problems; low maintenance level of the animal identification register; low level of information of farmers.  

Despite its potential, Kosovo’s agriculture remains underdeveloped and key challenges such as poor infrastructure, property rights, inappropriate credit, inefficient quality control mechanisms and low educational standards need to be tackled.

ARDP priorities should be more tailored to rural needs (infrastructure, public services, diversification of activities) to enhance the local development process. Infrastructure measure and diversification measure should receive high priority and sufficient financial means should be allocated. Measures 6 (diversification) and 7 (rural infrastructure) should be implemented.

**Rural Credit Schemes**

Agricultural and Rural Development sector continues to face hard access-to-finance conditions. Out of total €1.2 billion approved loans in Kosovo in 2011, only (3.6%) or €40 million have been approved in agro-rural sector. Micro Finance Institutions provide a large part of total agro-rural loans - approximately 45%. Average annual interest rate was very high 22%, (while the highest rate reached 25%) in comparison with 11% in the construction sector.
MAFRD was working on the establishment of a guarantee fund for agro-rural loans. Feasibility study has been finalised. Since end of September 2012, agriculture will not be treated as a high risk sector for lending by the banking sector and farmers will approach more easily agricultural loans. This is because the Ministry of Agriculture, Forestry and Rural Development, the U.S. Embassy in Kosovo and the six largest banks in the country, signed the agreement for the agricultural credit guarantee fund, through which is guaranteed credit of 20.1 million Euros for the agricultural sector. This is a step forward in improving rural credit schemes in Kosovo.

3.7 Cadastre System and Land policy

The Kosovo Cadastral Agency (KCA) which operates under the Ministry of Environment and Spatial Planning is the only authority in Kosovo for the cadastre and has the right to constitute and maintain the official evidences on immovable properties as well as issuing of the other sub normative acts regarding to cadastral activity. All these issues are regulated with the Law on Cadastre No. 04/-L-013.

Under the authority of the Agency are organised and perform their activity Municipal Cadastral Offices (MCOs) and licensed geodesists. Kosovo has a unified Immovable Property Rights Registry (IPRR) (Law No. 2002/05) where all cadastral property units and titles are recorded and the central database of this registry is administered by the KCA. Agriculture land parcels are registered in this register as cadastral land parcels of agriculture use and covers 53% of the territory of Kosovo.

For its internal use purposes at the MAFRD there are two other systems for the identification of agriculture land parcels.

Land Parcel Identification System (LPIS)

One of the main components of the EU Integrated Administration and Control System (IACS) is Land Parcel Identification System (LPIS), which is an important tool to control agriculture subsidies provided by the EU CAP. Creation of the LPIS system in Kosovo was supported by IPA funded project “Further Support to Land Use” in 2011. The software is now fully operational and is being used by Paying Department to manage national subsidies (area based) and grants for farmers. This software is linked to the Farmer Register software and can be used by many users at the same time.

Cadastre System for Management of Kosovo Vineyards and Wine Industry

In order to manage its vineyards and the wine sector in Kosovo MAFRD has created vineyards cadastre system which enables to identify parcels, farmers and collect other important data for this sector. The system integrates all data in a unique database in ORACLE and allows the presentation of textual and graphic data accompanied by forms, reports and other statistics. Its final KaveKO v1.2 application is based on a

37 Additional 20 m. Euro for Agriculture Loans. September 2012. MAFRD at: http://www.mbpzhr-ks.net/?id=5,127,0,163,a,815
38 Answers to the Questionnaire of Feasibility Study. June 2010.
39 Further Support to Land Use. EULUP në http://eulup-ks.org/
platform WEB - server that allows access even from a distance which enables easy and efficient management of vineyards cadastre system in Kosovo.\footnote{Feasibility study Structure-eng(04 06 2012)}

Also the vineyard register should be linked to or accessible from other available registers in Kosovo like: LPIS, Farm Register, Animal I&R register.

**Agriculture Land**

The Law on Land Regulation No. 04/L-40 entered into the force on February 2012.\footnote{Meeting report SAPD Agri_FS 2012} Also, the Strategy on Land Regulation 2010–2020 and the action plan on its implementation have been approved by the Government on June 2011. The strategy is based on the Law on Agricultural Land and the ARDP and targets regulation of the unfinished land and voluntary land regulation.

Unfinished land consolidation from the past is a very challenging issue for the MAFRD and the agriculture sector. With the support of MAFRD through its projects for unfinished land consolidation in 2011 around 3,000 ha have been entered into IPRR. In the last decade, agriculture land is very much attacked from uncontrolled construction activities and change of use without respecting rules and procedures set by law on agriculture land. Only in 2011, the following legal offences have been reported by the inspectors of the central and municipal level: 267 controls, 232 transcripts, 150 decisions, 102 subjects to the courts and 16 subjects implemented by the courts.\footnote{Meeting report SAPD Agri_FS 2012}

Despite all these facts and actions undertaken by all stakeholders in the field of cadastre and land policy, major constraints remain the same and are related to: weak implementation of laws and strategies; outdated cadastre registers (huge differences with the real situation in the field); incomplete land consolidation; use of agricultural land for non agriculture purposes (change of use); further fragmentation of agriculture land.

Updating of IPRR, further land consolidation and protection of agriculture land from change of use for non agriculture activities should be considered as a priority.

### 3.8 Organic Farming

Consumer demand for organic products and the growing popularity of organic farming in the EU has made the organic farming one of the sectors with constant growth in the last years. Foods may only be marked as "organic" if at least 95% of their agricultural ingredients are organic.\footnote{Agriculture and Rural Development. Organic Farming. Legislation në: \url{http://ec.europa.eu/agriculture/organic/eu-policy/legislation_en}}

Organic farming in Kosovo until now is regulated with the Law No.02/L- 122 on Organic Farming. Regulation of this field is done through the Unit for Organic Farming established by MAFRD. Based on the current Law, two administrative instructions have been prepared: the AI on packaging, transportation and disposal of
organic products; and, the AI on official control, inspection and certification of organic products.

The Law on Organic Farming has been amended in accordance with the EU Regulations no. 834/2007 and 889/2008. According to the amendments, the following are planned: establishments of the controlling authority; committee for organic farming; recognition of controlling bodies by MAFRD; drafting of action plan for development of organic farming; and, preparation of the annual programme for conversion into organic farming.43

Some farmers are converting their production into organic production. According to the data provided by the Kosovo Association of Organic Farming (SHBOK), the following areas are being converted: 4 ha of orchards, 1 ha of vineyards, 0.1 ha greenhouse vegetables and, 5 ha of cultivated medical plants. Also, in Kosovo, forest fruits are collected, an activity which is certified by two international certifying bodies: “Albinspekt”, Albania and “Procert”, Macedonia. These initiatives were supported as demonstration fields by different international organisations and these initiatives lasted as long as projects lasted.

Organic farming is a very specific production and without support is very difficult to attract farmers to get into this production. Therefore, MAFRD should think about developing a support scheme for organic farming in Kosovo. This is the only way to stimulate farmers to convert their product into organic. As a positive development it is good to mention that, Agriculture Faculty in Prishtina since 2002 has introduced Organic Farming subject listened on average by 100 students per year. This affects in raising awareness of the Kosovo population for organic farming.

For the moment in Kosovo only medical herbs and honey are organic products which have been certified. But organic farming is a process starting with conversion in the first year and than production. Therefore, organic production needs to be followed and certified every year.

The amended Law on organic farming recently was approved in principle by the Parliament. But, establishment of controlling authority; committee for organic farming and other bodies foreseen in the law are not established yet. Capacities of the MAFRD so fare are very limited; only one officer is very difficult to organise and coordinate this process. In many countries exists Institute for organic farming who leads the process.

4 STATISTICS

4.1 Agriculture statistics

The Law on Official Statistics of the Republic of Kosovo No. 04/L-036 was adopted by the Parliament of the Republic of Kosovo in October 2011. According to this law, Kosovo Agency of Statistics (KSA) has primary responsibility for the production of

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43 Meeting report SAPD Agri_FS 2012
Official Statistics and other issues arising from the Official Statistics Program. The law regulates the fundamental principles, quality and provides the legal framework for the organization, production and publication of official statistics in Kosovo. In addition, law deals with data collection, processing, storage, privacy and protection of official data, and international cooperation.

Organizational structure of KSA is made of these departments: Economic Statistics and National Accounts; Population Statistics; Agriculture and Environment Statistics; Social Statistics, and two support departments, Methodology and Information Technology, and Administration. KSA has seven regional offices in main cities in Kosovo and 134 employees in total.44

Department of Agriculture and Environment Statistics (DAES) (composed of two sections: Agriculture Statistics and the Environment Statistics section) covers three fields of statistics: agriculture, agro-monetary and environment statistics. Agriculture statistics are mainly collected through an annual Agricultural Household Surveys (AHS). AHS 2012 is being prepared and data collection is planned to take place on November 2012. AHS produces different indicators in agriculture such as: agricultural population and its structure, areas used, the production of crops, livestock and livestock products, forestry, use of fertilizers and manure, agricultural machinery, labor in agriculture, and spending on farm.45

Agro-monetary statistics covers the following components: prices and price index of agricultural products (monthly); economic accounts in agriculture (annual); labor force in agriculture; and incomes in the agriculture sector.46

KAS and MAFRD are working in close cooperation to prepare the Agriculture Census which will take place in 2013. The draft Law on Agriculture Census is approved by Government on 04 June 2012. Meantime, a final draft questionnaire and a 2nd draft manual on Agriculture Census have been prepared. Preparations are being done also to design the sample for the pilot Agriculture Census which will be conducted in November 2012.47

Agriculture statistics for the needs of the MAFRD are collected by its Division of Agriculture Statistics. The role of the Division of Agriculture Statistics in the Ministry of Agriculture is to provide quick, reliable and comparable statistics in accordance with EU recommendations. This division drafts the necessary templates and instructions, organises FADN survey training sessions for enumerators, collects data, controls them logically, processes, analyses, compiles spreadsheets and publishes data. This division aims at applying accurately the international standards, methodology and EUROSTAT Nomenclature. Currently it is composed of four

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44 Report on the current situation in KSA. Presented during the meeting of TRT 3. October 2012.
45 Agriculture Statistics at: http://esk.rks-gov.net/ENG/statistikat-e-bujqesise
47 Ibid.
sections: FADN section, trade exchange (import/export) data, agriculture price statistics and GIS section.\(^{48}\)

Despite some joint activities and cooperation/coordination between MAFRD and SAK is not at the appropriate level. Official cooperation channels should be settled in order to simplify the data exchange, avoid overlapping of activities and better use of available data sources. Written agreements (Memorandum of Understanding) can be used as a solution for many issues and better cooperation.

Main challenges for KAS/DAES remain to be insufficient budgetary and human resources; and lack of complete sources of data. As a result of insufficient budget KAS could not conduct AHS in 2010 and 2011. From the statistical point of view this is not good because it loses continuation in producing regular statistics. Also the lack of human capacities in KAS/DAES reflects implementation of their working plans and strategies. So far, two components of the monetary statistics: labor force in agriculture; and incomes in the agriculture sector have not been implemented yet. Another challenge is to publish the results on time, often happens to publish results with delay.

Some of the constrains and challenges were pointed out also in the reports of European Commission and other organisations.

Agricultural statistics, as well as other statistics in Kosovo, can be estimated as only being partially approximated to EU standards. Generally, the statistical system in Kosovo requires census on the state level. Thus, a great deal of published data regarding agricultural production is the result of estimations that make them unreliable. Since the end of the war (1999), neither population nor agricultural censuses have been conducted in Kosovo. The last Population Census\(^ {49}\) was conducted in 1981, while the last Agricultural Census was in 1964. Therefore, there is a considerable need for support to adjust the structure of data collection and the system of statistics into an integrated system compatible with EU requirements and with those of the process of EU integration.\(^ {50}\)

According to the Kosovo 2011 Progress Report “limited progress has been achieved in sector statistics. This is mainly due to the resources spent on the census and the limited budget of the Statistical Office: both the Labour Force Survey and the Agricultural Household Survey were cancelled in 2010 due to lack of resources. The Economic Accounts for Agriculture were published for the first time in July 2011, covering the period 2005-2008. The legal framework needs to be improved and the capacity of the Statistical Office needs to be strengthened. Statistics are essential for evidence-based decision making, and the lack of reliable statistics in Kosovo needs to

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\(^{48}\) Answers to the Feasibility Study Questionnaire.

\(^{49}\) Note: Population Census in Kosovo conducted in 2011, first data published in September 2012

\(^{50}\) Tina Volk e.d. Studies on the Agriculture and Food Sector in Central and Eastern Europe. Agriculture in the Western Balkan Countries në http://www.iamo.de/dok/sr_vol57.pdf, 2010
be addressed as a priority”. Same report pointed out that “Discrepancies continue to exist between EUROSTAT and the SAK figures on EU-Kosovo agricultural trade”.51

4.2 Farm Accountancy Data Network (FADN)

The institution in charge for the collection, processing, analysing and publication of the FADN data in Kosovo is the MAFRD, respectively the Office of Statistics operating under the new established Economic Analyses Department.

Administrative Instruction No. 06/2011 determines the criteria for the farms to be included in the system of farm accountancy, for the establishment of the data collection network, agriculture household accountancy and for the identification of the annual incomes. FADN data collection started in 2005 on pilot basis with the sample size of 159 farms. The sample was increased to 300 farms in 2008 and a database was developed in 2009/10 for these farms using MS Excel as the key platform for data entry. FADN has been operational for four years and allows for the calculation of Standard Gross Margins (SGM) for different kinds of plants and animals.

FADN data have been collected from private farms which are not obliged to have book-keeping in place. Agricultural enterprises and cooperatives are obliged to have book-keeping in place. Such FADN data are confidential and are used only for statistical research purposes and development of agriculture policies. Individual farms data are not published. A basic FADN element was the calculation of Standard Gross Margins and it was an obligation of Ministry of Agriculture to update these calculations annually.52

Challenges about FADN were pointed out also from the European Commission in the Kosovo 2011 Progress Report. “The small average size of farms in Kosovo, the many subsistence farmers and the large informal part of the agricultural sector complicate data-gathering for the Farm Accountancy Data Network”.53

Now, MAFRD is working to improve and harmonize the FADN system with the EU standards. Changing from SGM to Standard Output (SO) and harmonizing the questionnaire with the EU requirements are some of ongoing actions in this regard. New Access based software is being developed and tested. The sample size of 300 farms used for collection of FADN data has not been changed (same farms) since the beginning and is not a representative sample for the whole farms in Kosovo.

Therefore, sampling a more representative sample from the Population Census data has to be considered as a solution, unless we don’t have data from the Agriculture Census planned to be conducted in 2013.

51 Kosovo Progress Report. EC 2011
52 Feasibility study Structure-eng(04 06 2012)
53 Kosovo Progress Report. EC 2011
Other challenges are following this process since the beginning like: logistic issues and the most important question of enumerators (those who collect the data). This should be addressed as a priority to find a sustainable solution.

5 Market Measures

On 18 December 2006, the European Commission had proposed to establish a single Common Market Organization for all agricultural products, to replace the existing 21 CMOs. The move was a major step in the ongoing process of streamlining and simplifying the CAP for the benefit of farmers, administrations and companies handling agricultural products.

The creation of a single Common Market Organization (CMO) has slimmed down legislation in the farming sector, improved its transparency and made the policy more easily accessible. It is an example of applied better regulation and therefore forms an integral part of the Lisbon strategy. The creation of a single CMO has been the most significant technical simplification of the CAP yet undertaken.54

Kosovo has initially established bilateral trade agreements with countries in the region, but in 2006 these bilateral agreements were substituted by a multilateral agreement – CEFTA. Kosovo has liberalised agriculture products circulation markets since the first year that CEFTA came into effect (2007), and has eliminated the 10% tariff rate and quantity quotas for all agricultural products of the CEFTA member states. Since 13 December 2011, Kosovo has benefited also from the agreement (Council Regulation (UE) Nº 1336/2011) on EU autonomous trade measures. According to this agreement, Kosovo enjoys unlimited and duty free access to the EU market for its products.55

A working group on trade policies has been established within the Ministry of Trade, which mainly addresses agri-business problems and anti-balancing and anti-damping protection measures with the participation of the business community. Other mechanisms established in the field of trade policies are: Subcommittee on Agriculture and Phytosanitary (for CEFTA, operates under MAFRD); Committee on evaluation of import measures (inter-ministerial committee); Sub-working group on trade policies in agriculture (operates under the Ministry for Trade and Industry).56

Law No. 03/L-114 on Value Added Tax regulates the value added tax payable at 16% of the taxable value of imports, other taxable inflows and supplies excluding zero-rated supplies. Article 10 of this Law (Chapter IV) describes the zero-rated supplies for: exports, supply of goods and services related to the international transport of goods and passengers; irrigation of agriculture land as well as imports and supply of other agriculture goods (livestock, horticulture, cereals, agriculture machinery and mechanisation etc.)

54 Agriculture and Rural Development. Agriculture Markets at: http://ec.europa.eu/agriculture/markets/index_en.htm
56 Feasibility study Structure-eng(04 06 2012)
As far as the 10% custom tariff is concerned, the Customs and Excise Code of Kosovo No. 03/L-109 releases agriculture, livestock, apiary, horticulture and forestry products from custom duties. The majority of agriculture inputs and equipment is released from the custom tariffs and VAT (Regulations no. 2004/13, no. 2004/35, 2006/4, 2007/12 and no. 2007/31). Law No. 03/L-112 on Excise Tax Rate in Kosovo regulates excise tax rates for agricultural products.

With the Law on Livestock No. 204/33, Law on Planting Material No. 2004/13, Law on Seeds No. 2003/5, and Law on Plant Protection Products No. 03/L-042 MAFRD has established the legal and administrative mechanisms to licence enterprises for agriculture inputs trading (sales, export, and import).57

6 Quality Policy

Three EU schemes known as PDO (protected designation of origin), PGI (protected geographical indication) and TSG (traditional speciality guaranteed) promote and protect names of quality agricultural products and foodstuffs.

- “PDO” covers agricultural products and foodstuffs which are produced, processed and prepared in a given geographical area using recognized know-how.

- PGI- covers agricultural products and foodstuffs closely linked to the geographical area. At least one of the stages of production, processing or preparation takes place in the area.

- TSG- highlights traditional character, either in the composition or means of production”.58

In Kosovo, the draft Law on Geographical Indications is being drafted and it includes rules and criteria for production of distinguishable characteristic products from the country of origin. The trade mark is protected by the Law on Trade Marks No. L-026/2011.

The protected geographical origin of wines is regulated by the Law on Wines No. 02/L-8 and Law No. 04/L-019 Amending and Supplementing the Law on Wines No. 02/L-8. The Law No. 02/L-8 protects wines produced in a specific geographical region. This law determines the conditions to be met by products of designated geographical origin and authorises MAFRD to issue by-laws setting the conditions to be met for the designation of protected geographical origin wines and the designation of localities with protected geographical indications. MAFRD issued the Administrative Instruction No. 03/2009 on Stipulation of the Vineyard Territory in Kosovo, which determines the vineyard territory in the Republic of Kosovo divided into regions, sub-regions, vineyard areas and vineyard localities.59

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57 Answers to the Feasibility Study Questionnaire. June 2012
59 Answers to the Feasibility Study Questionnaire. June 2012
7 CHALLENGES, PRIORITIES AND RECOMMENDATIONS

Based on so far developments and evaluation of agriculture and rural development sector there are some strategic challenges to be addressed in order to improve the living standard of the rural population, and to restructure the Kosovo Agriculture and Rural Development sectors in line with that of the European Union.

<table>
<thead>
<tr>
<th>Institutional development and capacities</th>
<th>Challenges</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Weak administrative capacities at local and central level;</strong></td>
<td><strong>Further administrative capacity building;</strong></td>
</tr>
<tr>
<td>Institutional capacities are being established;</td>
<td><strong>Weak inter-institutional cooperation at all levels;</strong></td>
<td><strong>Preparation for accreditation process of institutions;</strong></td>
</tr>
<tr>
<td>MAFRD is operational;</td>
<td><strong>Low budget allocated to implement and enforce policies;</strong></td>
<td><strong>Better coordination and cooperation between central and local institutions;</strong></td>
</tr>
<tr>
<td>Restructuring process of the MAFRD is being implemented;</td>
<td><strong>Limited human capacities and skills;</strong></td>
<td><strong>Allocation of more financial means;</strong></td>
</tr>
<tr>
<td>Paying Unit upgraded into Paying Department;</td>
<td><strong>Inefficient use of human capacities;</strong></td>
<td><strong>MAFRD to attract more qualified staff and improve capacities of the current staff with a proper capacity building program;</strong></td>
</tr>
<tr>
<td>Advisory Services upgraded into a Department;</td>
<td><strong>Lack of staff to fill all the positions derived from reorganization process;</strong></td>
<td><strong>Increase efficiency of human resources;</strong></td>
</tr>
<tr>
<td>New departments are being created with the restructuring process;</td>
<td><strong>Difficulties to recruit new staff;</strong></td>
<td><strong>MAFRD to find solutions and make available all required human and technical capacities;</strong></td>
</tr>
<tr>
<td>Farm Register;</td>
<td><strong>PD is understaffed and overloaded with work ;</strong></td>
<td><strong>Further enhancement and more professional Advisory Services;</strong></td>
</tr>
<tr>
<td>LPIS;</td>
<td><strong>PD has limited IT infrastructure and capacities;</strong></td>
<td><strong>To have “Licensed Advisors” for advisory services;</strong></td>
</tr>
<tr>
<td>Vineyard cadastre;</td>
<td><strong>Unsolved question of field staff for PD</strong></td>
<td><strong>To create an efficient reporting, monitoring and control system;</strong></td>
</tr>
<tr>
<td></td>
<td><strong>PD is facing difficulties in using all available data sources;</strong></td>
<td><strong>Create an environment for better use of available data sources;</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Inefficient Advisory Services;</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Understaffed Advisory Services;</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Unlinked data sources form available registers and databases;</strong></td>
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<table>
<thead>
<tr>
<th>Legislation</th>
<th>Challenges</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td>Weak implementation of the legislative framework;</td>
<td>Government, to build and maintain the right administrative structure to apply the EU legislation;</td>
</tr>
<tr>
<td>Department of Legal Services; Agriculture and Rural development almost covered with primary and somehow with secondary legislation; Law on Agriculture and Rural Development;</td>
<td>Secondary legislation;</td>
<td>Deep comparative assessment of Kosovo legislation against EU legislation;</td>
</tr>
<tr>
<td></td>
<td>Lack of human capacities with adequate knowledge and skills;</td>
<td>Further review and approximation of Kosovo legislation with acquis;</td>
</tr>
<tr>
<td></td>
<td>Lack of budget and capacities to implement the legislation;</td>
<td>More attention to secondary legislation;</td>
</tr>
<tr>
<td></td>
<td>Delays in drafting and /or review of primary and secondary legislation;</td>
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</tbody>
</table>
### Draft a National Plan for approximation of national legislation with *acquis*;  
Staffing and capacity building in implementation and enforcement of adopted legislation;

| Policy and strategy framework |  
|---|---|---|---|
| **Strengths** | **Challenges** | **Recommendations** |
| National Agriculture and Rural Development Plan (ARDP 2007-13) based on EU CAP; Measures for Direct support and Rural development; Strategy on Land Regulation 2010-2020; Strategy for Advisory Services 2011-2015; Sub-sector strategies (horticulture, livestock, cereals); Guarantee fund for agro-rural loans; | Implementation of policies and strategies; Low budget allocated from government for Agriculture and Rural Development sector; Outdated cadastre and property registers system; Unfinished land consolidation from the past; Small average farm size and land fragmentation; Use of agricultural land for non agriculture purposes; Further fragmentation of agriculture land; Weak organisation of rural community; Limited investments in agricultural and rural development; Low income of agriculture and rural households; Affordable loans in terms of high interest rates; | Allocation of more financial means for implementation of policies and national strategies; Increase administrative and human capacities to implement policies and nationals strategies; Develop more focused rural development policies; Development policies to increase farm size and prohibits further land fragmentation; Further land consolidation; Cadastre update (IPRR) Protect agriculture land from illegal change of use; More funds and promotion of local partnerships for rural development; |

### Statistics

| **Strengths** | **Challenges** | **Recommendations** |
|---|---|---|---|
| Kosovo Agency of Statistics (KSA) is operational; Law No. 04/L-036 on Official Statistics; The draft Law on Agriculture Census; Department of Agriculture and Environment Statistics (DAES); Agricultural and Agro-monetary statistics; Division of Agriculture Statistics within MAFRD; Farm Accountancy Data Network (FADN); | Lack of reliable up-to-date statistics in Kosovo; Insufficient budgetary and human resources; Lack of complete sources of data; Lack of financial means to conduct regular surveys; Lack of human capacities and skills; Implementation of working plans and strategies; Delays in publishing results from statistical activities; Weak cooperation (data exchange) between MAFRD and SAK on agriculture statistics; | An integrated statistical system compatible with EU integration requirements; More budget available for statistical activities; Complete all data sources needed for production of reliable statistics; Continuity in statistical activities and produce regular statistics; Improve cooperation between SAK and MAFRD Settle official cooperation channels to simplify the data exchange; Written agreements (MoU); |
FADN small sample size of 300 farms (not representative); FADN sample used since the beginning of the process; Lack of enumerators to collect FADN data; Logistics issues;

Improve and harmonize the FADN system with the EU standards; Sampling a more representative sample from the Population Census data; MAFRD to find a sustainable solution for FADN enumerators;

8 Annexes

Annex 1. List of meetings

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hysni Thaqi</td>
<td>MAFRD</td>
<td>Head of Rural Development and Advisory Services</td>
</tr>
<tr>
<td>Mediha Halimi</td>
<td>MAFRD</td>
<td>Officer of FADN &amp; Agricultural product’s prices</td>
</tr>
<tr>
<td>Muhamet Gubetini</td>
<td>MAFRD</td>
<td>Chief of Personnel Division</td>
</tr>
<tr>
<td>Nysrete Doda-Gashi</td>
<td>MAFRD,</td>
<td>Chief of Division for farm investments (Managing Authority)</td>
</tr>
<tr>
<td>Shefki Zeqiri</td>
<td>MAFRD</td>
<td>Head of Legal Department</td>
</tr>
<tr>
<td>Sebahate Haradinaj</td>
<td>MAFRD</td>
<td>Head of Department for European Integration and Policy Coordination</td>
</tr>
<tr>
<td>Agron Berdyna</td>
<td>MAFRD</td>
<td>Chief of Division for European Integration</td>
</tr>
<tr>
<td>Agim Nuha</td>
<td>MAFRD, Paying Department</td>
<td>Head of Administration Division (Paying Department)</td>
</tr>
<tr>
<td>Ismajl Kastrati</td>
<td>MAFRD,</td>
<td>Chief of IT and Registers division (Paying Department)</td>
</tr>
<tr>
<td>Prof. Adem Demaj</td>
<td>Kosovo Association of Organic Farming (SHBOK)</td>
<td>President of the Association</td>
</tr>
<tr>
<td>Emine Daci</td>
<td>Kosovo Chamber of Commerce (KAC)</td>
<td>Agriculture Advisor to the president of KAC</td>
</tr>
<tr>
<td>Zenel Bunjaku</td>
<td>Initiative for Agricultural Development of Kosovo (IADK)</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Bexhet Basha</td>
<td>Renewal of Agriculture (ReB)</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Mustafe Kastrati</td>
<td>GIZ</td>
<td>Economic Development Promotion Advisor</td>
</tr>
<tr>
<td>Xhevat Lushi</td>
<td>GIZ</td>
<td>Economic Development Promotion Advisor</td>
</tr>
</tbody>
</table>