

Assessment of

# AGRICULTURE SUPPORT SCHEMES

In Kosovo



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# Executive summary

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# Executive summary

The Promoting Private Sector Employment (PPSE) is a project in Kosovo financed by the Swiss Agency for Development and Cooperation (SDC) and implemented by a consortium of Swisscontact and Riinvest Institute. The PPSE conducted a study to assess the agriculture support schemes in Kosovo, with a particular focus on fruits, vegetables and medicinal aromatic plants sub-sectors. The overall purpose of this study was to identify current issues in the support schemes and design potential interventions that could improve the impact of these support schemes.

The initial hypothesis for this study was based on the fact that there has been a steady increase of selected sub-sectors of agriculture, the increase in the total area of utilized agricultural land in Kosovo was rather insignificant over the past years. The hypothesis was also based on the fact that agricultural production has remained flat at around 630 million

Euros annually, making the contribution of agriculture to GDP drop over the years. The hypothesis was that there was no significant result from agricultural aid in the growth of agricultural production in Kosovo as a whole, considering the vast amount of domestic aid through the grants and subsidies programs of the central and local government, as well as the foreign aid to the sector.

The study on the Assessment of Support Schemes in Kosovo designed by the PPSE had the following objectives:

1 To study the current agricultural support schemes in Kosovo, including but not limited to direct and indirect subsidies, for specific subsectors including fruits, vegetables and medicinal aromatic plants. A more focused approach may be undertaken based on the outcomes of the discussions/dialogue with Sector Associations and Ministry of Agriculture and Rural Development;

2 To evaluate the effectiveness of the current subsidy program;

3 A stakeholder mapping/analysis should be assessed;

4 To identify potential interventions or adaption of subsidy schemes which could further improve the sector - targeting food and natural ingredients sub-sectors – in terms of employment creation and income generation;

5 To identify the main risks related to the interventions, and mitigation measures that can be adopted;

6 To make specific recommendations to the Ministry of Agriculture on the implementation of interventions based on regional best practices.

“One of the main findings of this study was that that agriculture is one of the rare sectors in Kosovo that has a strategy in place, although it is a broad strategy with general objectives around growth in the agro-food sector, protection of natural resources and the environment of rural areas and improve the quality of life and diversification of opportunities and employment in rural areas”.

In order to answer the study questions, this report is structured in four main parts. The first part speaks about the overview of the strategic orientation and the current situation of the agriculture sector in terms of the impact of support schemes. The second part analyses the subsidy program (direct payments) schemes, its design and the comparison with similar programs in the Western Balkans. The third part provides an overview of the rural development measures (grants program), its design and its implementation in different countries. The fourth part analyses the information systems, the monitoring system and the challenges with regard to reliable statistics about the agriculture sector.

One of the main findings of this study was that that agriculture is one of the rare sectors in Kosovo that has a strategy in place, although it is a broad strategy with general objectives around growth in the agro-food sector, protection of natural resources and the environment of rural areas and improve the quality of life and diversification of opportunities and employment in rural areas. However, the agricultural sector does not have strategic focus on sub-sectors based on market analysis to substitute imports or increase exports. In addition, although the development and design of each annual program is based on sectorial analysis and the analysis of the value chain on every culture, the support with grants and subsidies is not coordinated properly in the function of completing or fulfilling all parts of the value chain.

Taking into account the above, the recommendation is to identify cultures which are of national interest for Kosovo to substitute imports with national production, and to also focus on cultivating cultures that can be competitively introduced to international markets. In addition, the value chain needs to be thoroughly analysed whether all support programs are serving the purpose of the completion of value chain.

Another important conclusion of the study is that the policies developed by the Ministry of Agriculture, Forestry and Rural Development are not taken seriously into account during the allocation of the Kosovo Budget. Consequently, all interested stakeholders should increase their advocacy activities with the

Government and the Parliament to make the necessary budget changes that serve the purpose of achieving the goals and plans of the Ministry.

With regard to the subsidy program, the observation is that this program has unsatisfactory and unstable results from sector to sector. The subsidies program does not have an impact on the increase of production and yield of crops, instead it only subsidizes a higher share of expenditures to produce the same amount of crops. Therefore, the subsidy program should be re-designed into two levels, where the first level supports all agricultural land that is being cultivated with a minimum payment and the second level which supports only strategic products, whether that is input based or output based.

In the rural development measures, there is poor control of the implementation of the grants and lack of proper measurement of effects and results achieved by projects. Although the Agency for Agricultural Development, with its limited human and budgetary resources, has in place procedures and manuals, they find little application during the implementation and monitoring processes. Hence, the grants program should be monitored and pursued more strictly, in order to ensure the intended development of the support provided. In addition, the Government and Parliament should be addressed to support the Agency for Agricultural Development with staff and budget.

Development projects also lack professional and sustainable counselling for cultivation of crops, development of post-production and processing capabilities, business models, corporate governance and sales strategies. In this respect, involvement of advisory services with professional counsellors for grant projects should be a mandatory requirement. All stakeholders in the Agriculture sector should invest in developing the capacities of advisory services as the high involvement of the advisory services in projects will contribute to sustainability and greater success of the support but will also result in a more sustainable agriculture sector in general.

With regard to information system and monitoring, there is a lack of sustainable data and statistics in the agricultural sector in Kosovo. Taking this into account, a methodology and standard procedures for data collection, processing, validation and analysis in the databases of the Ministry of Agriculture, Forestry and Rural Development should be defined. Also, the methodology should include data from the Kosovo Agency of Statistics, as well as the data from the local level (municipalities), in order to document and manage all sector data, and have a clear view of the agriculture sector.



# Introduction

The Promoting Private Sector Employment (PPSE) is a project in Kosovo financed by the Swiss Agency for Development and Cooperation (SDC) and implemented by a consortium of Swisscontact and Riinvest Institute. The project's first phase dated from 2013 until 2017. Starting from November 2017 the project was extended until 2021 and the goals of the project remained similar as in the first phase, thus attaining large-scale sustainable impact on employment for young women and men through improved competitiveness of the private sector. The project uses the Market System Development (MSD), formerly known as Making Markets Work for the Poor (M4P) approach, using practical sector analysis which includes sector problems, underlying causes, related services and its weaknesses, actors, and interventions proposed.

Similar to the first phase, the project is focused in two sectors, namely tourism and food & natural ingredients

(including subsectors such as fruits and vegetables, non-wood forest products, confectionary, etc.). Focusing in given sectors, the project's goals are to increase employment opportunities, income generation as well as sector competitiveness and performance of the value chain actors.

As a part of its support in the above-mentioned sectors, PPSE aimed at conducting a study to assess the agriculture support schemes in Kosovo, with a particular focus on fruits, vegetables and medicinal aromatic plants sub-sectors. The overall purpose of this study was to identify current issues in the support schemes and design potential interventions that could improve the impact of these support schemes.

The initial hypothesis for this study was based on several facts identified from past studies and current statistics. The total land used for agriculture in Kosovo is 416,831 ha, however more than half of it is

meadows and pastures (53%) and the other half is arable land used for different agricultural products (43%). Although there has been a steady increase of selected sub-sectors of agriculture, the increase in the total area of utilized agricultural land in Kosovo was rather insignificant over the past years.

In addition, although Kosovo's GDP has steadily increased over the years, from 4.8 billion Euros in 2011 to 6 billion Euros in 2016, agricultural production has unfortunately remained flat, at around 630 million Euros, making the contribution of agriculture to GDP drop over the years.

Considering the vast amount of domestic aid in the agricultural sector in Kosovo through the grants and subsidies programs of the central and local government, as well as the foreign aid to the sector, the assumption was that there needs to be a serious review of the agricultural sector development, since the data show that there was no significant result from this aid in the growth of agricultural production in Kosovo as a whole. In addition, the hypothesis was that an important part of this review needs to focus on the support schemes in place.

Therefore, the study on the Assessment of Support Schemes in Kosovo designed by the PPSE had the following objectives:

- 1 To study the current agricultural support schemes in Kosovo, including but not limited to direct and indirect subsidies, for specific subsectors including fruits, vegetables and medicinal aromatic plants. A more focused approach may be undertaken based on the outcomes of the discussions/dialogue with Sector Associations and Ministry of Agriculture and Rural Development;



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2 To evaluate the effectiveness of the current subsidy program;

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5 To identify the main risks related to the interventions, and mitigation measures that can be adopted;

6 To make specific recommendations to the Ministry of Agriculture on the implementation of interventions based on regional best practices.



# Methodology

The methodology for this project was designed by the Consultant and afterwards was fine-tuned and finalized in cooperation with the PPSE and Riinvest Institute.

In order to fulfil the purpose and the specific objectives of this project, two main approaches were used for data collection: desk research and qualitative research. On the one hand, the desk research was focused on the collection and analysis of secondary data on the Agriculture sector in Kosovo and the Western Balkans from various sources. On the other hand, the qualitative research utilised two research techniques: in-depth interviews and workshop with relevant stakeholders in Kosovo.

The sources used for the collection and analysis of secondary data included the Ministry of Agriculture, Forestry and Rural Development of Republic of Kosovo, Agency for Agricultural Development of Republic of Kosovo, Kosovo Agency of Statistics, Ministry of Agriculture and Rural Development Republic of Albania, Ministry of Agriculture and Environmental Protection of

Republic of Serbia, Ministry of Agriculture and Rural Development of Montenegro, Ministry of Agriculture, Forestry and Water Economy of North Macedonia, Ministry of Agriculture, Water-Management and Forestry of Federation of Bosnia and Herzegovina, and JRC Science Hub (Joint Research Centre).

The participants in the qualitative research were stakeholders from relevant sector associations, farmers, producers and processors, Ministry of Agriculture, Forestry and Rural Development of Kosovo, as well as international donor organizations. A total of 10 in-depth interviews were conducted with relevant stakeholders, with an average length of interview of 40-60 minutes. In several occasions, follow-up discussions were organized with stakeholders from the Ministry of Agriculture, Forestry and Rural Development to discuss findings and potential recommendations. The workshop was organized in cooperation with the PPSE and Riinvest Institute, whereas there were 21 participants and the discussion lasted 3 hours.

# Main findings

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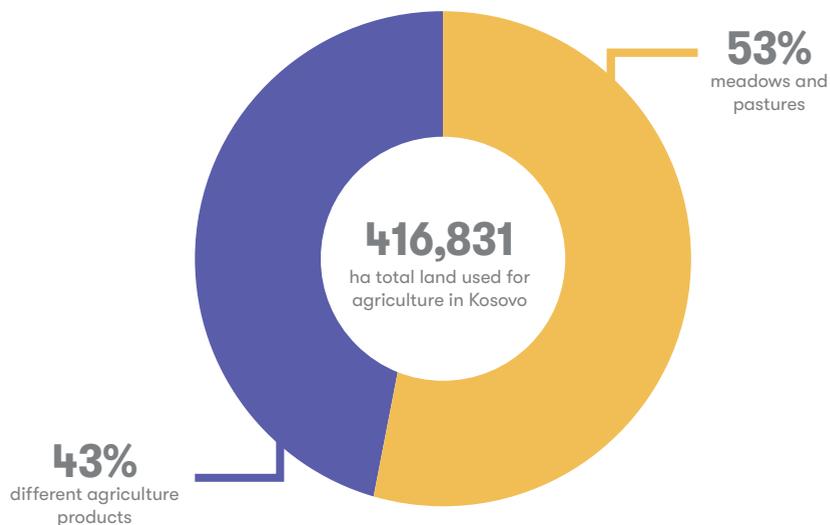
# Main findings

## Part 1: Overview of Strategic Orientation

### The Current Situation

The total land used for agriculture in Kosovo as of 2017 is 416,072 ha, however more than half of it is meadows and pastures (53%) and the other half is arable land used for different agricultural products (47%). The increase in the total area of utilized agricultural land in Kosovo was rather insignificant over the past years. The total area of utilized agricultural land remained almost the same from 2016 to 2017, without any major difference

between lands used for different cultures. In contrast to the past year, 2016 marked some increase of utilized agricultural land, especially in the case of vegetables and fruits. However, considering that the total area of agricultural land used for fruits and vegetables is very small (4%), these increases have had a rather insignificant impact in the total agricultural production in Kosovo.

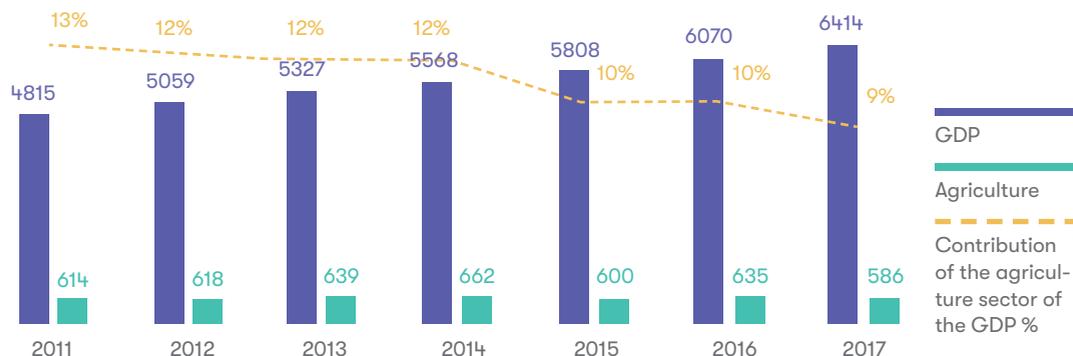


	2015	2016	2017	Difference	Difference in %	Participation in %
Arable land (excluding vegetables)	178129	178902	178454	-448	-0.25	42.9
Vegetables	7257	8321	8500	179	2.15	2.0
- from which the vegetables in the open field (first crop)	6859	7864	8033	169	2.15	1.9
- from which the vegetables in greenhouses (first crop)	398	457	467	10	2.19	-
Garden	587	994	1199	205	20.62	0.3
Fruit tree	4727	5493	6247	754	13.73	1.5
Vineyards	3068	3117	3199	87	2.80	0.8
Seedlings	178	196	159	-37	-18.88	0.0
Meadows and pastures (including joint land)	216481	218808	218314	-494	-0.23	52.5
<b>Total area of utilized agricultural land</b>	<b>410427</b>	<b>415831</b>	<b>416072</b>	<b>246</b>	<b>0.06</b>	<b>100</b>

Table 1: Used Area of Agricultural Land

Source: KAS Results of the Agricultural Holdings Survey (AHS), 2017

## Contribution of the agricultural sector to GDP in mill. € 2011-2017



Graph 1: Contribution of the agricultural sector to GDP  
Source: Economic Catalogue for Agricultural Products, 2018

Kosovo's GDP has steadily increased over the last few years, from 4.8 billion Euros in 2011 to 6.4 billion Euros in 2017. Looking at the total figures of agricultural production in Kosovo, it turns out that agricultural production has remained flat, at around 620 million Euros on average over the past 7 years. In addition, agricultural production in 2017 has marked the lowest production since 2011 – 586 million Euros. These figures show that the contribution of agriculture to GDP has dropped over the years – from 13% in 2011 to 9% in 2017.

When looking at detailed agricultural accounts, it turns out that there are significant differences between sub-sectors in terms of utilized land, yield and production. For instance, although there was a significant drop of land utilized for cereals from 137,215 ha in 2012 to 120,746 ha in 2017, the production of these cultures in tons show that there was a steady increase in the yield of this culture in Kosovo. In 2012 Kosovo produced 438,792 tons of cereals, whereas in 2017 production reached 477,880 tons, with the maximum production reached just the year before – 562,899 tons in 2016. Consequently, the yield figures show the same trend, whereas yield has increased from 3.2 tons/ha in 2012 to 4 tons/ha in 2017.

		2012	2013	2014	2015	2016	2017
Cereals	ha	137,215	141,912	131,949	134,886	134,571	120,746
	t	438,792	540,136	463,581	443,584	562,899	477,880
	Yield.	3.20	3.81	3.51	3.29	4.18	3.96
Vegetables	ha	14,557	16,356	15,854	14,656	17,395	19,643
	t	163,146	235,326	221,330	246,096	335,467	358,394
	Yield.	11.21	14.39	13.96	16.79	19.29	18.25
Fruits	ha	7,082	8,342	6,921	7,998	8,785	9,541
	t	59,633	76,702	45,873	70,096	78,502	49,571
	Yield.	8.42	9.19	6.63	8.76	8.94	5.20
Bovine animals	heads	329,213	321,113	261,689	258,504	264,971	259,729
	mil. €	60.0	58.6	50.5	41.4	40.9	41.4
Sheep and goats	heads	247,901	216,577	212,014	224,096	212,040	210,688
	mil. €	6.2	5.6	5.4	5.6	5.2	5.2

Table 2: Hectares, production and yield by sectors

Source: Green Report 2018

The vegetables sub-sector tells a different story. The increase of utilized land for vegetable production is significant – from 14,557 ha in 2012 to 19,643 ha in 2017. In addition, and what is more important, the production and yield of vegetables has significantly developed over the years. Apart from the impact of increase of utilized land for vegetable production, the significant increase in yield from 11.2 tons/ha in 2012 to 18.3 tons/had in 2017 has more than doubles the vegetable production in Kosovo. Kosovo used to produce 163,146 tons of vegetables in 2012, whereas last year (2017) it reached the maximum production so far with 358,394 tons.

The fruits sub-sector unfortunately does not share the same fate with the vegetables sub-sector. Although there has been a steady increase in the surface of utilized land for fruits production, from 7,082 ha in 2012 to 9,541 ha in 2017, there have been issues with yield and production, most likely due to seasonal and climatic impact. The data reveal a sharp drop in vegetable production in 2014 and 2017, making the sub-sector unstable and unpredictable. Unlike the cereals, fruits and vegetables sub-sectors, where despite

vegetables

fruits

some identified problems, the trends seem to be rather positive, one cannot say the same for the animal's sub-sectors. The number of bovine animals has continuously dropped from 329,213 heads in 2012 to 259,729 heads in 2017, resulting in the drop of production value from around 60 million Euros in 2012 to around 41 million Euros in 2017. Similar trends are observed with regard to sheep and goat sub-sector. The number of heads in this sub-sector has decreased from 247,901 heads in 2012 to 210,688 in 2017, and from 6 million Euros in 2012 to 5 million Euros in 2017 respectively.

Nevertheless, considering the vast amount of domestic aid in the agricultural sector in Kosovo through the grants and subsidies programs of the central and local government, as well as the foreign aid to the sector, the assumption was that the results should have been more positive. The direct payment scheme through the subsidy program of the Ministry of Agriculture, Forestry and Rural Development (MAFRD) has more than tripled its budget from 8 million Euros in 2007 to 24 million Euros in 2017. The rural development measures of the MAFRD through its grants program has also increased its budget from 11 million Euros in 2014 to a planned budget of 22 million Euros in 2018.

“With these figures at hand the agreement of majority if stakeholders in this sector agrees that there needs to be a serious review of the agricultural sector development, since the data show that there was no significant result from this aid in the growth of agricultural production in Kosovo as a whole”.

In addition, the hypothesis was that an important part of this review needs to focus on the support schemes in place.

### The Lack of Strategy or Something Else?

One of the main conclusions of the majority of stakeholders that took part in this study was that Kosovo lacks a clear strategy for the development of the agriculture sector. Furthermore, the impression was that the lack of strategy makes Kosovo institutions, and primarily the MAFRD, act without specific focus on strategic sub-sectors and cultures, which would put Kosovo in a competitive advantage domestically and internationally.

Nevertheless, Kosovo has a drafted Agriculture and Rural Development Program (ARDP) for years 2014-2020 and all annual programs are based on this general program. Although the ARDP 2014-2020 was drafted and the sector functions based on this program, this program was never officially signed or adopted by any minister or government in Kosovo, due to political and lack of ownership reasons. Nevertheless, stakeholders are not so much critical of this program. They say that the program is relatively well developed, and it may well be one of the best programs ever developed in Kosovo. The representatives of the MAFRD claim that the program was developed and designed based on detailed analysis of each sub-sector and its needs. Furthermore, they claim that the development and design of each annual program is always based on sectorial analysis and the analysis of the value chain in every culture.

The ARDP 2014-2020 has analyzed Kosovo's needs in the agricultural sector, and from the summary analysis are defined the overall strategic objectives of agriculture and rural development of Kosovo:

- Growth in the agro-food sector, based on competitiveness and innovation, with increased productivity, capable of producing high quality products and meeting EU market requirements, contributing to security and supply security with food, pursuing economic, social and environmental goals, by encouraging employment and development of human and physical capital.

- Protection of natural resources and the environment of rural areas, addressing the challenges of climate change by

achieving sustainable and efficient land use and forest management and introducing agricultural production methods for the conservation of the environment.

— Improve the quality of life and diversification of opportunities and employment in rural areas by fostering employment, social inclusion and balanced territorial development of rural areas.<sup>1</sup>

Based on the identified needs and in line with the general objectives for agriculture and rural development, the measures for implementation of the rural development program in Kosovo under the four priorities of the EU IPA II for rural development, have been selected and they are as it follows:

- 1** **Improve Farm Sustainability and Competitive Skills**  
Investments in physical assets of agricultural economies  
Investments in physical assets related to the processing and marketing of agricultural and fishery products
- 2** **Restoring, preserving, enhancing ecosystems**  
Agro-environmental measures and organic farming  
Creation and protection of forests
- 3** **Promotion of socio-economic involvement**  
Farm diversification and business development  
Implementing local development strategies - Leader approach
- 4** **Transfer of innovations, knowledge**  
Training improvement  
Advisory services  
Technical assistance

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<sup>1</sup> Agriculture and Rural Development Program 2014-2020

The national support schemes implemented by the MAFRD are structured into two groups

i) direct payments (subsidy program) to directly support farmers' incomes

ii) rural development measures (grants program) such as investment support.

The measures supported under the ARDP 2014-2020 are in full coherence with the EU funded IPARD program to support candidate and pre-candidate countries to develop and strengthen the agriculture and rural development sector to be competitive in the EU market. The preparation of the ARDP is in full coherence with the IPARD Guideline 2014-2020, adapting to the current needs of the country.

In addition, the Agricultural Rural Development Program (ARDP) is subject to three main evaluations, the ex-ante evaluation, mid-term and ex-post evaluations. The ex-ante evaluation's aim is to evaluate the quality of the program and the mid-term and ex-post evaluations evaluate its implementation.<sup>2</sup>

“The current program is based on country's needs and one can say that it has strategic goals, although the goals may not be as comprehensive as to target specific culture which are deemed national interest of Kosovo”.

With that being said, stakeholders considered that there is great room for improvement in the sector analysis on which important strategic decisions are based. They suggest that in the upcoming sector analysis a higher importance should be placed on identifying strategic and national interests of Kosovo for specific cultures and products. Kosovo must identify cultures

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<sup>2</sup> Agriculture and Rural Development Program 2014-2020

which are of national interest for Kosovo to substitute imports with national production, in cases where domestic production would be more cost effective and would contribute to the development of national economy. In addition, through a comprehensive international market trends analysis, Kosovo must identify its competitive advantages and focus on cultivating cultures that can be competitively introduced to international markets. The stakeholders also consider that the analysis should account for capacities, human and logistical, since these also define policies for agricultural development.

Due to low domestic production, Kosovo is known for its extremely high trade imbalance. In 2017 Kosovo has imported a total of 3 billion Euros and has exported only 378 million Euros. A similar picture is reflected in the fruits and vegetables sector too. In 2017, Kosovo has imported a total of 44 million Euros worth of fruits and has exported only 10 million Euros worth of fruits. In the same year, Kosovo has imported 38 million Euros worth of vegetables<sup>3</sup> and has exported only 10 million Euros worth of vegetables. Hence, there is plenty of room to design policies that would help replace imports with domestic products, as well as increase exports of strategic products demanded by international markets.

### Involvement of Stakeholders and Associations in Policy Making

In addition, all stakeholders including experts and representative of businesses of the agricultural sector in Kosovo are very active and willing to dedicate their time to participate in working groups related to policy changes that may they be initiated from national authorities or international donor organizations. They stated that they do put a lot of energy in this, but often are not informed about the outcome of the working groups, where recommendations are collected. Their suggestions are not followed up on are not informed about the reasons why they are not implemented fully. This was considered a one-way communication approach by the Ministry of Agriculture, Forestry and Rural Development by the stakeholders of the agricultural sector in Kosovo. Some of the civil society of rural development prefer not to take part in working groups because of this particular reason they stated.

The many associations working towards the benefit of the agricultural sector in Kosovo were mentioned during many of the interviews and discussions. Lots of improvement is required here according to the stakeholders. With that being said, it was considered that some associations should be representing the interest of the sector and not specific companies working in the sector. Some of the associations, according to them, are created by a couple of companies and the intention is to work on their own interest, instead of the interests of the specific sub-sector.

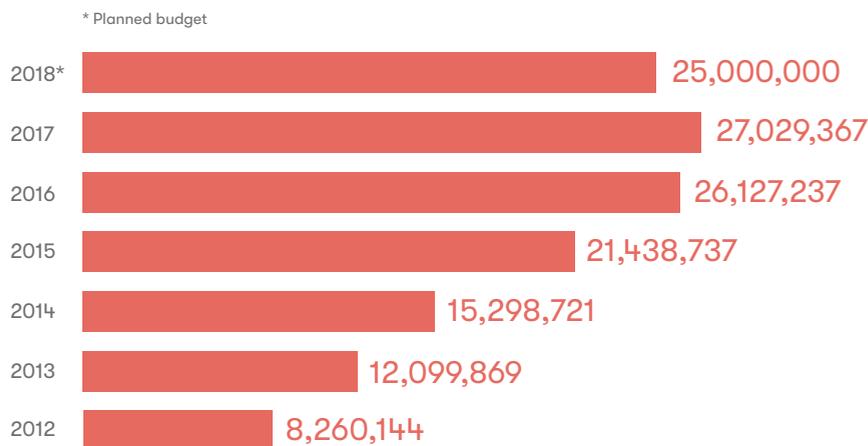
Although associations were criticised by many, the fact that some associations are very impactful in terms of changing laws and regulations in Kosovo was highlighted by many stakeholders, and that was also the reason why they think that it is necessary that these organizations should have the right impact for the sector.

According to the Ministry of Agriculture, Forestry and Rural Development there is a need of the creation an umbrella of associations, as in many countries and as per European Union standards. These networks can be very functional, since they are organized in a way to really represent the demands of the farmers and the entire agricultural sector and can be the main contact point for the Ministry of Agriculture, Forestry and Rural Development.

## Part 2: Subsidy Program

The subsidies are essential and undeniably important in maintaining and developing the crop in various cultures in the agricultural sector. As mentioned earlier in this report, the subsidy program in Kosovo has significantly increased its budget from 8 million Euros in 2007 to 24 million Euros in 2017, which reflects the efforts of Kosovo policy-makers to prioritize the agriculture sector among national policies.

Since the designing of the Rural Development Program 2014-2020, the budget is getting to a steadier point, where the allocation of the budget is approximately the same for each year, around 25 million Euros annually in the last 3 years.



Graph 2: Direct Payment by years Source: Green Report 2018

When looking into details of how this budget is distributed among sub-sectors, one can see that cereals and bovine animals remain as the two most paid sub-sectors. While there is a steady increase of budget for all sub-sectors over the years, the only decrease was registered for the cereals sub-sector in 2017, when the budget decreased to 9.3 million Euros from 10.6 million Euros in 2016.

It is worth mentioning that organic farming in Kosovo is still under development. The Law on Organic Agriculture was adopted at the end of 2007. Subsequently, the new Law on Organic Agriculture was revised and approved in 2012, which is largely aligned with the EU Regulations<sup>4</sup>. Nevertheless, although organic agriculture started to be subsidized only in year 2016, the budget for this sub-sector almost tripled from 2017 to 2018 planned budget.

	2012	2013	2014	2015	2016	2017	2018*
	EURO						
Cereals	4,469,284	6,872,455	6,976,181	9,258,894	10,641,057	9,278,447	9,700,000
Vegetables	-	-	1,026,735	1,564,692	1,981,617	2,224,228	1,700,000
Fruits	-	1,220,780	2,366,574	2,836,945	3,306,943	3,989,214	3,500,000
Organic agriculture	-	-	-	-	14,626	35,373	100,000
Bovine animals	2,104,800	2,105,950	2,703,634	4,505,154	5,708,599	6,508,459	5,375,000
Sheep and goats	1,327,450	1,159,720	1,210,120	1,921,365	1,933,245	2,112,810	1,850,000

Table 3: Direct Payments by sectors \* Planned budget  
Source: Green Report 2018

Furthermore, if we analyze the subsidy budget in terms of the production or yield that is supporting or the results it is having, we can see figures that reflect potential problems in the agriculture sector. Considering that there was no national program before year 2014 and taking into account that results of the agriculture sector before 2014 were not based on a comprehensive strategy, we are going to focus only on figures from 2014 and onwards.

For instance, while the cereal production stayed more or less at the same level from 2014 to 2017, the level of subsidies increased from 15 Euros/ton in 2014 to 19 Euros/ton in 2017. This means that the subsidies in the cereals sub-sector did not have an impact on the increase of production and yield of this sub-sector, instead it only subsidized a higher share of expenditures to produce the same

amount of crops. When looking at this from the perspective that subsidies should basically provide sustainability and stability in agriculture, one could accept the above-mentioned result and say that the subsidy program has increased its role in the sustainability and stability of this crop. However, considering that the subsidy budget has significantly increased by 33% from 2014 to 2017, one could also argue that we would expect higher positive results in the production and yield of this sub-sector.

	2012	2013	2014	2015	2016	2017
Cereals subsidies (Euros)	4,469,284	6,872,455	6,976,181	9,258,894	10,641,057	9,278,447
Cereals production (tons)	438,792	540,136	463,581	443,584	562,899	477,880
EUR/ton ration	10.2	12.7	15.0	20.9	18.9	19.4
Vegetables subsidies (Euros)			1,026,735	1,564,692	1,981,617	2,224,228
Vegetables production (tons)			221,330	246,096	335,467	358,394
EUR/ton ration			4.6	6.4	5.9	6.2
Fruits subsidies (Euros)		1,220,780	2,366,574	2,836,945	3,306,943	3,989,214
Fruits production (tons)		76,702	45,873	70,096	78,502	49,571
EUR/ton ration		15.9	51.6	40.5	42.1	80.5
Bovine animals subsidies (Euros)	2,104,800	2,105,950	2,703,634	4,505,154	5,708,599	6,508,459
Bovine animals production (heads)	329,213	321,113	261,689	258,504	264,971	259,729
EUR/head ration	6.4	6.6	10.3	17.4	21.5	25.1
Sheep and goats subsidies (Euros)	1,327,450	1,159,720	1,210,120	1,921,365	1,933,245	2,112,810
Sheep and goats production (heads)	247,901	216,577	212,014	224,096	212,040	210,688
EUR/head ration	5.4	5.4	5.7	8.6	9.1	10.0

Table 4: Subsidies and production by cultures  
Source: Green Report 2018

Similar results are observed for other sub-sectors too. The level of subsidies for the vegetable sub-sector increased from 4.6 Euros/ton in 2014 to 6.2 Euros/ton in 2017, whereas for the fruits sector it increased from 52 Euros/ton in 2014 to 81 Euros/ton in 2017. For bovine animals, the level of subsidies increased from 10 Euros/head to 25 Euros/head and for sheep and goats from 6 Euros/head to 10 Euros/head.

## Subsidy Program Design

In 2017, the European Commission published a report on Agricultural Policy Development. They presented their findings on the implementation of subsidies payments in Western Balkan countries during 2010 to 2015.

Looking at the chart presented in the report, countries like Kosovo and Montenegro faced very small changes in the support scheme, whereas the country with most inconsistent changes in their support scheme during the years 2010 to 2015 is Albania.

Kosovo is the only country who still has the majority of the support scheme budget allocated in the direct payments based on current area/animal. In years 2010 to 2012 a small percentage of the budget was allocated to variable input subsidies, which decreased over the years and then was removed from the support scheme in 2013. Direct payments based on output (price aids) have begun to be implemented in 2014, continuing to be applied as a form of direct payments still, although with a small percentage.

Second after Kosovo is Montenegro with their budget mostly allocated to direct payments based on current area/animal, and with the least changes in the support scheme. They use three forms of direct payments, payments based on current area/animal, payments based on output (price aids) and variable input subsidies. The latter being the least used form of payments.

In Albania in 2010, direct payments were given in two forms only, 60% based on output (price aids) and 40% based on current area/animal, which in 2011 went up to 60%, whereas direct payments based on output (price aids) dropped to 40%. However, this changed completely in 2012, where almost the whole budget of direct support was allocated in one form of direct payments, the one based on current area/animal. The changes in the support scheme continued in proceeding years, however the direct payments based on current area/animal remained the main form of direct payments in support scheme over years 2013 to 2015, sharing the total budget with two other forms of payments such as direct payments based on output (price aids) and variable input subsidies. The percentage of the allocated budget for the direct

payments based on current area/animal did not change over the years 2013 to 2015 (around 70%), and the budget for the other two changed over the years by increasing for one and decreasing for the other.

Macedonia in 2010 had the direct payments budget divided almost evenly between direct payments based on current area/animal and payments based on output (price aids). In 2011 direct payments based on current area/animal increased to 70%, then decreasing in 2012 (40%) and continuing decreasing for another 20% in 2011. In 2014, the output based payments increased again, however the higher percentage of the budget was allocated to payments based on current area/animal, which changed again in 2015. The same year more than 10% of the budget was spent in disaster payments and other compensations to producers.

From the neighboring countries, Bosnia and Herzegovina is the only one who had and still has most of the budget (60% in 2015) allocated to output based payments. In 2011, variable input subsidies were added in the support scheme with around 20% of the budget, which decreased over the coming years.

Serbia in 2010 and 2011 had the majority of the budget allocated in variable input subsidies. This changed in 2012 where the majority of the budget was allocated in payments based on current area/animal and continued so in proceeding years (50% in 2015). In two last years the other 50% of the support scheme budget was allocated to variable input subsidies (30% in 2015) and output based payments (20% in 2015).

The current subsidy program in Kosovo is in many cases misunderstood and not interpreted correctly according to the representatives of the Ministry of Agriculture, Forestry and Rural Development. The program has several forms of subsidizing based on inputs, as well as based on outputs depending on the culture, whereas currently it is seen as flat and is only input based. In addition, all of the stakeholders that participated in this study agreed that there is a need to clarify to the public that the purpose of the subsidy program in principle is to provide sustainability and stability in the agriculture sector, rather than development of specific

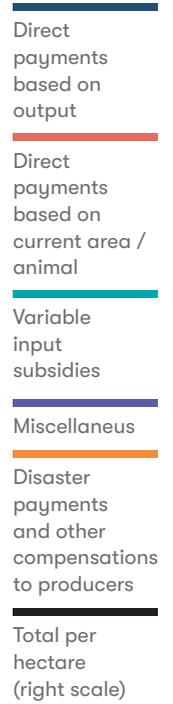
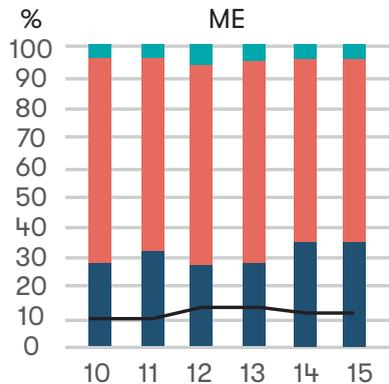
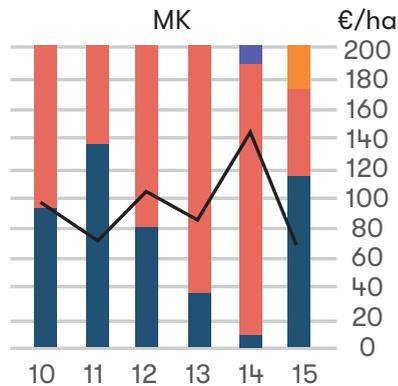
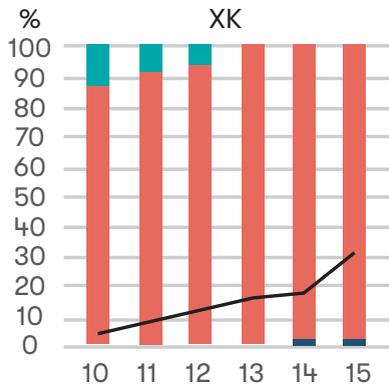
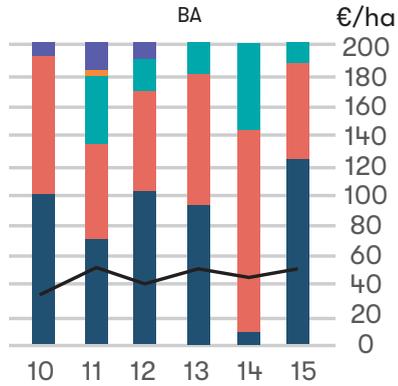
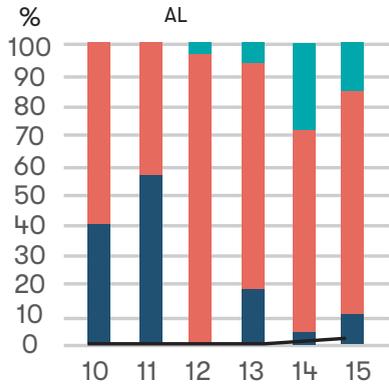
sub-sectors. The development of specific sub-sectors is supported by the grants program, not only from the national budget, but also from the donor organizations. Nevertheless, this does not mean that the subsidy program cannot support and follow the development of certain strategic sub-sectors, by providing first and foremost sustainability and stability for these sub-sectors.

All stakeholders, including Ministry of Agriculture, Forestry and Rural Development agree that there is room for improvement and development, or rather a reform in the subsidy program and policy. Majority of stakeholders agree that the current subsidy program lacks focus and strategy for specific products and should be adapted accordingly to ensure development, as well as fairness.

Some stakeholders even believe that since the current subsidy support scheme is not supported by a strategic orientation towards some products which have been identified as strategic from the sector analysis, thus they consider current supporting measures are not fair and are politically influenced to support interest groups close to political parties in power. To illustrate this, grape is subsidised with a considerable amount of support, although it is not defined as a strategic product for Kosovo. On top of that, wine is also subsidised, which according to stakeholders is a form of double subsidising, and the effect of this support should be measured and changed accordingly if desired results are not provided. The impact of the subsidy of a particular culture should be measured during a certain amount of time and if the targeted impact is not reached another culture should be subsidised instead of the one that did not show enough results.

Another key important issue why some businesses believe that the current subsidy program is not fair is because it is not oriented towards production and output, and is supporting farmers that are not working in a decent manner. The subsidy by quantity of production would support and encourage the real working farmers according to them. For example the planted surface with pumpkin has been subsidized, although the production was close to zero in several of cases.

Main Findings



By serving its strategic focus, according to the stakeholders, subsidies are to be distributed into two levels. First level is to be of minimal value and to subsidize all agricultural land that is being cultivated. Second, secondary subsidy applies to strategic products, for example, if the rye is not a strategic product then it only qualifies for the first-level subsidy, and if raspberry is a strategic product, it receives the first and second level of subsidy. The first level should be subsidize depending on the surface cultivated, whereas the second level should be determined according to the capacities of the Agency for Agricultural Development, and may be subsidised based on the surface cultivated or per unit of production (e.g. kilogram).

A number of associations are already lobbying with the Ministry of Agriculture, Forestry and Rural Development in order to implement output based subsidies for the sector they represent. The main reasons for supporting this approach is that this method would encourage real farmers to work. Currently there are many hectares planted and a category of farmers who are not trying to increase productivity and still receive subsidy in comparison with farmers who work harder (produce more) and receive the same subsidy. This would also help farmers that produce in limited amount of hectares, which are not involved in many subsidy programs because they don't meet the minimum standards.

Paired subsidies, according to some stakeholders, would also support and protect farmers in cases of natural impact such as dryness, hail, but also in case of stock price exchange rates and similar. This method ensures sustainability by not being depended and afraid of climate or price changes. Croatia is a good example of pairing support, which has successfully implemented this approach.

That being said it is also evident that the proposed subsidy programs cannot be applicable for all cultures due to difficulties in implementation and monitoring. The subsidization of vegetables by output for example can be problematic as there is significant informal sales and a lack of collection centres, thus it is difficult to find the right mechanisms track and implement it fully.

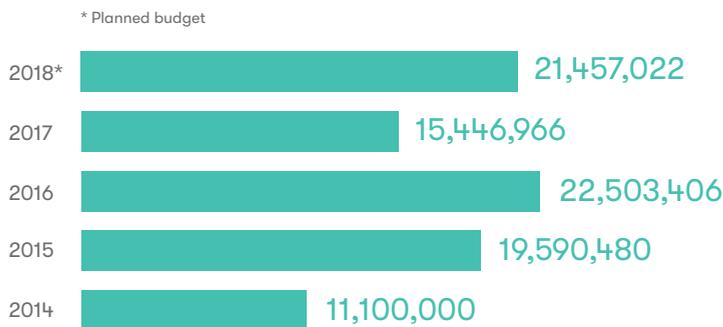
Implementation of the output-based subsidy in all cultures should be carefully planned and implemented only in cases where crops can be tracked and account for throughout the entire value chain. This way the program is certain about the amount it is subsidizing and also there are fewer possibilities for misuse and fraud.

And lastly but not the least, regionalization based on history of production and climatic advantages should also be considered during the reformation of the subsidy scheme. Hence, subsidies coming from municipal budgets should be aligned with central support and should also serve the purpose of closing the cycle of the value chain.

### Part 3: Rural Development Measures

The Rural Development Measure or the grant program of the MAFRD is the parallel program that runs with the subsidy program and its aim is to foster and support the development of the agricultural sector in Kosovo. The Rural Development Measure is regulated by the Agricultural Rural Development Program 2014-2020. 2014 is the period when real investments and implementation of the Agricultural Rural Development Program has started. Before that the support was rather in small amounts and not organized and adapted to IPARD according to European Union standards.

The current annual budget for the Rural Development Measures is close to 22 million Euros for the planned budget for 2018. The same amount of the budget was allocated for the grants program by the MAFRD in the last few years, apart from 2017 when there were 417 approved applications and the amount awarded for these applications was close to 16 million Euros. MAFRD have not stated the reasons in relation to the budget decrease in 2017 in their annual report.



Graph 5. Rural Development Measures

Source: Green Report 2018

In the Rural Development Program initially there were 9 measures planned as described in the table below, however only 4 from the list started and continued to be implemented since 2014, and later in 2015 the measure for ‘Irrigation of agricultural lands’ was added.

Measure (2014-2020)		Inception Year
101	Investments in physical assets in agricultural economies	2014
103	Investments in physical assets in the processing and marketing of agricultural products	2014
201	Agro-environmental measures and organic farming	-
202	Creation and protection of forests	-
302	Farm diversification and business development	2014
303	Implementing local development strategies - Leader approach	2014
401	Improving training	-
402	Advisory Services	-
501	Technical assistance	-
NN	Irrigation of agricultural lands	2015

Tab 5. Planned measures in the Rural Development Program  
Source: Agriculture and Rural Development Program 2014-2020

The majority of the budget for the rural development measure is allocated to “Investments in physical assets in agricultural economies”, followed by “Investments in physical assets in the processing and marketing of agricultural products”. For instance, the planned budget for 2018 allocated 66% of the money to “Investments in physical assets in agricultural economies”, 22% to “Investments in physical assets in the processing and marketing of agricultural products”, 9% to “Farm diversification and business development” and 2% each to the “Implementing local development strategies - Leader approach” and “Irrigation of agricultural lands”.

There were no major changes from year to year with regard to the allocation of the total budget to specific measures. Only in 2017 the measure 103 had a very small number of applicants (N=5), resulting in a very small amount of granted payments.

Measure (2014-2020)		2014	2015	2016	2017	2018*
		EUR				
101	Investments in physical assets in agricultural economies	5,250,000	11,000,000	15,234,339	12,790,578	12,000,000
103	Investments in physical assets in the processing and marketing of agricultural products	3,000,000	5,000,000	4,661,782	959,024	4,000,000
302	Farm diversification and business development	900,000	1,500,000	1,561,820	1,632,494	1,700,000
303	Implementing local development strategies - Leader approach	-	90,480	79,850	-	300,000
NN	Irrigation of agricultural lands	-	90,480	79,850	64,871	300,000

Tab 6. Rural Development Measure in years  
Source: Green Report 2018

\* Planned budget

The grants program of the MAFRD functions in the way that grants given by the public sector (MAFRD) are matched by the private sector. Balkan countries follow the same method for budget allocation. The contribution is divided between the public one and private, with a different percentage of budget coverage for each measure.

The three main measures, implemented in all 5 countries, are ‘investments in physical assets in agricultural economies’ with a 60% public contribution and 40% private contribution, ‘investments in physical assets in the processing and marketing of agricultural products’ for which the contribution is evenly divided (50/50) between public and private, and ‘farm diversification and business development’ with a 65% public contribution and 35% private contribution. As shown in the table below, Kosovo is not implementing a few of the measures which the neighboring countries do (not necessarily all of them), and Kosovo has a measure that none of the neighboring countries have, the ‘Irrigation of agricultural lands’ for which the public contribution is 80%.

Montenegro is the only country with the highest number of implemented measures, followed by Serbia, whereas Albania is implementing only four measures.

Measure (2014-2020)	Kosovo		Albania		Serbia		Macedonia		Montenegro	
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private
Investments in physical assets in agricultural economies	60%	40%	60%	40%	60%	40%	60%	40%	60%	40%
Investments in physical assets in the processing and marketing of agricultural products	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Farm diversification and business development	65%	35%	65%	35%	65%	35%	65%	35%	65%	35%
Agri-environment-climate and organic farming measure	-	-	-	-	100%	0%	-	-	100%	0%
Implementing local development strategies - Leader approach	100%	0%	-	-	100%	0%	-	-	100%	0%
Investments in rural infrastructure	-	-	-	-	-	-	100%	0%	100%	0%
Technical assistance	-	-	100%	0%	100%	0%	100%	0%	100%	0%
Irrigation of agricultural lands	80%	20%	-	-	-	-	-	-	-	-

Tab 7. Rural Development Measure Contributions

Source: Kosovo - Agriculture and Rural Development Program 2014-2020

Albania - Rural Development Program 2014-2020

Serbia - IPARD Programme for 2014-2020

Macedonia - IPA Rural Development Programme 2014-2020

Montenegro - Programme for the Development of Agriculture and Rural Areas in Montenegro under IPARD II 2014-2020

The current grant scheme seems to be working well according to the stakeholders, although its implementation, measurement of the effects and especially monitoring requires improvement. These issues are a result of the limited capacities of the Agency for Agricultural Development (AAD). Although the ADD has in place procedures and manuals, they find little application during the implementation and monitoring processes.

One key issue that requires adaptation according to the stakeholders is the fact that grants are given in short periods – one to maximum two years. This according to stakeholders does not ensure sustainable development of businesses and consequently the agricultural sector. The current scheme of yearly grant

distribution according to the stakeholders allows businesses to focus on winning the grant without focusing on development of the business.

ARDP contains general requirements for grant payments, which can later change in the description of the measure depending on its requirements. The project begins to be implemented after the co-financing contract is signed and can last up to 2 years depending on the investment specifications.

Applicants can apply in different measures, however they can apply in the same measure only once within a deadline / call for application. The investment for which the beneficiary has received the support should not be subject to substantial change within five years from the date the final payment was received. All projects supported by the Rural Development Program are subject to ex-post control for a period of 5 years<sup>5</sup>.

Another issue that was mentioned is the fact that grants are usually supporting businesses purchasing various machines for production with new technology and this should be checked for feasibility of production and whether it serves the purpose of closing and completing the value chain. Although some machines purchased via the grants are not necessarily increasing the production capacities, they are increasing the quality of production and are more environmentally friendly in most of the cases.

In addition, majority of the stakeholders apart from the government representatives agreed that grants for building new facilities and buildings should be limited, they should be more focused on increasing the production capacities.

### Advisory Services, Trainings and Counselling

The Department of Advisory Services at MAFRD coordinates the activities at central and local level by supporting and providing advices and trainings. The activities developed at the municipal Information Advisory Centers (IAC) of advisory services have been organized to support farmers with technical advice in the sectors of livestock, beekeeping, viticulture, arboriculture and vegetables.

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<sup>5</sup> Agriculture and Rural Development Program 2014-2020

Local Action Groups (LAGs) were established with EU funding, and are composed of 25 members, with a 50:50 participation of organizations or public and private persons. In addition to LAGs, Kosovo Rural Development Network (KRDN) was also established that connects 30 LAGs, in order to contribute to the economic development of rural areas by providing support to local communities in implementing local development strategies. The network serves as a platform for discussing ideas, different proposals, providing technical assistance and sharing experiences between the LAGs.

As part of the program for Rural Development there is also a measure dedicated to functionalization and implementation of development support strategies.

The first activity “The acquisition of skills and promotion/animation of inhabitants of the LAGs territory for selected LAGs” was implemented, and now there are functional 12 LAGs operational offices which have been accredited, as well as KRDN, and office managers have been selected who have developed their activity on the basis of job descriptions. Operational expenditures of LAGs are related to the management and functionalization of LAGs under the LEADER approach and the start of LDSs implementation.

The second activity “The implementation of local development strategies” is the support for the implementation of selected LAG’s local development strategies, in accordance to which LAGs implement small project. Such activities support cultural events (fairs, exhibition, festivals, etc.), promotion of local products (labeling, marketing, leaflets, brochures etc.), small scale infrastructure (fences, fountains, parks, small bridges, field roads, marking of mountain roads, renovation of cultural and natural heritage etc.).

Projects have been implemented and activities conducted in cooperation with donors and various associations such as: German Agency for International Cooperation - GIZ, Austrian ADA, FAO, KDC, Islamic Relief, Kosovo-Luxembourg Foundation, Helvetas / S4RE, Care and trainings delivered by Resi with their project Rural Economic Sustainability Initiative, “Anamorava” Association, etc.”<sup>6</sup>

In spite of these activities and coordination conducted by the MAFRD and its agencies, there is an overall agreement by the stakeholders that there is a lack of professional counselling and advisory services during the implementation process of grant projects. Farmers are not properly educated and trained, and despite training they are provided by different actors, professional advisory services are a must to ensure proper cultivation of crops and proper development of post-production and processing capabilities, with the lowest level of errors possible. Professional advisory services are also needed to help farmers and businesses build healthy business models, corporate governance practices, as well as successful sales strategies for domestic and international markets.

## Part 4: Information System and Monitoring

The Agriculture Development Agency (ADA) uses several programs, like Electronic Farmers' Register (EFR), The Simplified Land Parcel Identification System (sLPIS), sLPIS-Mobile which is used for field control for surface, Direct Payment Management Register, Grant Management Software, Indicator software. These programs are managed and maintained by the Information Technology and Registry Division, who have created and have given access to ADA officials.

The Agriculture Development Agency also has a monitoring system, in the form of a separate database for indicators in the IT system. For all projects submitted, indicators should be included in the database. Data entry respects the 4-eye principle: one expert inserts data and another expert verifies information from the IT system versus data from the documents. Independent tracking of field indicators is foreseen by the donors of the Program.

Officials of the Managing Authority from the Monitoring, Evaluation and Reporting Division have direct access to the IT system for indicators, with the possibility of transferring data in different formats (Excel, pdf, etc.), and generating reports based in their specific criteria, or using any advanced reporting tool that automatically generates reports and graphs. The system is currently used to convey project indicators under national schemes of farm grants and processing, thus having the ability to test the system well, improve internal procedures and enable staff to be trained.

The topic of the monitoring system has been developed in partnership with DANIDA as a donor with important role in Rural Development Program, which has expressed a particular interest in tracking the results and impact of the Program implementation.<sup>7</sup>

There is a lot of room for improvement for statistical data according to all stakeholders. A methodology and standard procedures for data collection, processing, validation and analysis in the database of the Ministry of Agriculture, Forestry and Rural Development should be defined. Also, the methodology should

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<sup>7</sup> Agriculture and Rural Development Program 2014-2020

include data from the Kosovo Agency of Statistics as well as the data from the local level (municipalities), in order to document and manage all sector data, and have a clear view of the agriculture sector.

According to the stakeholders in order to gather a clear picture impact should be measured in three aspects:

- Increased consumption
- Increased raw material processing and quality
- Increasing productivity.

With that being said, informality is the key obstacle in order to be able to gather statistics that are more representative of the sector. It does not allow to present a realistic picture.

Another issue resulting in inconsistencies in reporting statistical data is the lack of correct import and export codes used at the custom controls. The statistical information also does not account for climatic impacts.

According to the report from Agency for Agricultural Development published in 2017, during 2016 the agency faced many difficulties and obstacles in carrying out their duties on developing activities planned for the implementation of support programs. In 2016 AAD hired more employees with contracts for specific services to enable the completion of planned activities for the implementation of direct support programs and investment grants for 2016.

The other challenge that AAD continued facing in year 2016 is the failure to get approval on the request for budget increase in the categories such as 'wages and salaries' and 'goods and services'. AAD encounters many obstacles, one of them is the lack of different groups of inspectors for carrying out controls for Rural Development Program and Direct Payments. The large number of cases that need controlling prevents them to carry and finish both controls on time.

Regarding the direct payments programs, in particular, AAD reported having problems in 2016 with carrying controls because

of delays in the preparation of the Program of Direct Payments and postponement of the application deadline, which unfortunately became a persistent problem. It is worth mentioning another problem referred to in the report which also delays carrying out controls of Direct Payments Program, and that is the mistakes on application made by Farmers and Documentation Admissions Officers.

# Conclusions and recommendations

5

# Conclusions and recommendations

## Strategic Orientation

### 1 Conclusion

The Agricultural and Rural Development Plan outlines a broad strategy with general objectives around growth in the agro-food sector, protection of natural resources and the environment of rural areas and improve the quality of life and diversification of opportunities and employment in rural areas. Nevertheless, the development of the agricultural sector does not have strategic focus on sub-sectors based on market analysis to substitute imports or increase exports. In addition, although the development and design of each annual program is based on sectorial analysis and the analysis of the value chain in every culture, the support with grants and subsidies is not coordinated properly in the function of the completing or fulfilling all parts of the value chain.

### 1 Recommendation

Kosovo must identify cultures which are of national interest for Kosovo to substitute imports with national production, in cases where domestic production would be more cost effective and would contribute to the development of national economy. Kosovo must also identify its competitive advantages and focus on cultivating cultures that can be competitively introduced to international markets. In addition, the value chain needs to be thoroughly analysed whether all support programs of the MAFRD, support programs at the local level and support programs of foreign donors are serving the purpose of the completion of value chain. Also, support programs (subsidies and grants) should be coordinated between each other in order to complete the value chain.

## 2 Conclusion

Policies developed by the Ministry of Agriculture, Forestry and Rural Development are not taken seriously into account during the allocation of the Kosovo Budget.

## 2 Recommendation

Increase effective advocacy activities with the Government and Parliament of the Republic of Kosovo (including parliamentary commission) to make the necessary budget changes that serve the purpose of achieving the goals and plans of the Ministry of Agriculture, Forestry and Rural Development and other relevant actors.

### Subsidy Program

## 3 Conclusion 3

The subsidy program has unsatisfactory and unstable results from sector to sector. The subsidies program does not have an impact on the increase of production and yield of crops, instead it only subsidizes a higher share of expenditures to produce the same amount of crops. Although the purpose of subsidies is to provide sustainability and stability in agriculture, considering the increasing amount of subsidies, expectations are for higher positive results in the production and yield of crops.

## 3 Recommendation

By serving the strategic focus, subsidies are to be distributed on two levels. First level is to be of minimal value and to subsidize all agricultural land that is being cultivated. Secondary level subsidy applies to strategic products – for example, if the rye is not a strategic product then it only qualifies for first-level subsidy, and if raspberry is a strategic product, it receives the first and second subsidy levels. The first level should be subsidised depending on the surface cultivated, whereas the second level should be determined according to the capacities of the Agency for Agricultural Development and may be subsidised based on the surface cultivated or per unit of production (i.e. kilogram). All the current capacities and needs should be considered and taken into account, including other sectors of the government that are involved directly or indirectly in the implementation process.

### Grants Program

## 4 Conclusion

There is poor control of the implementation of the grants and lack of proper measurement of effects and results achieved by the project. Although the AAD has in place procedures and manuals, they find little

application during the implementation and monitoring processes. The current capacities of the Agency for Agricultural Development are also insufficient for the implementation and successful monitoring of the support programs of the Ministry of Agriculture, Forestry and Rural Development.

#### **4 Recommendation**

The grants program should be monitored and pursued more strictly (more concretely the project implementation and its outcomes), in order to ensure the intended development of the support provided. The AAD should strictly put into use all the implementation and monitoring procedures and manuals. Pressure should be put on the Government and Parliament of the Republic of Kosovo to allocate sufficient budgets and staff to Agency for Agricultural Development as this institution is a key factor in implementing and successfully monitoring the support programs of the Ministry of Agriculture, Forestry and Rural Development.

#### **5 Conclusion 5**

Development projects lack professional and sustainable counselling for cultivation of crops, development of post-production and processing capabilities, business models, corporate governance and sales strategies.

#### **5 Recommendation 5**

Involvement of advisory services with professional counsellors for grant projects should be a mandatory requirement. All stakeholders in the Agriculture sector should invest in developing the capacities of advisory services as the high involvement of the advisory services in projects will contribute to sustainability and greater success of the support but will also result in a more sustainable agriculture sector in general.

#### **Information System and Monitoring**

#### **6 Conclusion**

There is a lack of sustainable data and statistics in the agricultural sector in Kosovo.

#### **6 Recommendation**

A methodology and standard procedures for data collection, processing, validation and analysis in the databases of the Ministry of Agriculture, Forestry and Rural Development should be defined. Also, the methodology should include data from the Kosovo Agency of Statistics, as well as the data from the local level (municipalities), in order to document and manage all sector data, and have a clear view of the agriculture sector.



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