

South Eastern Europe



“NATIONAL POLICY INSTRUMENTS AND EU APPROXIMATION PROCESS: EFFECTS ON FARM HOLDINGS IN THE WESTERN BALKAN COUNTRIES (EUEWB)”

Kosovo: Agricultural Policy Development and Assessment (2010-2015)

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Agriculture sector in Kosovo:

- Key facts & trends in the period 2010-2015
- Recent developments and reforms in agricultural policies
- CAP: challenges



1. To what extent has Kosovo developed this sector?
2. How is Kosovo positioned in the agriculture reform?
3. How CAP is implemented in Kosovo and what could bring to Kosovo farmers ?

- The sector of agriculture and rural development plays a very important role in providing employment opportunities and generating income.
- The sector has potential for growth and exports.
 - GDP: 11.9 %
 - Employment: 26.7 % in total
 - Total export value 12%
- The agriculture policy has been driven largely by the need to improve the productivity and increase the competitiveness of domestic products.

Agricultural policy-main documents

- Agriculture and Rural Development Program (ARDP) 2014-2020
- Mid-Term Expenditure Framework (MTEF)
- Yearly National Program for Agriculture and Rural Development

and

- The Economic Reform Program

ARDP 2014-2020

Priorities	Measures
Improve farm sustainability and competitiveness of all agricultural and agro-industrial products, along with continued approximation to EU standards	M 101- Investment in Physical Assets of Agriculture Households M 103 – investment in physical assets in processing and trading of agricultural products
Recovery, protection and enhancement of ecosystem pertinent to agriculture and forestry	M 201- Agro-environment measures and organic agriculture M 202- Planting and protection of forests
Promote socio-economic inclusion, poverty reduction and territorially-balanced rural development	M 302 – farm diversification and business development M 303 – Preparation and implementation of Local Development Strategies – LEADER
Transfer of innovations and knowledge in agriculture, forestry and rural development and strengthen the capacity of public administration in implementing rural development programmes	M 401- Enhanced training M 402- Advisory services M 501- Technical Assistance
Others	Irrigation projects; and a wide range of direct payment measures

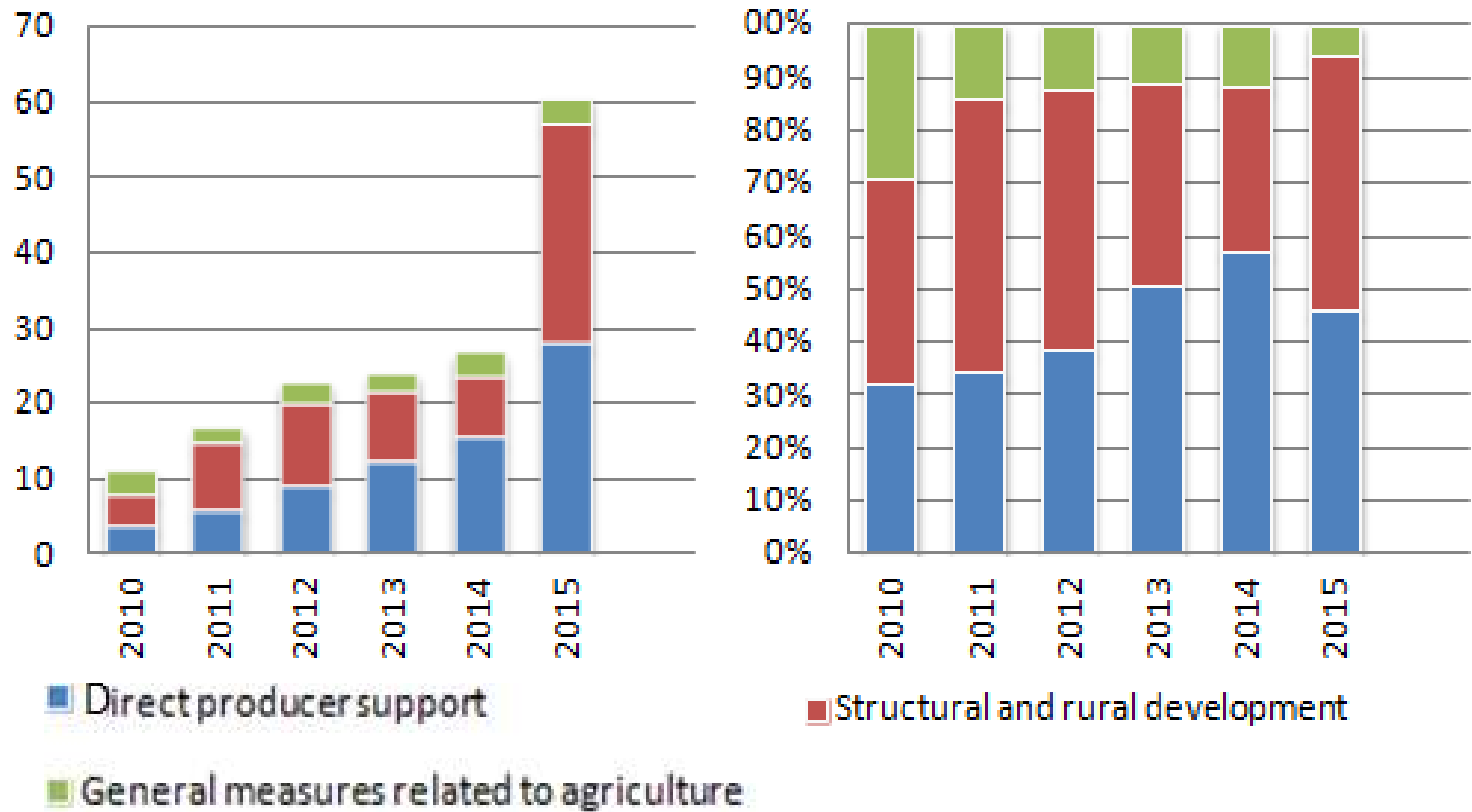
Rural development measures budget (EUR 000)

MEASURES	2010	2011	2012	2013	2014	2015	2016
Budget	3,578	8,110	9,913	8,865	6,101	27,804	23,000
MEASURE 101: Investment in physical infrastructure of agricultural economies/farms	2,162	1,755	4,847	4,606	3,113	19,004	14,500
MEASURE 103: Investment in physical infrastructure in processing and marketing of agricultural products and fishery	55	4,985	4,499	3,880	2,078	5,000	5,000
MEASURE 302: Diversification of farm and business development	n/a	n/a	n/a	n/a	322	1,500	1,500
MEASURE 303 LEADER –LAGs	60	101	91	231	150	300	200
MEASURE 501 Technical assistance	n/a	n/a	n/a	n/a	n/a	n/a	300
Irrigation of agricultural lands	1,300	1,270	476	149	588	2,000	1,000
MEASURE for natural disaster	n/a	n/a	n/a	n/a	n/a	n/a	500

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Total budgetary support to agriculture I

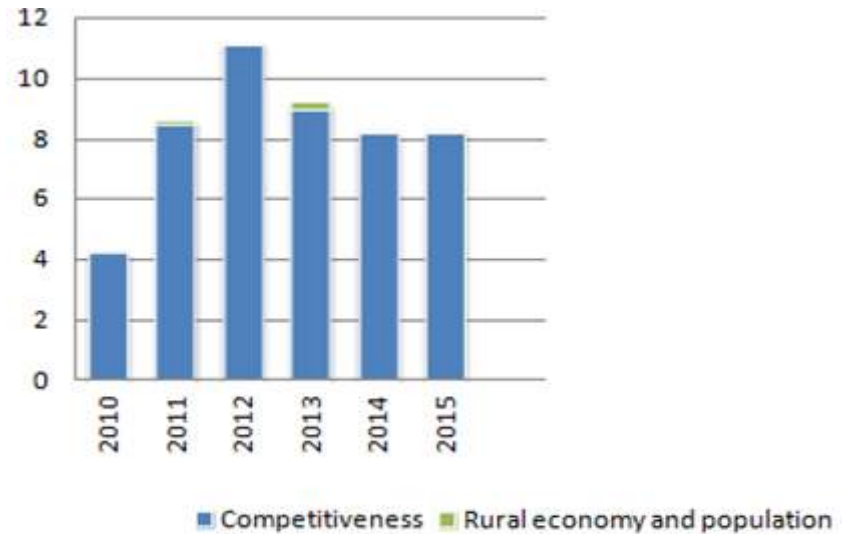


Total budgetary support to agriculture II

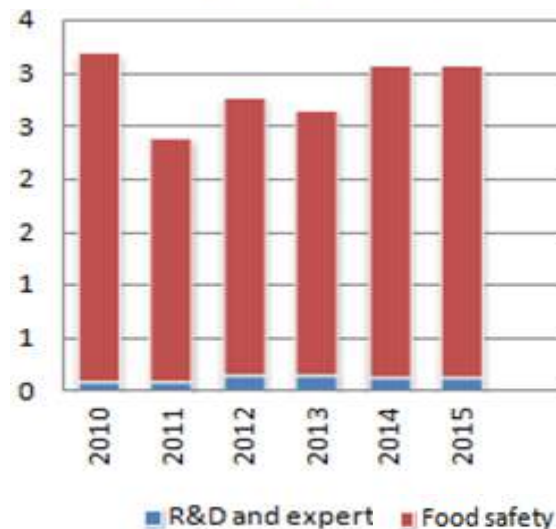
Budgetary support for direct producers



Budgetary support for rural development



Budgetary support for general measures related to agriculture



Total budgetary support to agriculture II- (rural development)

On farm investment support	2010	2011	2012	2013	2014	2015
Restructuring of the physical potential in the agricultural sector	2,162	1,754	4,847	4,605	3,112	19,003
Sub-measure 2 on eggs	-	125	106	-	81	7,495
Sub-measure 2 on fruits	371	487	1,012	1,097	535	3,000
Sub-measure 2 on vegetables	402	399	1,426	74	684	2,700
Sub-measure 2 on vineyards	363	172	119	165	108	1,000
Sub-measure 2 on milk	476	572	1,284	1,367	572	2,300
Sub-measure 2 on greenhouses	-	-	-	937	-	
Sub-measure 2 on beekeeping				201		
Sub-measure 2 on meat sector (fattening of calves)	0	0	0	0	318	1,000
Sub-measure 2 on meat sector (broiler)	0	0	0	0	159	600
Sub-measure 2 on cereals	0	0	0	0	228	1,500
Agriculture land consolidation	550	0	0	0	404	908
Managing water resources for agriculture	1,300	1,270	476	149	588	2,000
Machinery	0	0	0	765	0	
Food processing support, marketing						
Establishment of the collecting centres			900		0	
Improving the processing and marketing of agricultural products	55	4,984	4,499	3,880	4,155	5,000
Forestry support						
Improving natural resource management	262	162	484	350		
Farm diversification						
Farm diversification and alternative activities in rural areas	0	0	0	0	322,485	

Agricultural direct payments

- Based on the Strategy and the program for Agriculture and Rural Development (ARDP 2014-2020), the MAFRD continued to support farmers through two types of measures.
- The number of direct payment is increased significantly compared to 2010 and 2011.
- ARDP 2014 -2020 is in the implementation of its 2nd year, in order to reflect needs of the agricultural sector and rural development in Kosovo.
- The programme is adjusted yearly.

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Payment types and amounts per units (2016)

	Product	Limit	Unit Value	
Output payments	Milk (quality premium)	min 1,500 l/month	0.02-0.06	€/l
	Seedlings	min 0.5 ha	0.10-0.20	€/p
Area payments	Wheat	min 2 ha	150	€/ha
	Maize	min 1 ha	150	€/ha
	Barley	min 1 ha	100	€/ha
	Rye	min 1 ha	100	€/ha
	Wheat seed	min 5 ha	250	€/ha
	Oilseeds	min 1 ha	150	€/ha
	Vegetables	min 0.5 ha	300	€/ha
	Fruits	min 0.5 ha (0.2 ha	400	€/ha
	Wine grapes	soft fruit) min 0.1 ha; modulation	400-1,000	€/ha
Payment per animal	Dairy cows	min 5	70	€/head
	Cattle slaughter	no limits	30	€/head
	Breeding sheep and goats (milk)	min 30 (20 goats)	15	€/head
	Sows	min 2	20	
	Laying hens	min 2,000; modulation	0.40; 0.50	€/head
	Quails	modulation	1	€/head
	Beehives	min 100 min 30; paid for max 500	10	€/hive

Source (Volk et al, 2016)

Budgetary transfers for direct payments and input subsidies (in EUR 000)

	2010	2011	2012	2013	2014	2015
Payments for dairy cows	1,108	794	2,105	2,106	2,212	5,416
Payments for ovine (sheep and goats)	1,276	619	1,327	1,209	1,210	3,594
Area payments for wheat	-	3,207	3,795	5,772	5,555	6,850
Area payments for maize	-	-	575	943	1,269	3,244
Area payments for wheat seed	-	-	25	64	107	154
Payments for oil plants	-	-	74	41	45	20
Payments for bee hives	-	-	359	501	778	1,842
Vineyards	703	699	-	1,125	2,291	1,836
Support of fuel for harvesting	412	389	487	-	-	-
Poultry	-	-	-	243	232	441
Vegetables in the open fields	-	-	-	-	1,027	2,697
Milk quality	-	-	-	-	390	869
Sows	-	-	-	-	6	15
Seedlings	-	-	-	96	76	174
Payment for existing orchards	-	-	-	-	-	644
Payment for slaughtered cattle	0	0	0	0	0	3
Total	3,499	5,708	8,747	12,100	15,198	27,799

The implementation of Direct support schemes

- The Direct Payments Programme in 2016 has been oriented towards supporting three primary sectors (including 20 sub-sectors):
 - Direct payments for cereals sectors;
 - Direct payments for horticulture;
 - Direct payments for livestock breeding.

- For the first time, the Direct Payments Programme 2016 will support the additional subsectors such as:
 - Direct payments for planting of barley;
 - Direct payments for oat;
 - Direct payments for aquaculture;
 - Direct payments for organic agriculture.

Budget allocations by sector for direct payments programme 2016

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No	<u>Direct payments measures</u>	<u>Budget</u>
<u>Horticulture Sector</u>		
1	Direct payments - wheat	6,500,000.00
2	Direct payments – wheat seed	100,000.00
3	Direct payments - barley	300,000.00
4	Direct payments - rye	100,000.00
5	Direct payments - corn	2,700,000.00
6	Direct payments - sunflower	50,000.00
7	Direct payments - existing vineyards	2,100,000.00
8	Direct payments - existing orchards	1,000,000.00
9	Direct payments for production of planting material of tree fruit and grapes on vegetative rootstocks	100,000.00
10	Direct payments for vegetables in the open field	1,500,000.00
11	Direct payment – organic agriculture	100,000.00
<u>Livestock Sector</u>		
12	Direct payment – milking cows and buffalos	3,600,000.00
13	Direct payments – sheep	1,700,000.00
14	Direct payments – Goat	150,000.00
15	Direct payments - beekeeping	1,500,000.00
16	Direct payments – Pigs	20,000.00
17	Direct payments - poultry	210,000.00
18	Direct payments- livestock slaughtering	150,000.00
19	Direct payments – milk quality categories	1,000,000.00
20	Direct payments – quails	20,000.00
21	Direct payments – Aquaculture	100,000.00
<u>Total budget</u>		<u>23,000,000.00</u>

Rural Development Grants (2016)- Investments in Measures (101, 103, 302, 303) and irrigation of agricultural land

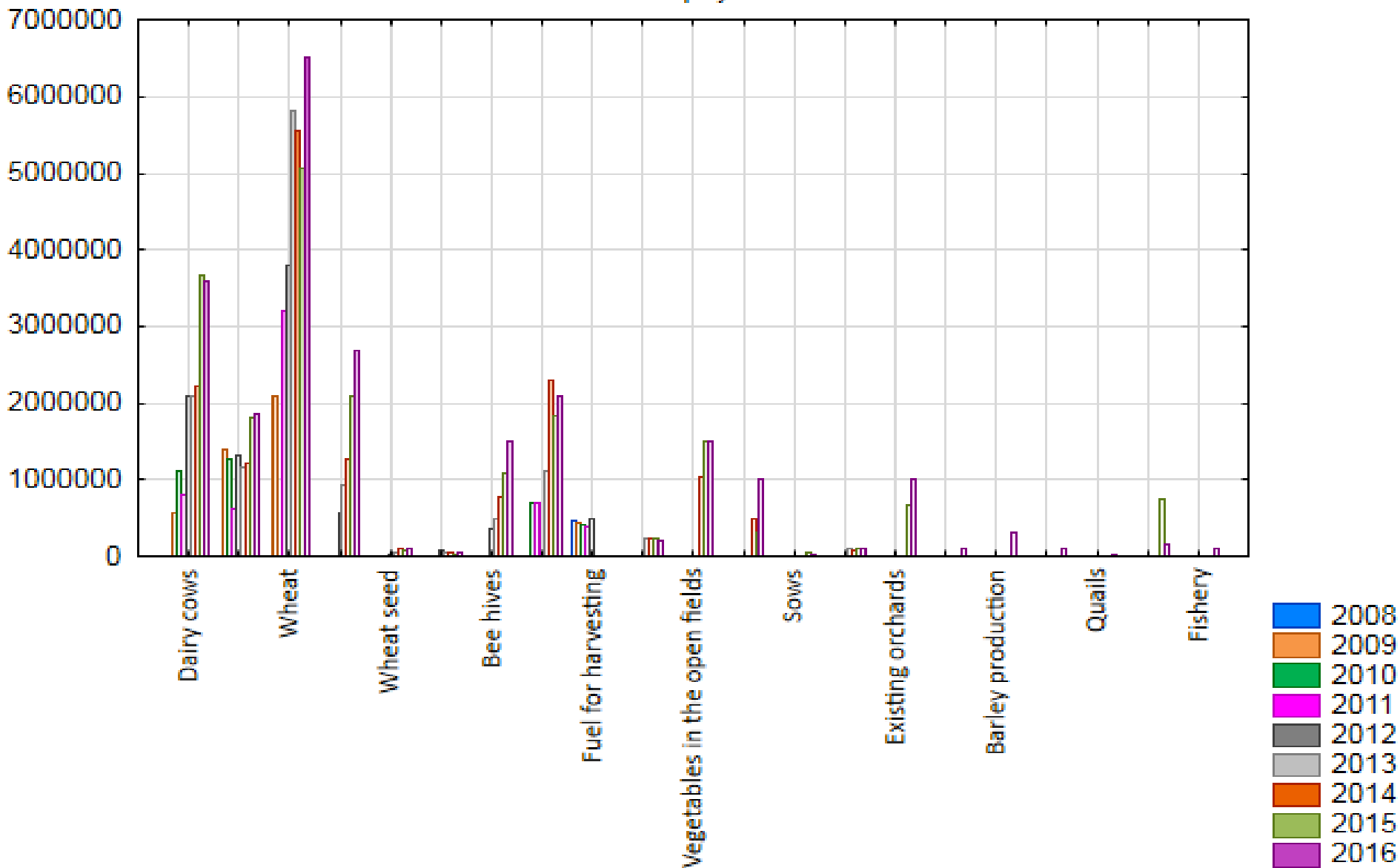
No	<u>Measures/Sub-measures</u>	<u>Budget</u>
1	MEASURE 101: Investment in Physical Assets of Agriculture Economies	14,500,000.00
2	MEASURE 302 – Farm Diversification and Business Development	5,000,000.00
3	MEASURE 303 – Implementation of Local Development Strategies – LEADER Approach	1,500,000.00
4	MEASURE 401 – Technical assistance	200,000.00
5	MEASURE – Irrigation of Agricultural Land	300,000.00
6	MEASURES for Natural Disasters	500,000.00
<u>Total</u>		<u>23,000,000.00</u>

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Direct payment trend

Direct payments



Implementation of agricultural policy and harmonization with EU

SRDP
SVM

- The development of agricultural policy is largely driven by prospects of EU integration.
- The focus was oriented on direct support measures which strongly corresponded to Pillar measures under CAP (Pillar I and Pillar II).
- ARDP 2014-2020 is put in place to harness the sector's productivity, reorientation of existing policies (such as competitive advantage and organic farming), diversification activities and the transfer of innovation and knowledge in agriculture.
- A significant stride noted in improving the agricultural infrastructure for agro-business through the 2016



The implementation rate of the ARDP 2014-2020 and future reform plans

Conclusions

- ✓ The agriculture policy has been successful to prepare the implementation of majority of IPARD II CAP measures and increase the budget.
- ✓ Overall funding for agriculture and rural development has increased but is still insufficient for implementing all the measures targeted in the ARDP (land consolidation and establish a transparent market with strong competitiveness).
- ✓ There are no funds oriented to support the improvement of rural infrastructure and the environment.
- ✓ Funds for supporting general services for agriculture represents the smallest share of total agricultural budget.

Challenges ahead.....

- ✓ Further efforts are needed to improve land consolidation; strengthen the capacity of the staff to ensure proper monitoring and prompt payment.
- ✓ Strength of the implementation organic farming, initiate agro-environmental payment schemes and technical support in enhancing of the competitiveness of domestic products and export market.
- ✓ More focus on less favoured areas (hillsides, land rolling, etc.) and to the farmers of these zones where the productivity is lower.
- ✓ Development of legislation for coupled payments.



Thank you!

