

15 Agriculture policy

Agricultural development remains a priority for all economies, not only in response to the essential resource needs of a growing population but also due to its substantial contributions to total employment and GDP. The chapter analyses the performance and trends of agriculture policies across three sub-dimensions. The first sub-dimension, rural development and infrastructure, assesses strategies and programs related to rural infrastructure, livelihood support, and irrigation systems. The second sub-dimension, agricultural support systems, covers the policy, governance and instruments in the agricultural sector. The third sub-dimension, food safety and quality, focuses on the policy framework regulating food safety and on the food quality legislation and agencies, which are key tools in an economy's path towards productive and sustainable agriculture.

Key findings

Kosovo has substantially increased its overall agriculture policy score since the previous *Competitiveness Outlook*, exceeding the regional average (Table 15.1). The economy significantly strengthened its rural development and infrastructure. On the other hand, Kosovo's policy frameworks on food safety and food quality remain relatively weak compared to the other Western Balkan economies, due to persistent challenges to effective monitoring and enforcement.

Table 15.1. Kosovo's scores for agriculture policy

Dimension	Sub-dimension	2018 Score	2021 Score	2024 Score	2024 WB6 average
Agriculture policy	14.1: Rural development and infrastructure			3.8	3.2
	14.2: Agriculture support system			3.5	3.3
	14.3: Food safety and quality			2.8	3.4
Kosovo's overall score		2.4	2.4	3.4	3.3

The **key findings** are:

- Ongoing initiatives to enhance rural and irrigation infrastructure have engendered notable progress, including the connection of 100 schools and health institutions to ultra high-speed broadband and new irrigation projects in eight municipalities. Yet despite such efforts this infrastructure remains inadequate, hindering the potential for improved agricultural productivity and enhanced quality of life for rural populations.
- Despite the record-high agriculture budget of EUR 56.1 million in 2022, marking a 20% increase from just two years earlier, the implementation of agricultural policies in Kosovo remains limited by insufficient financial resources. While additional funding through the Instrument for Pre-Accession Assistance for Rural Development (IPARD) III would be advantageous to accelerating the sector's development and modernisation, the economy currently lacks the necessary institutional capacity to access these funds.
- Since 2021, the Ministry of Agriculture, Food and Rural Development (MAFRD) has made significant updates to producer support instruments, including the reduction of eligibility criteria for certain direct payments and new subsidies for key inputs. These changes aim to increase the number of potential beneficiaries, underscoring the government's priority of expanding the assistance available to farmers.
- Although Kosovo has functional agricultural information systems, such as a Farm Accountancy Data Network (FADN) and a Land Parcel Identification System (LPIS), there is significant scope to further develop these platforms. Interruptions to the FADN and an outdated LPIS have undermined these systems' efficacy and in turn the economy's capacity for evidence-based policy making and implementation.
- While there have been some improvements in strengthening the capacities of the Food and Veterinary Agency, namely through ongoing training with the EU and the Luxembourg Development Cooperation Agency, food safety in Kosovo still suffers from weak enforcement of and compliance with policies.
- Kosovo has made strides in aligning its food quality policy with EU standards, most recently demonstrated by the adoption of the new law on Market Organisation for Agricultural Products.

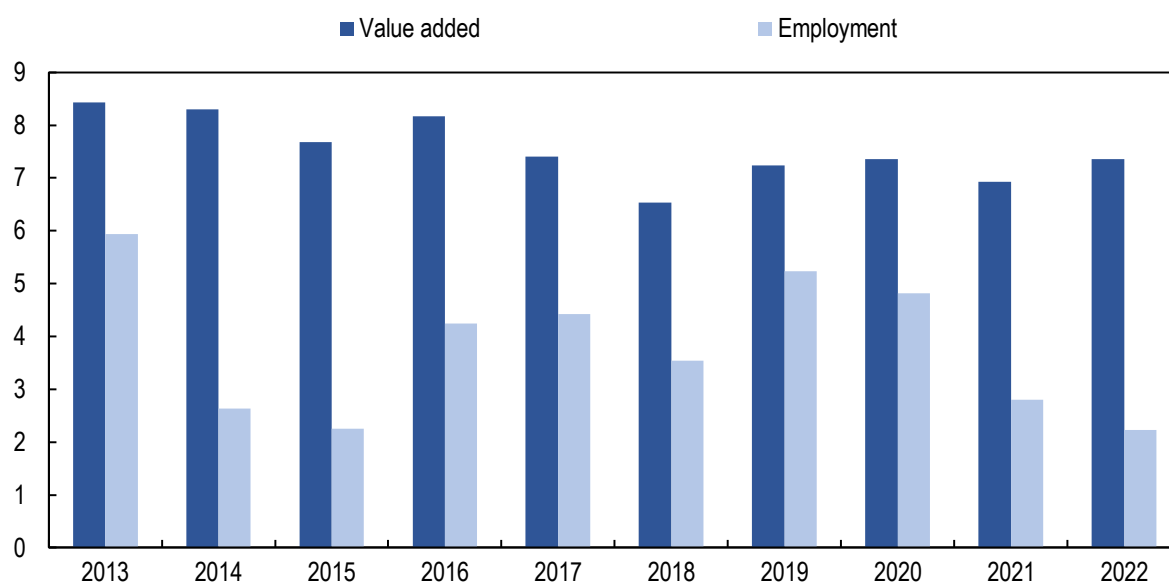
However, this still is the economy's weakest area of performance, in part due to the limited development of its organic farming and production.

State of play and key developments

Over the past decade, Kosovo's agricultural sector has strengthened, its output rising from EUR 428 million in 2013 to EUR 658 million in 2022 (World Bank, 2024^[1]). This 54% growth is primarily attributed to increased investment and government support. However, despite the sector's growing value, its contribution to GDP has decreased slightly, from 8.4% to 7.4% in 2022 (Figure 15.1). Moreover, the sector has experienced significant fluctuations in its annual percentage growth rate over the same period. Specifically, between 2017 and 2022, growth occurred in just two of the six years (2019 and 2022), with the latter's increase only a modest 4.5% (Figure 15.2).

Figure 15.1. Agriculture's contribution to value added and total employment in Kosovo (2013-22)

In percentage of GDP and employment



Source: World Bank (2024^[1]).

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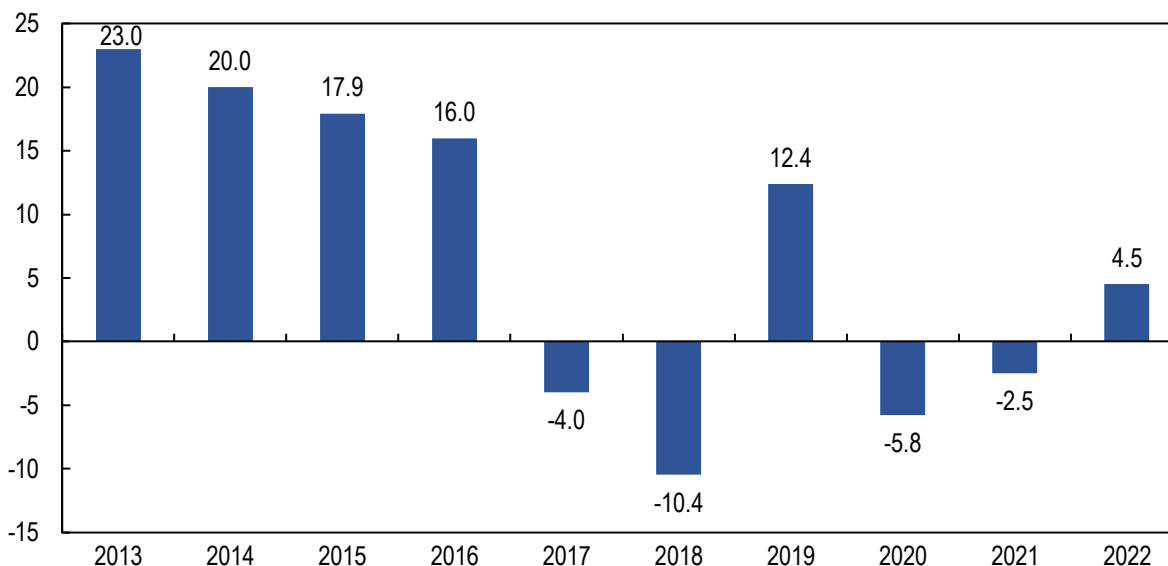
The agricultural sector's contribution to employment has been low and continues to decline, falling from 5.2% in 2019 to 2.2% in 2022 – representing the lowest rates in the Western Balkans (Figure 15.1). This drop can be attributed to both demographic trends – such as decreasing fertility rates and high levels of emigration of young people (European Commission, 2021^[2]) – and the sector's modernisation. Furthermore, informal employment is common in Kosovo particularly in the agriculture sector (Çela, 2022^[3]).

Agricultural land constitutes approximately 38% of the total land area in Kosovo. Like the other Western Balkan economies, the sector is characterised by the prevalence of semi-subsistence farming on small, highly fragmented land plots. The average agricultural land holding is approximately 3.2 hectares and is

usually comprised of six to eight plots (European Commission, 2024^[4]). This is dramatically smaller than in the EU, which boasts an average agricultural holding of 17.4 hectares (Eurostat, 2023^[5]). Beyond this high degree of land fragmentation, other prominent structural challenges to the agricultural sector in Kosovo include low labour efficiency and high production costs (Kostov and Davidova, 2023^[6]).

Figure 15.2. Agricultural sector's value added annual variation in Kosovo (2013-22)

In percentage of value added



Source: World Bank (2024^[11]).

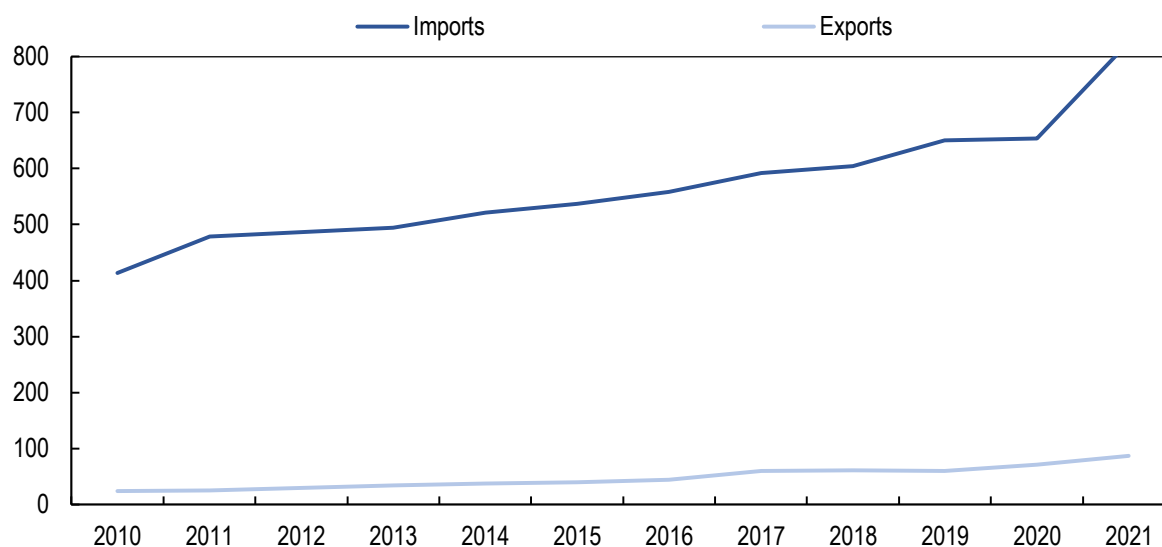
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Trade for the food and beverage sector has seen a substantial deficit, peaking at EUR 739 million in 2021 (Figure 15.3). Although the trade deficit has grown in nominal terms, partially due to rising inflation, there is a more positive trend when examining the export-to-import ratio, which has increased from 5% in 2010 to over 10% in 2021. The improvement largely stems from the agriculture sector's enhanced productivity, which in turn was a product of modernised infrastructure and increased funding. Reducing this trade deficit should be considered a priority for policy makers. Specifically, efforts should centre on bolstering the competitiveness of local production by enhancing efficiency, improving compliance with food safety and quality standards, and better positioning products in both domestic and export markets.

Figure 15.3. Kosovo's international trade of agrifood products (2010-21)

Millions of EUR

Source: Kosovo Agency of Statistics (2023^[7]).StatLink  <https://stat.link/f3j075>**Sub-dimension 14.1: Rural development and infrastructure**

Rural infrastructure in Kosovo has benefited from continuous government efforts to expand and modernise road, electricity, and information and communication technology systems (Table 15.2), although outcomes still fall short of desired levels. Rural areas are particularly affected due to the combination of factors, including the absence of paved roads — with around 35% of local roads remaining unpaved (Institute for Spatial Planning, 2020^[8]) — limited data on regional development plans, insufficient road networks, and poor infrastructure for accessing agricultural plots and forested areas, all of which collectively impedes sustainable development efforts. Ongoing initiatives to improve road infrastructure has led to increases in the lengths of both national roads and connecting roads, by 13% and 28% respectively, between 2019 and 2022 (Kosovo Agency of Statistics, 2023^[7]).

Staggered progress is also evident in terms of electricity development. While all households in Kosovo have access to electricity, shortages and cuts are quite common, as the economy has historically suffered from frequent electricity blackouts (Imami et al., 2020^[9]). For instance, amid the rise in international energy prices in 2022, Kosovo faced blackouts stemming from its heavy reliance on imported electricity. This prompted the adoption of a policy that granted citizens access to six hours of electricity followed by a two-hour break (Davies, 2022^[10]). As such, this inconsistent access to electricity adversely affects both agricultural productivity and quality of life in rural areas. Moreover, even when electricity is accessible, its cost can prove prohibitive and thus pose challenges for agricultural production.

Recent efforts to improve digital infrastructure have resulted in widespread internet access, with more than 90% of households in Kosovo reporting access at home (Ministry of Agriculture, Forestry and Rural Development, 2021^[11]). Additionally, the Kosovo Digital Economy (KODE) project, launched in 2018, has significantly improved rural populations' access to broadband services. Within the programme's first three years, it enabled around 80% of households in 163 villages to gain access to these services, achieving one of the highest broadband penetration rates in Europe. Furthermore, by 2022, KODE had equipped 76 schools and 27 health institutions with ultra-high-speed connections (World Bank, 2023^[12]). Indeed, the

availability of information is vital to the success of rural infrastructure initiatives, particularly those supporting agriculture. Yet there remains significant scope to improve farmers' access to information. For example, Kosovo currently does not have a functional platform that regularly provides information on market prices and weather conditions to farmers, as its Market Information System (which offered detailed data on the latest prices) ceased to be updated in 2022 (Market Information System Kosova, 2024^[13]). Initiatives have however been launched to enhance rural infrastructure; information is available in the table below. For example, the EU had several projects in the period 2020-22 in many Kosovo municipalities, with the aim of increasing capacities and competitiveness, increasing incomes, improving physical farming infrastructure, and improving access to markets (European Union, 2024^[14]).

Table 15.2. Ongoing projects to improve rural infrastructure in Kosovo

Project	Funder	Objectives	Time frame
Empowering Rural Economies through Agriculture (EREA)	Caritas Switzerland	This project, among other things, aims to strengthen rural economies in agriculture by strengthening value chains, increasing gender and social inclusion in agriculture, strengthening advisory services and organic agriculture, and advocating for policies beneficial to the sector.	3 years (2024-2026)
Sustainable and Inclusive Rural Economic Development (SIREd)	Caritas Switzerland	The programme aims at changing the performance and behaviour of existing system actors (public and private) in order to make the market system more advantageous for the beneficiaries. Using a facilitative approach, the project activities target systemic changes along three dimensions: agro-ecological, socio-political and economical. More sustainable and inclusive market systems contribute to poverty reduction and to empowerment, especially among rural women and marginalised people.	3 years (2020-2023)
Private Sector-led Workforce Development Activity	USAID	Private Sector-Led Workforce Development is a five-year activity that provides young people with the necessary skills to meet the needs of Kosovo's growth industries, in particular in the wood processing, ICT and agribusiness sectors. The activity promotes market-driven and inclusive workforce efforts by engaging a wide variety of stakeholders, including learners, educators, vocational institutions, private sector companies, the diaspora, civil society, policy makers, and donors – all vital members of the workforce development ecosystem. By fostering innovative workforce solutions, the activity better prepares young people to enter the workforce, and strengthens the competitiveness of Kosovo's economy. This activity contributes to USAID's overall goal of increasing opportunities for inclusive democratic and economic participation.	5 years (May 2022-May 2027)
Promoting Private Sector Employment (PPSE)	Swisscontact/ Riinvest Institute (Partner)	The project contributes to innovation, consolidation, and sustainability in the Food and Natural Ingredients and Tourism sectors. Building upon the objectives, achievements, and lessons learned during the previous phase, in Phase III (2021-25) the project will tackle private sector recovery, development, and job creation with more emphasis on youth, women and minorities. Through the Food and Natural Ingredients sector, PPSE facilitates the scaling of product development services usage, to influence innovation and product development. Facilitating further growth of the contract farming model for both medicinal aromatic plants and fruit and vegetables sub-sectors, the aim is to expand outreach and make this model sustainable. In terms of support services such as marketing, digitalization, and e-commerce PPSE facilitates models of affordable services tailored to the needs of sector SMEs.	4 years (November 2021-November 2025)
Rural Water and Sanitation Support Programme in Kosovo	Embassy of Switzerland	The public utilities (Regional Water Companies RWCs) with their state oversight institutions (Water Service Regulatory Authority WSRA, National Institute of Public Health NIPH) progress towards universal access by providing high quality water and	4 years (2018-2022)

		sanitation services together with improved sustainability and governance of water and energy resources, thereby contributing to better living conditions for the population.	
Fostering Employment and Growth Opportunities (FEGO)	Sida/Swisscontact (partner)	FEGO applies a Market Systems Development (MSD) approach, specifically focusing on market facilitation through new, innovative business models to ensure large-scale sustainable changes in respective sectors. One of the main project objectives is supporting local communities operating with rural tourism activities, and their micro and small enterprises towards development of rural tourism. It will contribute to more sustainable and inclusive market systems, improving income and productivity, and enhancing job creation in the private sector, thereby contributing to addressing high unemployment and poverty rates in the economy, especially amongst youth and women.	2022-ongoing
Improvement and Rehabilitation of Irrigation Systems Project	EU	Supporting an economically, environmentally and financially sustainable irrigation sector through investment and technical assistance measures that will increase the efficiency of water utilisation and boost agricultural productivity.	2023-2026

Source: Information provided by Government of Kosovo for the Competitiveness Outlook assessment.

Thus, despite Kosovo's latest advancements, the existing transportation, electricity and ICT infrastructure and policies only partially address agriculture and rural development needs in Kosovo. This gap is largely a product of limited human and financial resources to fully implement the policy priorities delineated in the new Agriculture and Rural Development Program (ARDP) 2023-27, one of the main strategic documents guiding rural infrastructure policy.

In Kosovo, **rural livelihood** support policies mainly promote rural diversification through measures targeting economic development and agritourism, as delineated in the Law on Agriculture and Rural Development (adopted in March 2023); that being so, key aspects of rural livelihoods such as education or health are not prioritised within rural development strategies. The availability and quality of these services are vital to ensure a good standard of living in rural areas and to prevent mass migration, a trend that poses a major challenge to agriculture and rural development in Kosovo (and other Western Balkan economies).

Of note, Kosovo does have an official definition for "rural areas", as outlined in its Agriculture and Rural Development Strategy (ARDS) 2022-28. While the original delineation involved each municipality making an administrative decision on what areas should be classified as "rural", MAFRD now stipulates that any place with more than 30 000 inhabitants is considered "urban". This approach diverges from that of the OECD, which uses population density instead of size. For MAFRD's purposes, 98.8% of Kosovo's territory is considered to be rural (Ministry of Agriculture, Forestry and Rural Development, 2021_[11]).

Kosovo does not benefit from the EU's IPARD,¹ as the economy has not obtained entrustment for the budget management and implementation of the programme. However, the economy has developed specific support measures for rural diversification that align with several measures delineated under IPARD (Ministry of Agriculture, Forestry and Rural Development, 2020_[15]). Namely, these support schemes align with IPARD's measures on diversification and local development strategies (Ministry of Agriculture, Forestry and Rural Development, 2020_[16]).² Regarding Measure 5, the LEADER initiative seeks to bring together diverse stakeholders to form local action groups (LAGs), which are then tasked with establishing local development strategies. Kosovo has passed legislation on LAGs, but there is a lack of active sustainable LAGs, also reflecting poor collective action engagement. This issue is exacerbated by challenges faced by the public extension service, including the insufficient staffing and funding of municipal agriculture consultants. Consequently, there is a need to reassess and potentially reorganise the regional-based Local Action Groups to address these obstacles and enhance their effectiveness in promoting agriculture and rural development (Wehinger, Miftari and Rexhepi, 2021_[17]).

While the **irrigation policy framework** is well established, the actual irrigation infrastructure in Kosovo remains notably limited. Only 20 000 hectares (ha) of land are currently irrigated out of the 280 000 potential ha (Ministry of Agriculture, Forestry and Rural Development, 2021^[11]). The primary document guiding Kosovo's irrigation policy is the Water Strategy Document 2017-36, which delineates strategic objectives, evaluates existing legislation, institutions and policies, and outlines planned actions and investments, including measures directly related to agricultural irrigation. Specifically, the irrigation policy framework contains measures aimed at expanding and modernising irrigation infrastructure, detailing the types of systems to be used, such as open canals, pipeline distribution, and pressurised systems. In this context, there have been ongoing investments. Between 2020 and 2022, the first phase of the irrigation project "Rehabilitation of the Radoniq-Dukagjin system" was carried out with support provided through the World Bank's Agricultural Rehabilitation and Development Project. During 2022 and 2023, contracts were issued for irrigation projects for the rehabilitation and expansion of the irrigation systems (which are under development) in eight municipalities.

Two government bodies oversee irrigation policy: the MAFRD, which is responsible for the design and implementation of policies for the irrigation and drainage of agricultural land, and the Ministry of Environment and Spatial Planning, which drafts laws and regulations on water resources. At the local level, municipalities are responsible for implementing irrigation measures and managing water sources, natural resources, public springs, public wells and water lines. Irrigation user associations, whose establishment and operations were outlined under Kosovo's Irrigation Law, used to be plentiful, reaching a maximum of 60 active groups. However, these associations are no longer functional due to inadequate legislation and weak collective action to position public irrigation enterprises as the primary entities tasked with implementing water policies (Bäumel et al., 2022^[18]).

Sub-dimension 14.2: Agriculture support system

The **agricultural policy framework** in Kosovo is fairly comprehensive, with the Agriculture and Rural Development Strategy (ARDS) 2022-28 serving as the main legal basis. The ARDS aims to foster a competitive and innovative agricultural and rural sector, drawing from modern knowledge, technology, and standards. The strategy's desired outcomes extend beyond the provision of high-quality products to domestic, regional, and international markets. They also include the sustainable development of natural resources and the environment, bolstering employment opportunities, and improving social inclusion and quality of life for residents of rural areas (Ministry of Agriculture, Forestry and Rural Development, 2021^[11]). The ARDS 2022-28 serves as a reference document for the ARDP – supporting the implementation of agricultural policies – as well as for donor projects.

Additional support plans and measures are elaborated in the national Agriculture and Rural Development Project (ARDP) 2023-27, which is subject to yearly revision in relation to the annual budget's drafting and approval processes (Ministry of Agriculture, Forestry and Rural Development, 2023^[19]). Each year, a new annual programme guiding rural development, which specifies support measures in the ARDP, is drafted by the MAFRD.

As defined in both the ARDS and the ARDP, Kosovo's main strategic objectives for agriculture and rural development include increasing competitiveness and efficiency, promoting the sustainable use of natural resources, supporting rural businesses, and implementing institutional and sectoral reforms. Kosovo's agriculture and rural development policy displays a relatively limited degree of alignment with the EU Common Agricultural Policy (CAP), with only four of the ten EU CAP objectives³ encompassed in this policy framework. Namely, while Kosovo's policies seek to boost productivity and ensure food security, the EU CAP has shifted its focus to prioritise environmental concerns, rural development, and competitiveness. The most evident area of discrepancy is in the environmental domain, as agri-environment schemes addressing biodiversity, carbon sequestration, climate change, and renewable energy in Kosovo are minimal. However, the ARDP 2023-27 aims to bridge some of this gap with some climate change mitigation

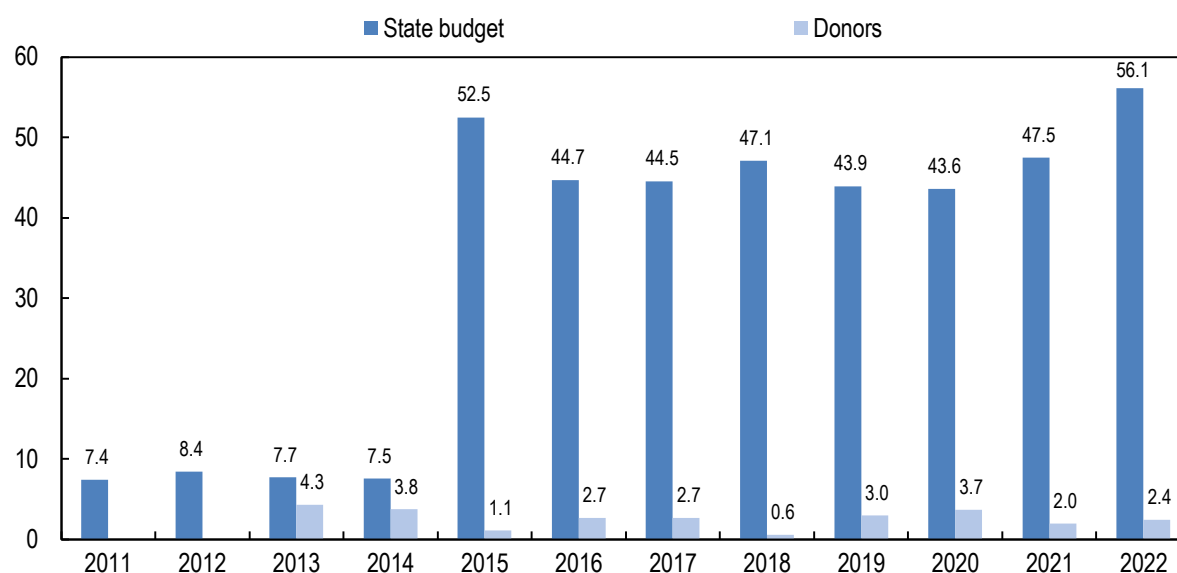
measures, namely the provision of support for investments in photovoltaic energy, fertiliser depots, and animal welfare. Additionally, the EU CAP includes market interventions for market stability, minimum prices for farmers, and production level regulation – aspects that are notably absent from Kosovo’s agricultural strategy.

Regular monitoring activities and impact assessments on producer support instruments are conducted in addition to consultation processes with stakeholders. However, systematic evidence-based assessments primarily rely on donors’ support, initiated at the request of the MAFRD. In Kosovo, there is a Farm Accountancy Data Network (FADN, recently transformed into Farm Sustainability Data Network [FSDN]) in place⁴ (Box 15.1). Its functionality was interrupted following the COVID-19 pandemic but resumed during 2023. The Land Parcel Identification System (LPIS) is functional but very outdated; it uses outdated orthophotographs and cannot support new technologies.

Funding dedicated to implementing the agriculture strategy has demonstrated impressive growth throughout the past decade, rising by 20% since 2020 and peaking at EUR 56.1 million in 2022 (Figure 15.4). Use of the available support for agriculture in relation to the budget frames was close to 100% during 2022, reflecting significant progress since 2021 (61%). However, Kosovo is heavily reliant on the national budget to support agricultural policies and programmes, partly because the economy did not benefit from IPARD II (which concluded recently) and is not currently benefiting from the newest cycle, IPARD III (2021-27).

Figure 15.4. Budgetary support for the agriculture sector in Kosovo (2011-22)

In millions of EUR



Source: Information provided by MAFRD, Department of Finance and General Services, for the Competitiveness Outlook assessment.

Box 15.1. Kosovo's Agricultural information system - The case of FADN

The Department of Economic Analysis and Agricultural Statistics (DEAAS) within MAFRD oversees the collection and analysis of agricultural statistics. It includes two divisions: the Economic Analysis Division, which performs market evaluations and sectoral analyses, and the Division of Agricultural Statistics, managing statistical databases and the Farm Accountancy Data Network (FADN). Established in the early 2010s, DEAAS introduced the Economic Analysis Division as a new capability within MAFRD.

The FADN, now known as the Farm Sustainability Data Network (FSDN) in the EU, collects annual financial data from farms to assist in policy evaluation. Starting as a pilot in Kosovo in 2004 with 50 farms, it has grown to include 1 250 farms. These data are crucial for evaluating farm performance and policy impacts, supporting evidence-based policymaking.

In collaboration with the Food and Agriculture Organization (FAO), DEAAS/MAFRD is assisting the Albanian Ministry of Agriculture and Rural Development to develop capabilities to implement FADN, which has not previously been established in the economy. Support from EU partners and experts, along with drawing from the experiences of Kosovo—given the similarities between the two economies – is essential. This collaboration serves as a prime example of how more advanced economies in specific policy areas can assist others facing similar developmental challenges and pathways.

Sources: CMO (2024^[20]); Alishani (2019^[21]).

A wide variety of **producer support instruments** is offered in Kosovo. Support measures available to producers primarily centre around two pillars: improving the efficiency or sustainability of buildings and technologies used by farmers, and ensuring compliance of products with EU safety and environmental standards. Based on the 2022-28 Agricultural and Rural Development Strategy, applications for direct payments/income support must comply with simplified Good Agricultural and Environmental Conditions (sGAECs), while grant applications for investments should meet EU food safety and waste management standards, with organic farming scheme beneficiaries being either transitioning to organic farming or already certified as organic land users. Although Kosovo does not benefit from the IPARD programme, these two measures align with two of IPARD's central measures: investments in physical assets of agricultural holdings (Measure 1) and investments in physical assets concerning processing and marketing of agricultural and fishery products (Measure 3). Such endeavours are closely linked to rural livelihoods, given that agriculture is a core economy activity for most populations living in rural areas.

Several new measures have been introduced since 2021 that aim to support prices and income for farmers. Many of these instruments are linked to production (e.g. the quantity sold or delivered) and target goods such as wheat, fish, raspberries, wine, and milk. The MAFRD also inaugurated new support for livestock farmers by providing payments of EUR 25 per head of calves raised for fattening, contingent on the farm raising at least ten calves. The Ministry also reformed some instruments used to support input use and purchase, namely by offering new subsidies for livestock production and fuels and fertilisers used to grow grains (such as wheat and maize). Of note, the MAFRD decreased the minimum eligibility criteria for receiving direct payments for selected crops in order to increase the total possible number of beneficiaries.

Moreover, there are instruments in place to support risk management related to the agriculture sector, including subsidies for insurance (via direct payments for insurance premiums for certain agricultural crops) and support for catastrophic events affecting rural areas and the agriculture sector. Starting in 2021, the MAFRD introduced a measure to support agricultural operators covering a wide range of agricultural activities in case of a natural disaster, and increased support to 75% if the insurance premiums were paid.

Conversely, while Kosovo protects farmers from external shocks due to natural disasters, there was no specific support provided to support farms against the adverse consequences of the Russian war of aggression against Ukraine. While most effects of the conflict were indirect, the subsequent food price inflation and rising cost of inputs did contribute to the government of Kosovo's decision to increase subsidies for agricultural inputs (namely oil excise duties) (UNDP, 2022^[22]).

In addition to direct support, other agricultural support policies include an **agricultural tax regime**. Agriculture inputs are excluded from value added tax (VAT), except insecticide for which VAT of 18% is applied in Kosovo. On the other hand, there is an 8% VAT on essential goods (including food) and an 18% VAT on all other goods. Low VAT on agrifood products benefits both farmers and consumers. However, there are no specific tax provisions for farms, co-operatives, or agriculture-related businesses, nor is there any assessment of the impact of tax policies on small farmers.

Regarding **agricultural trade policy**, Kosovo belongs to both the Central European Free Trade Agreement (CEFTA) and the World Customs Organisation. Consequently, most imports from CEFTA countries are exempt from duties within this framework. For economies with which Kosovo does not have a free trade agreement, there is a 10% customs duty. Since April 2016, a Stabilisation and Association Agreement (SAA) has been in effect, which eliminates customs duties on over 1 044 agricultural and 487 fishery imports from the EU. Under the same agreement, customs tariffs on industrial imports will be phased out gradually over a period of ten years, with complete phaseout set to occur in 2026 (Administration, 2022^[23]). Quotas for imports are only applied to wine and fish. Kosovo does not have any export subsidies, export credit support, or export duties.

Agricultural **research, innovation, technology transfer and digitalisation** (RITTD) in Kosovo is supported by a relatively well-developed policy framework, although there is scope to better complement this framework with relevant programmes. The policy framework is comprised of two main documents: the ARDP 2023-27, which prioritises the development and transfer of knowledge, and the new strategy on advisory services, the Strategic Plan of the Kosovo Advisory System for Agriculture and Rural Development 2023-27 (Ministry of Agriculture, Forestry and Rural Development, 2023^[24]). The emphasis on digitalisation has been a key aspect of recent strategies, particularly in enhancing human resource capabilities, upgrading data systems, and integrating digital technologies into farming practices. Additionally, alongside agricultural products, MAFRD has directed attention towards non-agricultural services such as rural and agro-tourism, aligning with various measures of the SARD and national strategy, which are closely intertwined with digitalisation efforts and research and development endeavours for new products and services.

Extension and advisory services play an important role in Kosovo's agriculture support system, particularly due to their ability to facilitate farmers' access to technology and knowledge. Since most farms in Kosovo are small, the role of public institutions to ensure technology transfer and advice is crucial (Miftari, 2022^[25]). The MAFRD's public extension and advisory services provide advice and training to farmers free of charge, although there is a notable absence of programmes for climate change mitigation and adaptation. Official statistics indicate that the number of farmers benefiting from public extension services has increased by almost 15% since 2019 (Table 15.3). It is important to note that use of these services significantly declined in 2020, largely attributed to the impact of the COVID-19 pandemic, which limited face-to-face interactions.

Table 15.3. Number of farms using public extension services in Kosovo (2011-22)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
6200	7400	8200	8900	9800	10400	10800	11900	23000	14000	26373	26412

Source: MAFRD (2023^[19]).

Another important source of advice is private advisory services, which have been regulated since the passage of the Law on Advisory Services in 2015. This law inaugurated the certification of public and private advisors. Since then, more than 200 private advisors have been certified to provide guidance and advice in the field. With both public and private extension and advisory services widely available, there is a need for institutional co-ordination to manage their delivery. The Department of Advisory Technical Services (DATS) serves this function, co-ordinating and supporting other organisations operating in the advisory extension system. Additionally, the DATS prepares training programmes that reflect the demands and needs of farmers.

Sub-dimension 14.3: Food safety and quality

Kosovo's policy framework guiding **food safety and animal and plant health** covers all key components, including hygiene, prevention and risk reduction, and traceability, although these standards suffer from a low level of implementation. Legislation including the Animal welfare law, Veterinary law, and the Law on plant protection coalesce to form this overarching policy framework. Moreover, the ARDS 2022-28 includes a specific objective of improving food safety. The legal bases for food safety and animal health and welfare are partially aligned with EU regulations, whereas the legal basis for plant health and protection has a much lower degree of alignment. However, in 2023, Kosovo's Food and Veterinary Agency (FVA) analysed its existing gaps in legislation (European Commission, 2023^[26]).

While the FVA is the sole competent authority for policy implementation in the fields of food safety and animal and plant health, there are other government bodies that play a role in this domain. Namely, the Ministry of Agriculture and Rural Development (MARD) is responsible for preparing policies, including strategies and annual programmes. At the end of 2022, the FVA was transferred and now operates under the MAFRD. The anticipated transfer of inspectors from municipalities to support this transition has not yet occurred, contributing to long-standing human resource shortages. Additionally, the FVA is supported by the Food and Veterinary Laboratory, which is accredited by the Directorate for Accreditation of Kosovo to test food and animal diseases. These laboratories conduct testing on food safety and veterinary and phytosanitary health for agricultural product exports to the EU, but they have not yet obtained international accreditation. Moreover, there has been little progress toward establishing a reference laboratory network.

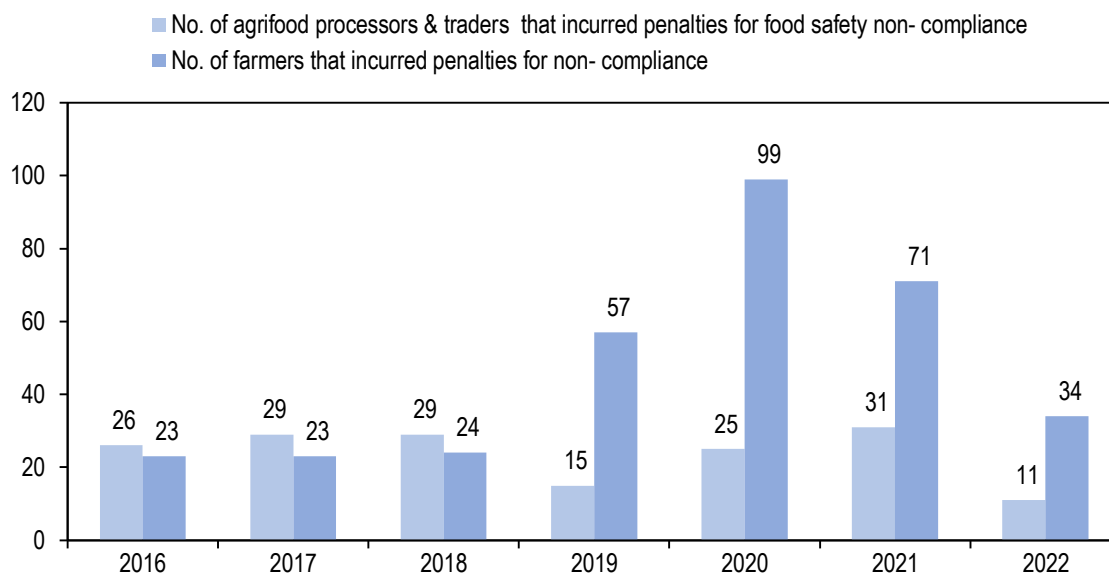
Part of the FVA's responsibilities entail overseeing risk management, the principles of which are largely harmonised with EU legislation and the World Trade Organisation's sanitary and phytosanitary (SPS) rules. Moreover, it utilises several international methodologies – including those developed by the World Organisation for Animal Health, the Food and Agricultural Organisation and the World Health Organisation, and the European Food Safety Authority – to guide its risk analysis. These principles are applied to the national control plan, developed yearly by the FVA. This plan categorises operators into four risk groups, ranging from low to high risk, and determines inspection frequency accordingly (ranging from quarterly to annually).

With respect to information management, the FVA made strides since the last assessment cycle by launching a Food Control Management System and a laboratory information system, both of which seek to streamline actions related to food safety. The institution has also bolstered its efforts to strengthen its capacities by participating in a comprehensive training session in June 2023 with the Luxembourg Development Cooperation Agency (LuxDev, 2023^[27]). The focus of this training was on improving preparedness and knowledge of the EU's food safety reporting system, the Rapid Alert System for Food and Feed. However, there is still a pending need for the agency to establish a comprehensive disease monitoring and control system that meets both EU and World Organisation for Animal Health standards (European Commission, 2023^[26]).

Despite this progress, food safety policy implementation and compliance remain limited, constrained by weak enforcement and institutional capacities (Ministry of Agriculture, Forestry and Rural Development, 2021^[11]). As such, citizens in Kosovo express much higher levels of concern regarding the safety of their

food compared to EU citizens. A 2022 survey by the European Food Safety Authority found that food poisoning from food or drinks contaminated by bacteria, viruses, and parasites were the biggest concern for respondents from Kosovo (EFSA, 2023^[28]). Participants from Kosovo also were much more likely to be concerned about food risks (compared to a healthy diet) than their EU counterparts. Additionally, Figure 15.5 shows that a significant number of farmers, agrifood processors and traders have incurred penalties for food safety noncompliance – although the downward trend in recent years potentially indicates improving conformity to both domestic and international standards.

Figure 15.5. Number of farmers, agrifood processors and traders that incurred penalties for food safety noncompliance in Kosovo (2016-22)



Source: Information provided by Kosovo's Food and Veterinary Agency for the Competitiveness Outlook assessment.

Regarding **food quality**, Kosovo has made progress in drafting and implementing food quality legislation, particularly in organic food regulations and laws on Geographical Indications (GIs). These partially align with EU standards, although they do not yet reference spirits in the national legislation, and the GI control system is not fully operational. Regarding GIs, Kosovo registered its first one for Sharr cheese in June 2023, followed by a second for Rahovec wine in September 2023. Another clear example of improvement was observed in the recent preparation of a law on Market Organisations for Agricultural Products. Supported by the EU, this law was adopted in December 2023. On the other hand, Kosovo still lacks national food marketing standards, which represents a significant gap with both its Western Balkan and EU peers.

While regulations for food marking are notably absent, those governing food quality exist and are at least partially implemented. Several initiatives have been launched in Kosovo to promote organic agriculture, including the publication of the National Organic Action Plan⁵ 2023-26 by MAFRD in collaboration with Caritas Switzerland and Austrian Development Cooperation; the establishment of the Organic Agriculture Association Kosovo (OAAK) in 2002 to support farmers in adopting organic practices; and the formation of Organika in 2013 to represent and assist operators in the Non-Wood Forest Products (NWFPs) and Medicinal and Aromatic Plants (MAPs) sector, affiliated with International Federation of Organic Agriculture movements (IFOAM) Organics International. However, there are currently no local organisations that certify products as organic – and consequently, no local accreditation agencies that can accredit these organic certification bodies. Instead, three international entities operating in Kosovo carry out the activities

related to certifying organic products. As for organic farming, certification and control operations are similarly conducted by several international organisations (European Commission, 2023^[26]). The total area certified organic in Kosovo grew from 1 604 ha in 2020 to 1 990 ha in 2021, marking a notable increase. Yet, this remains a negligible share to total agricultural land.

Overview of implementation of Competitiveness Outlook 2021 recommendations

Kosovo's progress on implementing past CO Recommendations has mostly been limited, as no major reforms were undertaken to strengthen agricultural information systems or to meeting the preconditions of the IPARD III programme. However, notable advances were made with respect to upgrading its sanitary and phytosanitary system and aligning it with EU regulations. Table 15.4 shows the economy's progress on implementing past recommendations for agriculture policy.

Table 15.4. Kosovo's progress on past recommendations for agriculture policy

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Improve irrigation water management	Between 2020 and 2023, ongoing investments, supported in part by the World Bank, extended to eight municipalities. The World Bank's assistance included capacity building and monitoring support. Additional support is planned through a EU-WB project to support irrigation is set to run until 2026. However, there is room to further enhance governance and the collection of payments for the irrigation services, as the economy still has a very low level of irrigation coverage.	Limited
Enhance the land consolidation process	The Land Parcel Identification System (LPIS) has not yet been implemented. However, there is a functional Farm Accountancy Data Network (FADN) in place, which is an important tool for policy evaluation.	Limited
Meet the preconditions and increase capacity for the facilitation of IPARD funding.	Kosovo did not benefit from IPARD II and does not currently benefit from IPARD III, as the economy has not yet obtained entrustment. Both the Law on Agriculture and Rural Development and the law on the Market Organisations for Agricultural Products have been adopted recently.	Limited
Continuously upgrade the SPS system and harmonise it with EU requirements	The food control and traceability management system as well as the laboratory information management system for the food safety and veterinary laboratories was put in place. There has been progress in the field of food control and traceability as well as the laboratory information management system handled by the Food and Veterinary Agency (FVA). However, gaps in the financial and human resources of FVA hinder full implementation of the EU <i>acquis</i> in this area. The FVA has not developed a comprehensive disease monitoring and control system that is in line with the requirements of the EU or the World Organisation for Animal Health.	Moderate

The way forward for agriculture policy

Considering the level of the previous recommendations' implementation, there are still areas in which Kosovo could strengthen its rural development and infrastructure or its agriculture support system, or further enhance its food safety and quality policies. As such, policy makers may wish to:

- **Improve road, electricity, and irrigation infrastructure, particularly in rural areas.** Despite the strides achieved through initiatives by both the government of Kosovo and donors, the existing infrastructure remains underdeveloped, adversely affecting farmers and rural populations. The expansion of irrigation systems is especially crucial given Kosovo's vulnerability to climate change. Therefore, the MAFRD should continue investing in the modernisation and rehabilitation of this

infrastructure, seeking collaborations with organisations such as the World Bank and the Food and Agriculture Organisation when possible.

- **Continue to strengthen institutional capacities to secure entrustment for IPARD III.** Given that limited progress was made since the last assessment cycle, the government of Kosovo should fortify its efforts to enhance the capacities of the MAFRD, particularly its management authority and payment agency. Specifically, in line with the objective outlined in the ARDS 2022-28, the government should prioritise the reorganisation and independence of its Agriculture Development Agency as an IPARD III agency, in line with EU directives. It also should allocate sufficient human, financial, and technical resources to the MAFRD to facilitate achieving entrustment for budget implementation tasks under the IPARD programme.
- **Update agricultural information systems to improve evidence-based policy making.** Namely, the MAFRD should prioritise updating both the FADN to address gaps resulting from its temporary interruption and the LPIS, by acquiring new, up-to-date systems and orthophotography. These reforms are crucial for strengthening the economy's capacity for evidence-based policy making, as using the data collected through these platforms can significantly enhance the formulation and implementation of policies and programmes. Ireland's Agriculture and Food Development Authority (Box 15.2) has enacted several good practice examples to promote data-driven decision making in the agricultural sector.

Box 15.2. Evidence-based policy making in Ireland's agriculture sector

Ireland's Agriculture and Food Development Authority, Teagasc, has developed and implemented various digital tools aiming to bolster its advisory services throughout the country. By aggregating data from various sources and analysing them together, these tools aimed to facilitate evidence-based decision making at the farm level.

One of the tools developed under this overarching initiative is "Pasturebase Ireland," which is an online grassland management support tool. Over 3 000 farms in Ireland use this tool to record and monitor grass growth and consequently develop grass budgets. "Nutrient Management Planning Online," is another digital tool that enables farm advisors to create comprehensive nutrient management plans for their clients. Through the integration of data from the Department of Agriculture's Land Parcel Identification System and Teagasc's soils database, the programme generates colour-coded maps and infographics in order to facilitate more accessible interpretation of data.

Source: EU SCAR AKIS (2019^[29]).

- **Allocate adequate resources to the FVA to ensure it can effectively fulfil its mandate.** The recent transfer of the FVA to the MAFRD was an important first step in ensuring that the agency is sufficiently resourced. However, given the persistent challenges to compliance with food safety standards, Kosovo should emphasise bolstering the FVA's capacities to improve enforcement and monitoring mechanisms for food safety and animal and plant health.
- **Prioritise development of the organic farming sector.** Despite recent efforts to expand the amount of agricultural land dedicated to organic production, it remains significantly underdeveloped. As such, the government of Kosovo should intensify its support for organic farming through targeted incentives, capacity-building programmes, and awareness campaigns for farmers and agricultural producers. This not only can enhance the sustainability of the agricultural sector, but also can allow the economy to tap into growing global markets for organic products.

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Notes

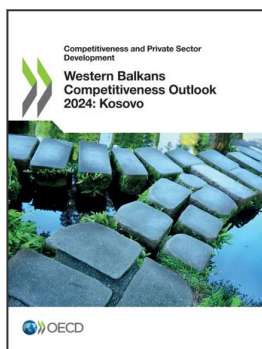
¹ IPARD is the Instrument for Pre-Accession Assistance for Rural Development. Although Kosovo has not benefited from IPARD II or III, it is a potential beneficiary and may benefit in the future. In this context, national schemes tend to be (at least to some extent) aligned with the measures delineated under the IPARD programme.

² The specific IPARD III measures are Measure 7, “Farm diversification and business development,” and Measure 5, “Implementation of local development strategies using the LEADER approach.”

³ The ten EU CAP objectives are: ensuring a fair income for farmers; increasing competitiveness; improving the position of farmers in the food chain; climate change action; ensuring environmental care; preserving landscapes and biodiversity; supporting generational renewal; ensuring vibrant rural areas; protecting food and health quality; and fostering knowledge and innovation. Kosovo’s ARDP 2023-27 is only aligned with the following four: ensuring a fair income for farmers; increasing competitiveness; ensuring environmental care; and fostering knowledge and innovation.

⁴ The FADN stands as the main source of microeconomic data in EU (and in some candidate countries), founded upon harmonised bookkeeping principles. It facilitates the evaluation of the impact of agriculture and rural development policies over time.

⁵ The 2023-2026 National Organic Action Plan gives an overview of the sector up to 2022, and proposes activities to develop the production and processing, market development, legislation, **certification and policies**, and research, education, training and extension (https://www.mbpzhr-ks.net/repository/docs/NOAP_2023_2026_ENG.pdf).



From:
**Western Balkans Competitiveness Outlook 2024:
Kosovo**

Access the complete publication at:

<https://doi.org/10.1787/ff74ae0e-en>

Please cite this chapter as:

OECD (2024), "Agriculture policy", in *Western Balkans Competitiveness Outlook 2024: Kosovo*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/b9c39d96-en>

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