



UNMIK

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Provisional Institutions of Self-Government  
Ministry of Agriculture, Forestry and Rural Development

## THE KOSOVO GREENBOOK

# A STRATEGY FOR SUSTAINABLE AGRICULTURAL AND RURAL DEVELOPMENT IN KOSOVO

May 2003  
Prishtinë/Pristina, Kosovo



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## FOREWORD

As the Minister for Agriculture, Forestry and Rural Development, I recognise the recent difficulties faced by the Kosovan Agricultural Sector and am impressed by the resilience of our rural family farmers, the foundation of our agriculture and rural economy. It is because of this strength that Kosovan farming has survived the tragic events of the last decade and is now emerging from the recent emergency phase of international assistance.

Now at the beginning of what we see as the development phase, I have directed my staff to put in place a policy framework which will encourage Kosovan farmers to transpose that resilience and those strengths into a new free-market and competitive environment.

This Greenbook is the result of that endeavour and has been developed with the extensive collaboration of all stakeholders. It sets out my initial policy objectives for the rural sector and is intended to be a user friendly and evolving document that stakeholders in the Kosovan Agricultural Sector can use to gain an accurate understanding of the policy vision of the Ministry. This will help them to plan their future activities in Kosovo with confidence and in the knowledge that the policies of the Ministry are not only consistent and robust, but also reflective of the needs of Kosovan society. Whilst underlining the Ministry's role as the primary regulating authority for the Rural Sector in Kosovo, we consider ourselves an open partner with all other actors, public and private, for the formulation of strategic choices for the best of the people of Kosovo.

The near future will be an era of small affordable Government. My Ministry will create conducive policy and legislative environments and will concentrate its efforts in encouraging, in co-operation with other Government Agencies, the creation of private organizations of producers, input and market traders, together with service providers in the provision of credit, mechanization and other services. I intend prioritizing the provision of Advisory Services and the promotion of civil society organizations as well.

We aim to achieve a competitive position within the Balkan region and Europe for our products. To this effect we will work closely with other Ministries to the establishment of a Food Safety Agency. This will ensure both objectives of reaching European quality standards for our products and at the same time guaranteeing the adequate protection of our consumers.

Our farmers can produce more and better food for all Kosovans and I will struggle for the reform of the fiscal and custom policy as proposed. This will drastically increase the chances of our producers to compete in more favourable conditions in the local market.

Ultimately, I would like the effect of the strategies and measures proposed in this Greenbook to be measured in one key way – the number of sustainable jobs. Most of these will be agricultural or rural jobs, but because Agriculture is such an important and major component of Kosovan society, its success will also lead to the stimulation of the whole of the Kosovan economy and thus urban jobs will also be created.

We look for a continuation of the generous international technical assistance and funding we have already received to implement the policies and strategies outlined in this document. Meanwhile, we also look to continue and finalize the transfer of responsibilities from the international community to our Government.

Yours sincerely.

H.E. Goran Bogdanovic, Minister of Agriculture, Forestry and Rural Development

## **ACKNOWLEDGMENTS**

This Greenbook presents an on-going participatory strategic planning exercise in the Ministry of Agriculture, Forestry and Rural Development. It is the result of the on-going elaboration by the staff of all Departments and Units in the MAFRD of a road map for the future development of agriculture and rural development in Kosovo. Acknowledgements are therefore due to the staff of the MAFRD and to the consultants and counterparts of different projects, in particular the Capacity Building Component of the Emergency Farm Reconstruction Project, supporting this dynamic of priority setting to achieve a sustainable development of rural sector in Kosovo. This strategy is a collective effort of all the staff in MAFRD and DRA and they deserves gratitude for their dedication and personal commitment.

Thankfulness should also be addressed to the ultimate source of their knowledge, the farmers, Producers' Associations, traders, staff of other Departments of Central and Municipal Government, of NGOs, of technical assistance and donor agencies who were interviewed and whose ideas and information have been distilled here. MAFRD is grateful to all of these contributors, but is solely responsible for the contents of this Greenbook.

The main issues presented here have been reviewed at specific workshops for the senior staff of MAFRD in early April 2002 and in July 2002. They were presented to the Permanent Commission of Agriculture and representatives of Municipal Departments of Agriculture in the Kosovo Policy Workshop (17-18 September 2002). Many ideas submitted in this document result from these debates. This strategy is fully approved by the Minister who recommended its publication in Serbian, Albanian and English. MAFRD will use this strategy as guideline for its action in the medium term and will obviously accept any constructive support to better define means to achieve a sustainable development of rural sector in Kosovo.

## List of Abbreviations

AKIS	-	Advisory, Knowledge and Information System
ASPAUK	-	Agriculture Statistics and Policy Advisory Unit Kosovo
BBP	-	Border Bio-security Posts
BDPA	-	Bureau de Développement de la Production Agricole
BIP	-	Border/Boundary Inspection Posts
BIPs	-	Border Inspection Points
CASD	-	Central Administrative Services Division
CAP	-	Common Agriculture Policy of the EU
CAO	-	Central Administration Office of the DRA
CBC	-	Capacity Building Component
CBO	-	Community-based organization
CEECs	-	Central and Eastern European Countries
CFA	-	Central Fiscal Authority
CGF	-	Credit Guarantee Fund
CIS	-	Commonwealth of Independent States
DAFRD	-	Department of Agriculture, Forestry and Rural Development (JIAS)
DAP	-	Department of Animal Production
DAPH	-	Department of Animal Production and Health
DIT	-	Department of Information Technology (MPS)
DM	-	German Mark
DPPP	-	Department of Plant Production and Protection
DRA	-	Directorate of Rural Affairs
DRD	-	Department of Rural Development
DTI	-	Department of Trade and Industry (JIAS)
DUS	-	Distinctness, Uniformity and Stability in seed testing
€	-	Euro
EAR	-	European Agency for Reconstruction
EBRD	-	European Bank for Reconstruction and Development
EFRP	-	Emergency Farm Reconstruction Project
EIA	-	Environmental Impact Assessment
EU	-	European Union
FADN	-	Farm Accountancy Data Network
FAO	-	Food and Agriculture Organisation of the United Nations
FDI	-	Foreign Direct Investment
FI	-	Forest Inventory
FRY/FYR	-	Former Republic of Yugoslavia
FYROM	-	Former Yugoslav Republic of Macedonia
GAD	-	Gender and Development
GDP	-	Gross Domestic Product
GIS	-	Geographical Information System
KIA	-	Kosovo Institute of Agriculture
IBU	-	Irrigation Business Unit
IFDC	-	International Fertilizer Development Centre
IMC	-	Information Management and Communication

IPH	-	Institute of Public Health
IP	-	Irrigation Provider
ISP	-	Information Strategy Plan
IT	-	Information Technology
JIAS	-	Joint Interim Administrative Structure
KBPS	-	Kosovo Plant Border Services
KCA	-	Kosovo Cadastral Agency
KCB	-	Kosovo Consolidated Budget
KDRA	-	Kosovo Drug Regulatory Authority (Ministry of Health)
KFA	-	Kosovo Forest Authority
KFOR	-	Kosovo Force
KICO	-	Kosovo Investment Conference
KIRP I	-	Kosovo Irrigation Rehabilitation Project Phase I
KLC	-	Kosovan List Committee
KSC	-	Kosovan Seed Committee
KTA	-	Kosovo Trust Agency
KVL	-	Kosovo Veterinary Laboratory
KVS	-	Kosovo Veterinary Services
LSMS	-	Living Standards Measurement Survey
MAFRD	-	Ministry of Agriculture Forestry and Rural Development
MCC	-	Milk Collection Centre
MDC	-	Municipal Development Committee
MESP	-	Ministry of Environment and Spatial Planning
MFE	-	Ministry of Finance and Economy
MFUs	-	Ministry Field Units
MPS	-	Ministry of Public Services
MTI	-	Ministry of Trade and Industry
NGOs	-	Non-Governmental Organisation
O&M	-	Operation and Maintenance
OECD	-	Organisation for Economic Cooperation and Development
OIE	-	Organisation Internationale pour les Epizooties
OOPP	-	Objectives Oriented Participatory Planning
OSCE	-	Organisation for Security and Cooperation in Europe
PAs	-	Producers' Associations
PISG	-	Provisional Institutions of Self Government
PRA	-	Participatory Rural Appraisal
RDOs	-	Rural Development Officers
RRA	-	Rapid Rural Appraisal
SAS	-	Section of Agricultural Statistics
SDC	-	Swiss Agency for Development and Cooperation
Sida	-	Swedish International Development Agency
SOE	-	Socially-owned Enterprise
SOK	-	Statistical Office of Kosovo
SRSG	-	Special Representative of the Secretary General of the UN
SRSP	-	Seed Regulatory Service Project
SPVSK	-	Strengthening Public Veterinary Services Kosovo
TCP	-	Technical Co-operation Project of FAO
UCK/KLA	-	Kosovo Liberation Army
UN	-	United Nations
UNDP	-	United Nations Development Program
UNMIK	-	United Nations Mission in Kosovo

VAT	-	Value-added tax
VCU	-	Value for Cultivation and Use
VDC	-	Village Development Committee
VFU	-	Veterinary Field Unit
WB	-	World Bank
WHO	-	World Health Organisation
WTO	-	World Trade Organisation
WUA	-	Water Users Association



# KOSOVO MUNICIPALITIES



FAOWFP - FSSU, Pristina - 15.08.2000

The Boundaries and names used in this map do not imply official recognition by the United Nations

## LIST OF KOSOVO MUNICIPALITIES IN ALBANIAN AND SERBIAN

Table 1

In Albanian	In Serbian
Deçan	Decani
Gjakovë	Djakovica
Glllogoc	Glogovac
Gjilan	Gnjilane
Dragash	Gora
Istog	Istok
Kaçanik	Kacanik
Klina	Klina
Fushë Kosovë	Kosovo Polje
Kamenicë	Kosovska Kamenica
Mitrovicë	Kosovska Mitrovica
Leposaviq	Leposavic
Lipjan	Lipljan
Novobërd	Novo Brdo
Obiliq	Obilic
Rahovec	Orahovac
Pejë	Pec
Podujevë	Podujevo
Prishtinë	Pristina
Prizren	Prizren
Skenderaj	Srbica
Shtime	Stimilje
Shtrepcë	Strpce
Suharekë	Suva Reka
Ferizaj	Urosevac
Viti	Vitina
Vushtrri	Vucitrn
Zubin Potok	Zubin Potok
Malishevë	Malishevo
Zveçan	Zvecan

## SUMMARY

The purpose of this Greenbook is to set out the policies and strategies of the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and the Directorate of Rural Affairs (DRA) for the foreseeable future, together with their legal and organisational frameworks.

The strategy aims at improving the agriculture and rural sector in Kosovo. The Ministry will play a facilitating role to establish the legal and institutional framework to promote the transition between the former centrally planned economy and a free market economy within the regulating role of the Public Administration. Taking into account the fact that 60% of the population live in the rural areas and are often under-employed, the strategy is both an agricultural one and a rural development one, aiming at income generation activities and a diversification of crops towards more value added products able to cover a greater part of domestic consumption demand. Also, the strategy addresses regional and EU market opportunities and developing the food chain from the farm to the final food products.

*The overall mission of the Ministry of Agriculture, Forestry and Rural Development is to facilitate structural changes in the rural economy and to establish the economic framework and mechanisms to support employment creation and income generation through improvement of agriculture and rural development in Kosovo.*

Two thirds of the population of Kosovo live in rural areas and most of these work on small family farms. As is the case to a certain degree with most countries, but arguably more so in Kosovo, agriculture and the wider rural economy are much more than an economic sector. Traditional and social values are major considerations and affect many of the policies and strategies put forward here.

Historically, it has been a labour pool, not only providing labour for national and international needs, but, particularly in recent times acting as an absorber of excess labour as other sectors of the economy are restructuring. Many of those involved in agriculture in Kosovo prefer under-employment on the family farm to formal unemployment elsewhere. Nevertheless, agriculture's share of GDP is about 30%, and the sector is by far the biggest employer in post-war Kosovo.

Most farms in Kosovo are run to provide subsistence for households that, more often than not, are extended families and comprise well over ten members. Individual farms are of widely differing sizes ranging from below 1 ha to over 25 ha. Average farm size is 2.2 ha divided into an average of eight plots. 80% of farms are between 0.5 and 2 ha. These small family farms cover 86% of the farmed area. A few former SOEs (Socially Owned Enterprises), ranging between 500 -1500 ha, exist and are operated chiefly by the workers who used to be employees. Some have been broken up into smaller units, though spontaneous land consolidation has occurred sporadically and several families often operate their farms as a team. Kosovo has traditionally been a net importer of food and agricultural products, such as wheat. While part of the agricultural area is fertile and well suited for the production of cereals and industrial crops, it is unlikely to have a comparative advantage in the production of these high-volume, low-value crops. Nevertheless, Kosovo is a hinterland territory where, for food security reasons, it is important to maintain the production of cereal crops, even though a free-market approach would be to buy wheat and other cereals in the world market. But the transport cost of wheat from a port in Greece to Kosovo constitutes a protection despite the fact that yields are lower and, per unit cost of production higher in some cases. There is a momentum to diversify production with more labour intensive and more value-added crops. But for the continental area, the possibility of substitution of wheat with other crops during the winter season is very limited. In this case, wheat production is justified. The comparative advantage is likely to be in more labour-

intensive, high value products, for instance tree fruits and vegetables. Before 1989, Kosovo was a net exporter of fruits and vegetables and, although it seems unlikely that Kosovo will recapture its vegetables export markets, there are good domestic opportunities.

During the recent war, damage was greater in the countryside than in the cities. As a result many farms were abandoned; the infrastructure was partially damaged, in some instances totally destroyed. After the war, most farmers returned, rebuilt their houses and began operating their farms in 2000. From 1989 onwards, the agricultural sector fell into decline, also for the migration to Western Europe of some 400,000 Kosovans, approximately 20% of the total population. The SOEs and Cooperatives lacked the operational funds and staff to perform their duties. The irrigation enterprises virtually ceased their activities and the land ceased to be cropped. Maintenance of the infrastructure was completely neglected. From March 1998 to June 1999, Kosovo went through a period of armed conflict, which culminated in a brutal war in March 1999. In June 1999, an international agreement put Kosovo under UN administration.

The main issue now in agriculture and rural development is the alleviation of rural unemployment and under-employment. Job creation in rural areas is the principal target of MAFRD. This means raising farm productivity, the promotion of higher value crops, adding value through processing of agricultural products, diversifying into a wider array of farm and rural enterprises and restoring the number of livestock at least to previous levels. It is foreseen that raising productivity to EU levels is likely to be achieved mainly on farms with livestock in the foreseeable future.

These targets can be achieved in two main ways: first, through the provision of Advisory Services to assist farmers to prepare business plans, as a first step towards obtaining credit, and to improve the technical efficiency of their farming operations; and second, through farm restructuring.

A working group is defining the approach for Advisory Services, based on previous missions from EAR, WB-FAO CBC, Sida and a EAR funded project, Agricultural Statistics and Policy Advisory Unit Kosovo (ASPAUK). MAFRD is working towards the establishment of a private-public system in order, in a transition period, to mobilize the human resources available in the Ministry and in the Municipalities, associating private services providers to the delivery of services together with the public advisory services. Different sources of funding, public and private, are presently considered.

Regarding farm restructuring, which requires the development of a land market, this is likely to take longer and to move slowly at the beginning. Given the present structure of land holding, plus social and traditional considerations, as well as the lack of a functioning land market, a move to much larger family farms, which can compete in terms of efficiency and productivity with those of the rest of Europe, though desirable in many respects is not realistic for several years. Latest statistics show that average farm size is actually still falling.

Even when this farm restructuring gains momentum, it is probable that the large majority of land will remain as medium sized family farms for the foreseeable future.

Both of these priorities are currently seriously impeded by a net taxation of agriculture in Kosovo. Elsewhere in this Greenbook an argument is elaborated for the reduction of this tax and to bring net government support to agriculture into line with regional norms.

The legal framework for agriculture is set out, as well as the status of relevant regulations. In general, these approximate to EU laws and regulations, not only because they are an example of best practice and facilitate trade with EU countries, but also because of the longer term possibility of political association with the EU.

In several key sub-sectors, for example dairying and fruits and vegetables, the target in general will be to recapture domestic markets first. MAFRD studies indicate that, with the right policy framework now being put in place, Kosovo farmers will be able to compete favourably in terms of price and quality in a few years time. Market studies have shown that domestic consumers place high value on local fresh produce. While most local produce is indeed of high quality, advances need to be made in packaging and presentation to replace imported items well packaged and presented, but often of lower quality and freshness.

MAFRD will support, and in many cases lead, negotiations on regional and other free trade agreements.

Special programmes will be developed for hilly, remote and other areas of marginal rural livelihoods. Support will be led by the Advisory Services.

MAFRD will continue to support investment conferences to inform potential investors of the Kosovan Diaspora, a significant financial force, about commercial opportunities in agriculture.

To achieve the targets described above, much will depend on government institutions, but only within the limits imposed by the general policy of keeping the civil service small. It follows that civil society institutions will be given due prominence by MAFRD/DRA. At the same time, the private commercial sector, both companies and individuals, will also be supported through public-private partnerships. Accordingly, support will be given to the formation of institutions like Producers' Associations, Water Users' Associations, NGOs, rural financial institutions and eventually a Chamber of Agriculture, which would promote the participation of stakeholders in management and policy-making in the agriculture and rural economy.

Two examples can be given here of this public-private partnerships. First, the Kosovo Veterinary Services (KVS) is continuing its on-going programme to develop the public veterinary sector, provide support to private practitioners and to the Order of Kosovo Veterinarians. This includes provision of public veterinary services comprising veterinary border control, vaccination campaigns, a dog control programme, a livestock identification programme and disease control systems. Second, semi-privatised agricultural and rural advisory services as already described above.

The proposed agricultural and rural advisory services are also a good illustrative example of linkage and subsidiarity between municipal Directorates of Agriculture and the central MAFRD/DRA. The municipal Directorates of Agriculture will be supported by a comprehensive information system now being developed by MAFRD/DRA.

MAFRD, specifically its section on Agricultural Statistics, will continually monitor the state of agriculture by maintaining a Farm Accounting Data Network and conducting other surveys as well as a census of agriculture in co-operation with the Statistical Office of Kosovo.

The overall conclusions are that:

- The major issue of rural development is the alleviation of rural unemployment and hidden unemployment; there is a need to find new employment opportunities and new diversification activities in the non-farm sector of rural areas.
- Semi-subsistence family farming will remain the main target for the mid-term, though a longer term strategy might assume transformation.
- These farms deserve incentives, for example a taxation regime that exempts inputs and machinery, in order to compete with often "dumped final consumption goods in Kosovo market".

- Production should be aimed to be competitive in the domestic market (though by definition this market is small and may well be shrinking if remittances fall).
- Raising labour productivity to EU levels is likely to be achieved only on farms with livestock in the foreseeable future.
- The slow emergence of a land market will allow labour productivity to rise to sustainable and regionally competitive levels only in the longer term.
- The markets have been disrupted by the overall crisis of planned economy in FRY particularly with the fact that Cooperatives and Agro-Kombinats play no more their role of providers of inputs and marketing functions; the transition to free market will be facilitated by information system and communication management.
- Food quality and food safety will be ensured through sustainable land use, environmentally sound farming and rural development practices. Priority will be given to minimizing current agricultural practices that have negative impacts on the environment. Efforts will focus on minimizing soil, water and air pollution and mitigating measures to ensure sustainable development. The Ministry will work in collaboration with Ministry of Environment and Spatial Planning and Municipalities in realizing ecologically sound development practices.

# INTRODUCTION

This Greenbook is a product of MAFRD<sup>1</sup>. It covers the whole of the agricultural and rural development sectors. The content has been elaborated by the different Departments in the Ministry under the coordination of the Policy and Agricultural Statistics Office and the support of external consultants for specific issues (particularly CBC, FAO Forestry project, EAR projects on irrigation, seeds, policy and statistics etc.). In some cases, the positions presented are the preliminary conclusions of working groups in the Ministry. This is not the first strategy paper prepared by the Ministry of Agriculture, Forestry and Rural Development (MAFRD) and it will not be the last. But it is the first to be called a Greenbook because: it comes at the beginning of the newly elected Provisional Government and the arrival of the new Minister, who wants to make his Ministry's mission statement<sup>2</sup> easily accessible to a wide audience; it comes at the end of the reconstruction phase under the United Nations Mission in Kosovo (UNMIK) Interim Administration and the beginning of the development phase; and more specifically it comes at the end of the Capacity Building Component of the WB/FAO-assisted Emergency Farm Reconstruction Project. Policies proposed in this Greenbook will become applicable only in consultation with the Ministry of Finance and Economy (MFE) and according to applicable laws, regulations and international treaties and agreements. Until then they should be seen as statements of intent. Marketing and credit policies will be elaborated in a free market perspective. In time, perhaps after two years, when a project to strengthen policy formulation, legal advice and agricultural statistics, ASPAUK<sup>3</sup>, supported by the European Agency for Reconstruction (EAR) has given concrete results supporting policy elaboration with EU standards this Greenbook will need updating.

The new Provisional Government in Kosovo now faces the formidable task of establishing an economic order that reflects the political will and the aspirations of its population. Agriculture is the main activity of two thirds of that population. Policies and strategies conducive to investment in agriculture now have to be put forward, as well as actions to make them effective. This investment will be: first, domestic<sup>4</sup>; second, the international donor community needs to see that confidence before matching it with its own resources, and also needs to see both the long term vision for agriculture and rural development, and the road to reach it set out in clear terms; and third, the Kosovan Diaspora, whose will and capacity to invest in agriculture is already evident in very high land prices, needs guidance towards sound investments.

Most country strategies for agriculture and rural development have a wide brief. Agricultural production is only one of many considerations. Since the policy of the Provisional Institutions of Self Government (PISG) and UNMIK in Kosovo is to adopt an approach that will enable achieving European standards, the first of these other considerations is rural, not just agricultural

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<sup>1</sup> MAFRD is responsible for the greater part of agriculture and rural development (about 80% in terms of staff), but certain competences which cannot yet be transferred to the new Provisional Government (e.g. Veterinary and Plant Border Control) remain under the Directorate of Rural Affairs (DRA), which reports directly to the Special Representative of the Secretary General (SRSG). Thus the DRA is a reserved component of the Civil Administration in the agriculture and rural development sectors. The formulation of this Greenbook has involved the MAFRD and the DRA as per their respective competences. Where reference is made to MAFRD in this Greenbook, this should normally be taken to include also the DRA. The functions temporarily under DRA in application of the Constitutional Framework (transferred and reserved powers) will be later transferred to the Provisional Government and DRA will merge in to the Ministry.

<sup>2</sup> See box at the beginning of Chapter 6 for the condensed mission statement.

<sup>3</sup> Agriculture Statistics and Policy Advisory Unit, Kosovo.

<sup>4</sup> The recent change in the national currency to euros revealed that an average of about €1000 per head of the whole population of Kosovo is kept in informal personal reserves seemingly waiting for a climate of confidence for productive investment.

jobs. That in turn means increasing farm labour productivity and value added, which generally means processing. Social considerations have to be important in a territory where nearly two thirds of the population live in rural areas. In some countries agricultural strategies involve very diverse considerations even including physical security, e.g. in Holland where farmers are legally obliged to clean canals so that the whole population benefits from the resulting drainage; or similarly ancient laws in Switzerland where cows are required to graze high pastures to reduce the chance of avalanches. These essential strategies are not driven by economics or trade.

More relevant to transitional economies like Kosovo is a strategy driven by the need to address the issue of poverty and the critical link with consumption, i.e. low incomes lead to low purchasing power, leading to limited domestic demand. So a strategy might address the issue of rural development with specific emphasis on the need to encourage diversification activities in the non-farm sector in rural areas (i.e. so as to create employment, generate income, etc), and simultaneously link with other Ministry strategies to encourage employment opportunities in urban areas.

In many countries, direct subsidies to farmers based on production (e.g. litres of milk), means of production (e.g. numbers of cows) or area (e.g. hectares for cows) are now generally not fashionable, are not affordable by Government, may lead to unmarketable surpluses and are unpopular with voters.

Subsidies that are applied are now generally production neutral, or are referred to as de-coupled as in the case of state provision of advisory services, research, training, or physical infrastructure such as irrigation or roads. Moreover, subsidies are often introduced for a specified short period of time to promote a new technology. In the macro-economic sense, specifically regarding fiscal and trade policy, agriculture is normally, certainly in this region, broadly subsidized at the expense of other economic sectors. But that is not the case now in Kosovo.

Kosovo attracts, and can expect for some time to continue to attract, international support for the position in which it finds itself, as it emerges from the effects of war preceded by a decade of marginalisation of its Albanian population and other economic distortions. The whole economy and the rural economy no less are in transition. A further purpose of this Greenbook is to set out the steps of that transition – short, medium and long term – and to identify the MAFRD vision for agriculture and the rural economy. If that transition and the steps to achieve it are clearly and logically articulated, Kosovo may expect international support to achieve them.

This Greenbook has not been written in isolation, but recognizes Kosovo's position in relation to its neighbours, in particular in relation to territories of the former Yugoslavia and of the wider Balkan region. MAFRD has looked at similar publications by Ministries of Agriculture of the transitional economies of central and Eastern Europe, especially those that are in the accession queue of the European Union. MAFRD looks to the EU for best practices in several fields and also as an existing and potential trade partner for several agricultural products, but this does not exclude Kosovo looking for trade partners also to the east.



# **Chapter I**

**General overview of the macro-economic setting for the agricultural and rural sector**



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# **GENERAL OVERVIEW OF THE MACRO-ECONOMIC SETTING FOR THE AGRICULTURAL AND RURAL SECTOR**

## **1.1 SECTOR AFFECTED BY LACK OF INVESTMENTS AND WAR DAMAGE**

The population of Kosovo is estimated at 2 million inhabitants, of which 60% live in rural areas. At the end of the second war, 80% of the population was working in agriculture, decreasing to 60% in the seventies. In 1989, with the development of other economic activities, particularly mines and textiles, only 26% of the population was occupied in agriculture. Both farming and migration to Western European countries acted as buffers to absorb the workforce expelled from the civil administration and Socially-Owned Enterprises, after the take over by the Serbian Administration of the control of Kosovo Province.

The war not only in Kosovo, but also in the Balkans generally, contributed to the general crisis of the economy, affecting also the production and marketing of agricultural products. Different reports state the important damage due to the war in Kosovo, particularly in some sub-sectors like livestock, industrial crops (sugar beet, tobacco, sunflower) and wine production.

From 1989 onwards, the agricultural sector fell into decline, also for the migration to Western Europe of some 400,000 Kosovans, approximately 20% of the total population. Often the public and socially owned enterprises and Cooperatives lacked operational funds and the staff to perform their duties. The irrigation enterprises almost ceased their activities and the land was not cropped mainly after 1998, with an increasing amount of land remaining fallow. Lack of investments in agriculture contributed to the fact that during that period maintenance of the infrastructure was neglected. As a result, by the second half of the 1990s, the agricultural sector was characterised by small-scale subsistence farming. From March 1998 to June 1999, Kosovo went through a period of armed conflict, which culminated in the war in March 1999. In June 1999, an international agreement put Kosovo under United Nations Administration.

During the period of hostilities leading up to, and including, the short war of 1999, damage in the countryside was greater than in the cities. About half of all farm families experienced losses, destructions or damages to livestock, buildings including their dwellings and machinery. As a direct consequence of war in Kosovo, from November of 1997 up to June of 1999, farming production activities almost ceased, especially processing industries. Agricultural productivity, as well as production, declined considerably. For example, the 1998 wheat yields were only 45% of the 1997 yields. The level of wheat yields of 1999 was lower than yields of 1998. The stock of tractors, combines and other machines, destroyed or lost, was reduced to 30% to 45 %, depending on the region where war actions took place. Half of all livestock was killed and about 40% of stockyards, sheds and dwelling houses were destroyed. The value of this rural destruction and loss was estimated by international observers at US\$737 million. In 1999 about 70% of agricultural surface was wasteland and perennial sown area was around 50% of the 1997 level.

Nevertheless, a critical analysis of the situation, taking into account long term trends, indicates that in some sub sectors the crisis began before 1990 and, though accelerated by the war, was closely linked with the general crisis of the former socially-planned economy all over FRY. A lack of investment in agriculture in general and particularly for the modernization of the processing plants contributed to the decline of the agriculture, mainly for the processing industry. For example, the decrease of industrial crops was 55% in 1996 compared to the situation in 1981. For cereals the total production in 1996 is 13% lower than in 1996. Fallow land doubled in 1996 compared to 1981. The total area of land and garden decreased by 4% between 1981 and 1996

and the planted area (excluding fallow land and seedlings) decreased by 10%. The phenomenon is not due only to the political disruption between 1989 and 1999, but also to the fact that the rural economy was organized around Cooperatives and Agro-Kombinats and often focused unduly on export. Kosovo not only lost its natural domestic market and the existing markets in other former FRY republics, particularly Montenegro and Croatia, but also, obviously, the overall situation in the Balkans provoked a disruption of market opportunities in Serbia and FYROM (Former Yugoslav Republic of Macedonia).

During the 1970s and 1980s significant investments were made in agriculture in both the private and public sectors. Irrigation schemes were consolidated and modernised. Mechanisation became almost total and heavy use of inputs characterised the production systems. A network of 145 Cooperatives and 96 associated trading centres was in place to support marketing of agricultural produce, collective procurement of inputs and to provide credit and extension services. But the decline of the former FRY centrally planned economy already begun around 1985 and was accelerated by the war in the region and the destruction of assets, mainly between 1996 and 1999, in Kosovo.

During the conflict many processing plants were destroyed or after the war were without the cash to restart their activities. As a result, the workforce of the Socially-Owned Enterprises (SOEs) decreased from 19,500 in 1989 to 5,500 after the war. The wine enterprises had difficulty to restart exports in Western and Eastern Europe in a market with newcomers and a change of consumption habits.

In conclusion, the re-launching of agriculture means a start from private sector small farms struggling to survive and from almost a complete standstill of the Cooperatives and Agro-Kombinats.

## **1.2 REVIVAL OF AGRICULTURE LIMITED BY PRIORITY EXPENDITURE CHOICES AND INVESTMENT POLICY**

Restart of production has been mainly on private land with support of donors, NGOs, remittances from the Diaspora and obviously efforts made by farmers. But the overall framework is not favourable to a strong revival of the agricultural sector in Kosovo. The Kosovo Consolidated Budget (KCB) cannot provide financial means for incentive mechanisms for agricultural production (milk, meat, vegetables, fruits, etc.) in a situation where United States, EU countries and the future accession countries (Hungary, Slovenia) give subsidies to production and to export of agricultural products. EU expends a great part of its budget on the Common Agricultural Policy (CAP), strongly supporting farmers and agribusiness. Slovenia spends around €170 million annually in agricultural support. In the situation as Kosovo is currently, it is not possible to rely on expensive agricultural policies, but on economic neutral policies that will not tax agricultural producers and provide incentives to compete under similar economic conditions as prevail in regional trade.

Recovery of agriculture has been quite rapid taking into account the low resources allocated to agriculture. Public budget expenses have to respond to other priorities, like education, public health, security and transport. In 2002 the effective budget for agriculture was only 0.6% of total public expenditure, an obviously low figure for a sector employing some two thirds of the population and representing in 1995 35% of the Gross Domestic Product (GDP) (including forestry) at a value of US\$ 213 million. It is estimated that in 1999 the domestic production of wheat (138,650 tonnes) covered less than 38% of local needs, whereas the 2001-2 harvest (286,430 tonnes) covered more than 66% of total Kosovo wheat consumption, the average of the 1980s. The maize harvest suffered from drought in 2000, but was excellent in 2001 and

2002. It constitutes the base for revival of animal production. Nevertheless there is a need of diversification of the main crops to include protein based crops and fodders for animal feeding.

Food imports represent around 30% by value of total Kosovo registered imports. In 2001 it amounted to €162.8 million and for the period January to June 2002 it represented €95.3 million. Around 50% of households' budgets are food expenses. Actually, Kosovo is a consumption market and has a deficit in market needs of around 80-85%.

In the long-term, economic and social stability depends first on stable agricultural development. The main targets of agrarian policy in the near future will be:

- To supply the citizens of Kosovo with quality agricultural products at reasonable prices.
- To improve livelihoods for all citizens and farmers.
- To protect the environment in villages and the countryside.
- To increase competitiveness of agricultural production.

To implement these intentions, agrarian policy measures should be oriented:

- To improve infrastructure facilities and social standards in rural areas.
- To financially support farmers through banks and other institutions with easily accessed credit lines.
- To support export of quality products<sup>5</sup>.
- To design and implement a pension scheme and other insurances for agricultural workers and farmers.
- To develop advisory services, micro-finance and saving institutions, and other farm services and to prepare investment project proposals.

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<sup>5</sup> Including eventually "eco-products", medicinal and aromatic plants.

### 1.3 ECONOMIC ENVIRONMENT<sup>6</sup>

Since its establishment, UNMIK was engaged in the tasks of providing urgently needed public services, including agriculture with its small budget. UNMIK is also attempting to revive the economy through macro-economic stabilization, the establishment of fiscal and banking systems as well as the setting of medium-term policy-priorities.

The use of the German mark (DM) and now the euro in most transactions served to shield Kosovo from the inflation experienced in FYR. Budget revenues in 2001 were projected to increase 45% compared to the previous year, partly to reduce the heavy dependence on donor funding that constituted almost 50% of expenditures in 2000. Increased revenues that were achieved with the adoption in early July 2001 of value-added tax (VAT), designed to broaden the tax base and cover domestic production of goods and services. This simplified new system is intended to lead to the abolition of the existing customs tariff structure to remove distortions.

Overall, although data are scarce on outputs and investments, the Kosovan economy made a relatively strong recovery in 2000-2001 and early 2002. With the support of the international community, social and infrastructure networks are being repaired and local enterprises, fuelled by local savings, remittances from abroad and new employment opportunities, are being created, including agriculture and agro-business.

Between 2000 and 2001, GDP increased from €1,534 to €1,896 million (a growth of 23.6%) with investment increasing by 81% and consumption by 3%. The 2001 consumption share of GDP (122%) fell by 16.7% while the investment share (57%) rose significantly by 46%. GDP per capita is calculated at approximately €880, an increase of 18%. The rate of growth in real terms for 2001 is calculated at 10%. Exports increased in value to €239 million, while the value of imports increased from €1,299 to €1,724 million. Remittances from outside Kosovo increased by a staggering 102.6% (from €380 to €770 million). Annual inflation, on the basis of consumer price index, remained stable at 11%.

The goal of the Ministry of Finance and Economy (MFE) for 2006 is to stabilise investment at 25% of GDP with investment from private sources representing two-thirds of the total. The goal of MAFRD is to orient investment, especially remittances, towards productive investments in agriculture and agro-industries.

The agriculture sector, currently dominated by smallholder farming, is working largely in the informal sector. Home consumption and informal trade is difficult to measure and difficult to tax. Formal marketing and processing of local agricultural products is underdeveloped following the collapse of marketing institutions and many processing enterprises.

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<sup>6</sup> On the macroeconomic environment, see a report prepared under the Capacity Building Component of a FAO-WB project: Stefan Bojnec and Gazmend Luboteni, *Kosovo. Macro-Economic Study for the Agricultural Sector: Taxation, Prices, Trade and Incentive Mechanisms in Agriculture and the Food Sector in Kosovo*, MAFRD, FAO, August 2002.

## 1.4 OVERVIEW OF KEY CONSTRAINTS AND OPPORTUNITIES

Important groups within the rural population, because of recent hostilities, have been deprived of the resources and opportunities needed to ensure a reasonable standard of living. Over half of all farm families suffered displacement, direct damage or loss and certain areas were more affected than others. The number of farm families that escaped any effect of the war, direct or indirect, was minimal. Destructions and damages to farms occurred for a certain period even after the end of the war.

### Specific Constraints

Harsher climate than some neighbours  
Landlocked position, high transport costs, lack of integration into regional trade structures  
Incoherent fiscal and trade policy for the agriculture sector  
Small, semi-subsistence, uncompetitive farms, land fragmentation  
Undeveloped marketing chain  
Neglected and uncompetitive agro-processing sector  
Lack of off-farm employment  
Soil and water contamination  
Lack of services e.g. advisory services, rural finance and mechanization contractors  
Neglected physical rural infrastructure (roads, telecommunications, electricity, warehouses)  
Insufficient legislative framework and enforcement and lack of social consensus for shared responsibilities and penalties  
Agriculture has a poor image for the young, as well as poor training and education facilities.

Leaving aside any consideration of war damage, some farm families living in mountain and hill areas will always lack the resources to maintain an adequate living, or will suffer unacceptable risk in doing so. Yet for a wide range of internal interests – the production of seed potatoes, tourism and wildlife, sport and leisure, niche products, the deployment of under-employed agricultural labour in winter for forestry activities, the preservation of cultural heritage and customs, to name a few – those areas should not be abandoned or forested. Nor, if practical, should communities be allowed to fall to numbers so low that basic services such as education or policing are unsustainable.

## 1.5 THE STATE OF AGRICULTURE

### 1.5.1 *Natural Resource Base*

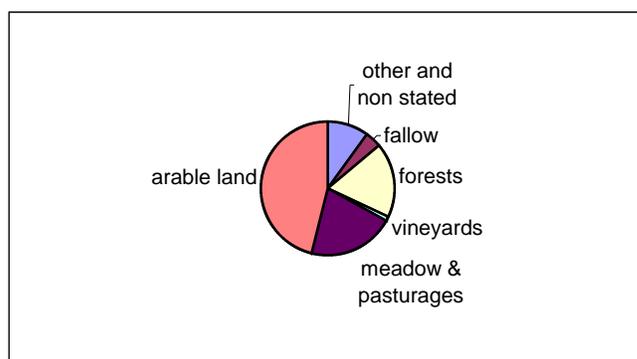
Kosovo has an area of 1.1 million ha of which 53% is cultivable while 41% is forestland. It is a geographical basin, situated at an altitude of about 500 meters, surrounded by mountains and divided by a central north/south ridge into two sub-regions of roughly equal size and population. The population is estimated at between 2 and 2.2 million, including 82 to 90% ethnic Albanians. A number of returnees, mainly farmers of all communities, of which no official figures or estimations are available, but that some sources claim to be possibly of several thousands, has to be added for the future planning. A large Diaspora, mainly in Western Europe, played an important role, particularly through remittances and the financing of the parallel structures developed throughout the 1990s. Non-Albanian communities include Serbs, Gorans or Bosnians, Romas and Turks. Demographic growth is estimated at about two percent and average household size is about 9 persons. The Kosovo population is by far the youngest in

Europe, with more than half the people below the age of 25. Kosovo is divided into 30 Municipalities and about 1,500 villages.

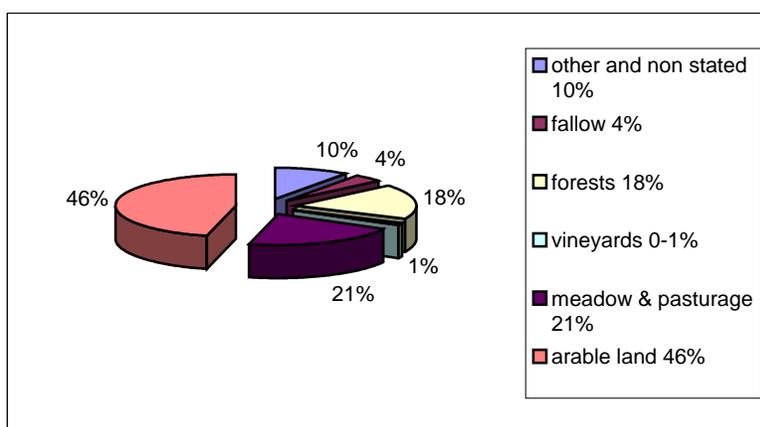
Agriculture is the main economic activity and also the sector that provides most employment in post-war Kosovo. After the conflict, most farmers returned, rebuilt their houses and began operating their farms in 2000. 86% of the land is privately owned while the rest is under the ownership of Cooperatives (1%) and Socially-Owned Enterprises (SOEs) (13%), with land ranging from between 500 -1500 ha. Most farms in Kosovo are run to provide subsistence for households. Average land holding per family is about 2.2 ha, fragmented in an average of 8 plots. Nearly 80% of farms are within the size of 0.5-2.0 ha.

Kosovo is divided into two agro-ecological zones based on climate, soils and vegetation. The southwestern part, the Dukagini plain, accounts for 43% of the total area and has a more Mediterranean climate and annual rainfall of 770 mm. Common crops such as lucerne, maize and sugar beet<sup>7</sup> require irrigation nine years out of ten. The eastern part, Iber Lepenc, has a more continental climate and annual rainfall of 600 mm and is even more dependent on irrigation.

**Chart 1.1 Use of agricultural land in Kosovo in 2000 (FAO, Living Standards Measurement Survey/LSMS)**



**Chart 1.2 SOK/MAFRD 2001 Survey**



**Private agricultural holdings only, excluding land under control of Socially-owned Enterprises and cooperatives.**

<sup>7</sup> Sugar beet is not a common crop now, but used to be, and is a good indicator of irrigation need. See also Chapter 7 f).

In both areas, wheat depends on winter rain and requires no irrigation. The land use data differ according to three main sources: FAO data from 1997, World Bank assessment after the war (Chart 1.1) and the recent 2001 SOK/MAFRD agricultural survey based on private household sample (Chart 1.2).

According to FAO data, of the total area of Kosovo, 585,000 ha are classified as agricultural land of which around 300,000 ha are cultivated (cereals, industrial crops, fruits and vegetables and forage crops) and 180,000 ha are upland pastures.

Theoretically, over 200,000 ha could be irrigated. According to irrigation companies whose data differ from official statistics, some 70,000 ha were under irrigation command in the late 80s, of which 51,300 ha were under command in 1989. A project supported by the European Agency for Reconstruction (EAR) to rehabilitate irrigation infrastructure was aiming at a full rehabilitation of the former system, beginning first with the primary canals to follow later on with secondary and tertiary distribution, with a target of 2006 for final rehabilitation.

More recently, this proposal has been reviewed. First, irrigation rehabilitation remains a good investment, but the project needs to take into consideration the cost-efficiency of irrigation in relation to different crops. Second, marketing should be the first basis of any plan. Third, post-war and future water needs should be assessed in order to reconcile the use of water for irrigation with other uses for human consumption and industry. Around 15,000 ha have been rehabilitated till now and the project is now considering the rehabilitation of around 10,000 more, aiming at an integrated approach between public irrigation provider companies, under restructuring by Kosovo Trust Agency (KTA), and farmers to secure more cost-efficient water use for irrigation.

MAFRD's role is to develop policy and strategy on irrigation within the water resources policy of the Ministry of Environment and Spatial Planning (MESP), to assist also in the planning, development and management of irrigation and irrigated farming, in particular to facilitate the formation of Water Users' Associations, which should manage tertiary and secondary distribution systems and be the basis for cost recovery. An inter-ministerial Water Management Advisory Board has been established by MESP to guide the elaboration of an updated master plan for the management of water resources.

Kosovo is a hinterland territory where, for food security reasons, it is important to maintain the production of cereal crops, even though a free-market approach would be to buy wheat and other cereals in the world market. But the transport cost of wheat from a port in Greece to Kosovo constitutes a protection, despite the fact that yields are lower and, per unit cost of production higher in some cases. There is a momentum to diversify production with more labour intensive and more value-added crops. But for the continental area, the possibility of substitution of wheat by other crops during the winter season is very limited. In this case, wheat production is justified. Obviously, this has to be seen in a perspective of land rotation, assessing the possibilities of new crops in early spring from land used for winter wheat production. There is, according to recent sub sector studies, a comparative advantage for livestock and dairy production due to availability of pastures and meadows. The same applies for fruits and vegetables, with the introduction of new varieties, the development of winter vegetables and production in greenhouses and tunnels to exploit the year round market and not, as it is now the case, only during a peak production period of two months. Before 1989, Kosovo was a net exporter of fruits and vegetables<sup>8</sup>.

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<sup>8</sup> Two sub sectors studies have been produced under the WB/FAO CBC programme: *Dairy Sub sector Study*, MAFRD/FAO, May 2002 and *Sub Sector Review: Fruits and Vegetables*, MAFRD/FAO, May 2002.

## 1.6 AGRICULTURAL STRUCTURES AND PRODUCTION SYSTEMS

### 1.6.1 *Socially-Owned Enterprises (SOEs) and Cooperatives*

From 1999, the UNMIK Administration was designated, according to UN Security Council Resolution 1244, the responsible authority and trustee for the public and Socially-Owned Enterprises in Kosovo (estimated at 370 by the Ministry of Trade and Industry). It includes Socially-Owned Enterprises in the agricultural sector also called Agro-Kombinats.

#### A) *Agro-Kombinats*

Socially-Owned Enterprises (SOEs)<sup>9</sup>, have cropping and processing enterprises. There are 23 Agro-Kombinats with 75,603 ha (see Annex 2). Although the founding statutes of each are similar, one or more changes were made later by at least some of them and these changes were registered in the Economic Court in Pristina as well as in Belgrade. Thus the way in which each Agro-Kombinat is governed and managed is different.

Thus, although according to one source<sup>10</sup> over 80% of Agro-Kombinat managers are for privatisation and only 10% are against, full privatisation is not on the agenda, considering that Resolution 1244 gives to UNMIK the power to administer, but not to fully privatise these enterprises. Different strategies have been elaborated by UNMIK to challenge the problem and put the assets of the Socially-Owned Enterprises at the service of Kosovan economy, particularly the long term leasing of SOEs, called also “commercialisation”. A recent study<sup>11</sup> done by EU Pillar analysts identified four different policies of UNMIK on social property between 1999 and 2002.

From late 1999 to end of 2000, UN administrators at municipal level tried to direct the activities of enterprises on their territory by reinstalling socialist-era reporting requirements and institutional control.

*From early 2001, the newly established Department of Trade and Industry (DTI), operating within EU Pillar, experimented with imposing interim international management, a strategy used in six different occasions.*

*From March 2001, DTI in co-operation with UN municipal administrators sought to reshape the corporate governance of SOEs by reintroducing the old system of management by workers’ councils, which were directly elected by the workforce of each enterprise—a system that was once the cornerstone of Yugoslav self-management socialism.*

*In parallel, DTI developed a policy of granting concession agreements over SOEs to private investors. This policy, which became known as “commercialisation”, was designed to accommodate legal concerns about direct privatisation imposed by the UN Legal Office in New York.*

As stated in the same report “*the result is a wide diversity of corporate governance arrangements across Kosovo SOEs, including directors appointed by the post-war UCK government or by local municipalities, pre-1989 directors who have returned to their posts and directors duly appointed by an elected worker’s council*”.

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<sup>9</sup> It is difficult to appreciate the exact number of SOES in agriculture in Kosovo. Many of them have changed name or have been subdivided. The Agricultural Statistics Section of MAFRD and the Statistical Office of Kosovo, with the support of KTA retained 143 SOEs and Cooperatives with land for the census implemented in 2003. (*Annex 1.3*)

<sup>10</sup> March 2001 roundtable on SOEs, Pristina.

<sup>11</sup> Lessons Learned and Analysis. Unit of the EU Pillar of UNMIK in Kosovo, *The Ottoman Dilemma. Power and Property Relations under the United Nations Mission in Kosovo*, 8 August 2002, Pristina, Kosovo.

In the case of the SOEs with land or agro-processing facilities, DTI and Department of Agriculture, Forestry and Rural Development (DAFRD) tried when possible to coordinate their action to organize tenders for leasing of enterprises, mainly in the case of Agro-Kombinats having both agricultural production and agro processing activities under the same management. Concession agreements were signed between UNMIK and private investors for five agro processing enterprises, all former members of Agrokosovo holding Agro-Kombinat: Progress Meat in Prizren was conceded to Fructus, Progress Export in Prizren to Abi Elif-19, Alcon Sunflower in Ferizaj/Urosevac to Alcon Ltd, Adi Poultry in Lipian/Lipljan to ASI and Minex agro processing in Podujevë/Podujevo to Neraimpex.

*The five successful cases of commercialisation follow a clear pattern. They are all agro-processing enterprises and former production units of the giant Agro-Kombinat Agrokosova. Each produces and distributes products on the open market under its own label. All of these companies continued operating through the 1990s under Serb management and escaped the war without serious damage, enabling them to resume production rapidly in 2000, albeit at reduced capacity (except for the poultry farm). As flagships of the Kosovo agricultural sector, they control unique assets and enjoy a dominant position within the domestic market. Progress-Export has Kosovo's only fully functional cold-storage facility, with a capacity of 5,000 tons, together with a monopoly in processed fruits and vegetables and a brand name recognized widely by Kosovan consumers. Alcon is the only producer of sunflower oil, with new production facilities dating from just before the war. Fructus has the only active industrial-scale slaughterhouse in Kosovo and the only one ever to receive a health and sanitation certificate from the European Union.*

Although it appears that through force of circumstances there has been also a certain *de facto* adjustment to the management of some Agro-Kombinats, including the renting-in and renting-out of land and warehouses, *de jure* no such adjustment has a legal basis since 1999. The SOEs played in some case the role of real estate agents distributing the incomes to the members of the staff that the managers decided to maintain in the enrolling list, without a real control of their incomes and payment of taxes to the Kosovo budget. The table shown in *Annex 1* estimates the area farmed by each Agro-Kombinat in 1998.

The larger landholdings in the Agro-Kombinats are of particular importance for the production of cereal seed, particularly wheat seed. About 4,000 ha of land are needed for seed production each year, with additional land needed to cover the rotational requirements.

Since June 2002 (Regulation 2001/12 of 13 June 2002), the Kosovo Trust Agency (KTA) has the authority to administer Publicly-Owned and Socially-Owned Enterprises registered or operating in the territory of Kosovo with their assets. Section 6 of the Regulation states the type of actions that the KTA can take to administer the enterprises. It includes change of management board, issuing instructions for financial management, assuming direct control, carrying out external audits, requiring information and documents, inspecting premises, approving business plans, issuing of modifying charters and by-laws, reorganizing the enterprise, granting leases or concessions, establishing one or more corporate subsidiaries, transferring part or all of the assets of the enterprises to subsidiaries, transforming them in corporations, contracting out part of the activities and initiating bankruptcy procedures.

According to this regulation, the Agro-Kombinats in agriculture are under the responsibility of KTA. KTA is requesting the collaboration of MAFRD in relation to policy and strategy for the transformation of SOEs in the agricultural sector. The question of land tenure is a particular issue to be analysed with caution, taking into account the sensitivity of the question for the rural population.

With the promulgation by the SRSG of Regulation 2003/13 *On the Transformation of the Right of Use to Socially-Owned Immovable Property* (09 May 2003), the adoption by KTA Board of

*Operational Policies* and the setting up of the Special Chamber to receive eventual claims, the necessary framework is in place for the transformation of SOEs in new companies. A close collaboration will be established between KTA and MAFRD at the technical level in order to consider policy orientations of MAFRD in the transformation of agricultural SOEs by KTA.

#### **B) Cooperatives**

Cooperatives mainly originated in 1945 and are based on the Law of Farmers' Collectivisation Fund of that date under which the land remains the private property of individuals. Later, the Law of Cooperatives of 1953 placed the land of the Cooperatives, still privately owned, under the management of Agro-Kombinats. Of the 152 agricultural Cooperatives, 24 had land (see *Annex 2*) and the remaining 128 were service Cooperatives without land. Later still, in 1976, the 24 Cooperatives and the 9 Agro-Kombinats were separated again, though they both received services through a State company called AgroKosova. These services included credit, inputs, processing, imports/exports, research and advice through the Kosovo Institute of Agriculture. According to BDPA, a consulting firm which, with French cooperation support, coordinated an UNMIK/MAFRD project to revive the Cooperatives and to review the regulatory framework, only 52 Cooperatives, mainly service Cooperatives, re-registered after the conflict.

Of the total area of 6,734 under control of Cooperatives, 3,180 ha is arable, of which BDPA reported that 700 ha were ploughed in 2001. Some Cooperatives land has been rented to non-members and some has been given free of charge to members for their private use (de jure they still own their land within the Cooperatives). MAFRD has prepared a Law on Service Cooperatives, adopted by the Assembly and promulgated by the SRSG in June 2003.

#### **1.6.2 Small Family Farming Units**

A key factor to consider in determining the future agricultural policy is acknowledging that Kosovo is a small territory with a significant rural population (60% of total population) involved in agriculture and rural activities. These rural and farming areas are based on family units in village communities with a strong history of and focus on village committees and solidarity. It is therefore important to acknowledge that with the size of holdings in Kosovo averaging 2.23 ha per family and with over 90% of agricultural farming units with no more than 2.5 ha, the future policy and strategy of the Ministry in support of Producers Associations and Cooperatives must ensure that this structure, as well as rural poverty, is taken into account.

Future policy must also acknowledge the current level of farm management, general farming practices and the existence of strong village community leadership structure. It is self-evident that many farmers live off the land as subsistence farmers, who consider agriculture and farming not as a business, but as a way of life. However, this "subsistence" is mitigated by the fact that 50% of rural Kosovan households receive an average of Euros 2,500/year as remittances from relatives working abroad<sup>12</sup>

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<sup>12</sup> *Kosovo Poverty Assessment*, World Bank, 3 October '01.

### 1.6.3 Land Tenure

Agricultural land is held as follows:

Table 1. 1 Type of land holding

	AREA ('000 HA)	AREA (%)
AGRO-KOMBINATS	76	13
CO-OPERATIVES	7	1
FAMILY FARMS	494 <sup>13</sup>	86
TOTAL	577 <sup>14</sup>	100

Area figures are rounded to the nearest thousand hectares. The actual figure for Cooperatives is 6,734. The total figure of 577,000 ha is for cultivable land and excludes pastures.

In the decade leading up to the 1999 war in Kosovo, agriculture and rural development in neighbouring countries were undergoing substantial changes. Lessons have been learned and Kosovo, though largely excluded from the development process during this period, can now benefit from some of these lessons. Many Kosovans like to compare Kosovo with the applicant CEECs, particularly the close examples of Bulgaria, Slovenia and Romania. Thus, a detailed comparison with these countries might be useful. Compared to the visionary days of the early 1990s in the CEECs, objectives that are perhaps more realistic and achievable might then be set.

For example, the balance in agri-food trade between CEECs and the EU is now negative, and in fact worsened during transition, mainly because of a higher proportion of processed products in imports than in exports. At the same time, the high quality thresholds demanded by the EU effectively prohibited most processed agri-food products from the CEECs, and continues to do so. This was partly offset by outlets in Russia and the CIS for less processed and lower quality products.

The level of state support for agriculture and rural development, starting generally higher than EU rates before the transition, is now lower than half of the EU rates, mainly because the tax base cannot sustain a higher rate. (The exception is Slovenia, which has state support for agriculture approaching EU levels, has a well-developed economy and thus can better afford it). The important concluding point here is that all these countries provide state support to agriculture to a greater or lesser degree.

Those CEEC countries that do not yet have the tax base and budgetary capacity to directly support agriculture and rural development up to the levels of the EU or Slovenia, nevertheless are able to provide effective price support through border protection. The conclusion here is that a low tax base has not stood in the way of support for agriculture for Kosovo's neighbours. Albania and Moldova for example, countries with low tax bases, not only provide a measure of border protection, but also subsidise their agriculture.

Much of Kosovo agriculture, especially the family-farming sector, can only be described as semi-subsistence. In that respect it is no different from most CEEC countries. But since the early

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<sup>13</sup> Calculated by difference by deducting values for agro-kombinats and co-operatives.

<sup>14</sup> Federal Republic of Yugoslavia *Yearbook* 1998.

1990s, contrary to many expectations, semi-subsistence agriculture in these countries has substantially increased. Furthermore, the share of agriculture in total employment has not decreased by as much as expected<sup>15</sup> and in some nearby countries, such as Romania and Bulgaria, has actually increased. At the end of 2001 it was estimated that more than half of all agricultural production in the ten formal applicant countries of the EC was from this semi-subsistence agriculture sector. The underlying rationale in the minds of small farmers and their family members, who have looked for urban employment, is that semi-subsistence farming, even at the cost of low earned income, is better than formal unemployment. These examples demonstrate that semi-subsistence farming is not unusual in the regional context and not peculiar to Kosovo. They also provide a counterweight to the argument, commonly heard in Kosovo, that rural refugees fled to the towns for comparative safety during the war and will remain urbanized.

On the contrary, in the semi-subsistence agriculture of the CEECs, high rural unemployment and hidden agricultural underemployment suggest an opportunity cost of labour generally much lower than the average wage or even zero. In other words, this sector is practically excluded from the labour market and will remain insensitive to its development as long as this situation lasts.

However, labour in Kosovo can be considered relatively more mobile throughout the whole economy, even though the CEECs estimate that only a considerable general increase in employment, as well in the possibilities for professional migration (training, subsidized housing), could absorb the sector's agricultural over-employment.

Not only is Kosovo semi-subsistence farming here to stay, at least until alternative employment in other sectors of the economy become available, and until the land market starts to function better, but it should be seen as the asset it is rather than as a burden and policy should take this into account. Furthermore, when this reality is fully recognized and adopted, then sound and economically profitable investments can be made. Again the experience of the CEECs and other Balkan States provides a useful pointer. It is estimated that hidden agricultural unemployment concerns at least half agricultural employment in the CEECs. Since 1990, semi-subsistence agriculture considerably reduced the social costs of the overall transition and in a particularly low-cost way for the State budgets concerned. On the one hand, it slowed unemployment and the rural exodus, which would result from the rapid elimination of this sector; it provided the poor, under-employed and peripheral parts of the population with an acceptable alternative.

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<sup>15</sup>Recent history shows fluctuations more than a steady shift in any direction. Employment in the agriculture sector was still high in the 60s (70%), dropped to 23% in the 70s and 80s, rose again in the 90s to over 50% and is now about 60%.

## **Chapter II**

# **Strategy for sustainable agricultural and rural development**



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# STRATEGY FOR SUSTAINABLE AGRICULTURAL AND RURAL DEVELOPMENT

## 2.1 GENERAL OBJECTIVE

The strategy aims at improving the agriculture and rural sector in Kosovo. The Ministry will play a facilitating role to establish the legal and institutional framework to promote the transition between the former centrally planned economy and a free market economy within the regulating role of the state. Taking into account the fact that 60% of the population live in the rural areas and are often under-employed, the strategy is both an agricultural one and a rural development one, aiming at income generation activities and a diversification of crops towards more value added products able to cover a greater part of domestic consumption demand. Also, the strategy addresses regional and EU market opportunities and developing the food chain from the farm to the final food products.

*The overall mission of the Ministry of Agriculture, Forestry and Rural Development is to facilitate structural changes in the rural economy and to establish the economic framework and mechanisms to support employment creation and income generation through improvement of agriculture and rural development in Kosovo.*

## 2.2 STRATEGIC CHOICES

The main strategic choices are:

- Defining an agriculture and rural development strategy aiming at alleviating unemployment and creation of new employment opportunities, particularly through diversification of activities in farm and non-farm in rural areas. Semi-subsistence family farmers are the main target for the short and medium term, taking into account the reality and the necessity to promote their transition to more commercial farming, or a possible transfer to other activities with the development of processing facilities, marketing and new professions linked with agricultural and rural activities.
- Defining policies for land transformation and eventual consolidation, particularly in collaboration with the development of a land market with the privatisation of Socially-Owned Enterprises in the agricultural sector, and defining proper land ownership.
- Avoiding direct subsidies to farmers although introducing incentives to the revival of sub-sectors with comparative advantage through differentiated taxation policies for agricultural inputs and capital goods.
- Aiming at meeting domestic demand with greater domestic production of food products.
- Addressing the regional market and export to European Union for specific products.
- Raising productivity. Identifying sub-sectors with comparative advantage, in particular animal production and fruits and vegetables.
- Promoting an integration of the food chain: production, processing, marketing, services to farmers.

- Supporting the creation of income-generating activities in rural areas and facilitating access to investment and capital.
- Promoting sustainable land use that aims at increasing food production and improved environmental safety.
- Contributing to the development of an integrated land management policy including zoning and protection of agricultural land.
- Redefining the role of the public administration, mainly as regulatory, and contributing to the development of collaboration between Central Government and Municipalities.
- Identifying opportunities for private businesses and civil society organizations and opening spaces for lobbying, advocacy, support to policy formulation in the agricultural sector.
- Promoting the organization of rural associations to increase ownership and participation of farmers in rural development.

### **2.3 PRIORITIES FOR POLICY FORMULATION**

Priorities are being defined particularly in sub-sector strategies in this Greenbook. The main priorities are:

- Re-launching and technologically up-grading agricultural production.
- Developing policies and implementing legislation.
- Developing an integrated information system on agricultural data (production, prices, trade).
- Facilitating the creation of credit programs, supporting the private sector in rural areas, particularly for marketing and service to farmers.
- Enhancing vertical integration in agriculture, particularly promoting small and medium enterprises (SMEs) for the processing and distribution of food products.
- Supporting institutional capacity building.
- Overseeing the establishment of systems for monitoring and forecasting agricultural sector trends and training of staff to manage these systems.
- Guiding the establishment of targeted agricultural policy working groups, including representatives from relevant private and public institutions and interest groups to support policy formulation activities and guide policy analysis.
- Overseeing the selection, training and development of local specialists that will both work directly in policy formulation and participate in training and development programs.
- Coordinating the management of an integrated training program for target beneficiaries.

Under the responsibility of the Permanent Secretary, a Policy and Agricultural Statistics Office, supported by technical assistance from a project financed by EAR to support policy formulation and agricultural data management, will coordinate permanent and ad hoc working groups on the following policy issues:

- Farm and rural advisory services, communications, public information and dissemination.
- Research and agricultural education.

- Land management, transformation and consolidation.
- Rural finance.
- Transformation of Socially-Owned Enterprises (SOEs).
- Market information system, marketing and processing.
- Animal production and feeding.
- Farm management and farm accountancy.
- Mountain area development.
- Food standards, food safety and food security (non-tariff protection measures, early warning etc.).
- Sub-sector strategy for industrial crops.

### ***2.3.1 Fiscal Regime, Price and Trade Policy***

One of the main issues in economic development is the role of private businesses and its reaction towards opportunities that reallocate resources towards more productive activities. The fiscal policy, through increases in public expenditures or through decreases in fiscal charges, can directly influence directly enterprises' performance, aggregate supply and demand, employment and a sustainable macro-economic environment.

The definition and formulation of a coherent long-term fiscal policy in Kosovo requires specific conditions. The general move is towards an open economy. The fiscal system is still under definition.

Kosovo has not introduced its own currency. Therefore it cannot have its own monetary policy that would correspond closely to fiscal policy during its definition and foundation. Fiscal bills like taxes, custom taxes, excise and other taxes and non-fiscal inputs on one side and components of public expenses on the other side need to be built in harmony with economic development strategy by the Ministry of Finance and Economy.

One of main objectives of countries in transition should be to decrease the role of the state in the economy and to adapt to market conditions. Some OECD countries and countries in transition provide incentive mechanisms such as duty and tax reductions to stimulate new investments. The trade and fiscal policy of Kosovo should provide equal economic conditions, as neighbouring countries do to establish the same preference for all neighbours and to develop reciprocal relations with them. It is important for a balanced development of Kosovo economy and sanitary control to regulate the entry of goods into Kosovo according to Security Council Resolution 1244. There is an urgent need to reduce the possibility of fiscal evasion and non-formal economy and to embed them within legal activities. Up to now the trade and fiscal policies have not been favourable for Kosovo economic development and especially for agri-businesses. The fiscal policy is a linear one (without differences) for equipment and raw material that cannot be produced in Kosovo. This fiscal policy causes difficulties for local food production.

So far Kosovo has not implemented specific price policy regimes and agricultural and food prices are determined freely. Production for home consumption plays a crucial role in covering food consumption in rural areas (e.g. for dairy and meat products). Due to inconsistent agricultural policy measures, particularly trade and fiscal measures, most marketed, i.e. urban, demand for food and agricultural products is covered by imports.

One of the greatest issues emerging from various studies realized in the past year, particularly under the WB/FAO CBC project, is the degree to which Kosovan agriculture is taxed through

border tariffs on agricultural inputs. The agriculture sectors of regional Balkan, CEEC, and EU states are effectively subsidized and Kosovo stands out as an exception, we think the only exception. As a result of the present policies, agriculture in Kosovo is taxed on one side by high import taxes on agricultural inputs, where there is no domestic production (e.g. fertilizers, plant protection products), and on the other side by inconsistent import duties on agriculture produce, where there are opportunities for efficient domestic production.

This situation is illustrated in the table below.

**Table 2.1 Duties on Agricultural Imports, %**

	<b>Unprocessed food</b>	<b>Processed food</b>	<b>Agricultural inputs</b>	<b>Agricultural machinery</b>
<b>Kosovo</b>	26.5	0.0	26.5	26.5
<b>Albania</b>	5.0	5.0	5.0	5.0
<b>Bosnia</b>	5.0	5.0 - 10.0	10.0	10.0
<b>Poland</b>	0.0 – 20.0	50.0	10.0	10.0
<b>Slovenia</b>	8.0 – 10.0	4.5	0.0	0.0
<b>Hungary</b>	20.0 (seed only)	-	0.0 – 10.0	7.0 – 9.0

These import duties on agricultural imports are questioned as they are taxing agricultural production by raising its costs. Their exclusive fiscal character demands that import taxes should be adjusted according to the objectives of agricultural and rural development policies. On the other side, there is a need for adjustment of import duties and other fiscal measures on imports of agricultural produce, again towards the general objectives of agricultural and rural development as set out in this Greenbook. The revision of price, trade and fiscal regimes is an issue of high priority for agricultural and rural development, for the consideration by the policy makers in Kosovo.

**In the short run**, MAFRD recommends a revised fiscal strategy for the agriculture sector as a whole, in order to increase domestic production capacity and competitiveness.

The objective is to put in place trade and fiscal policies that are at least neutral towards agricultural and rural development. There is an urgent need to abolish present practices that are taxing domestic agricultural producers, and hindering the development of domestic production and the ability of domestic producers to compete with subsidized imports at low and sometimes very low, (colloquially called dumping), prices. At the same time there is a need for cost and quality adjustments by domestic producers to increase their competitiveness in domestic and international markets.

In line with this, Government budgetary and fiscal policy needs to be directed towards supporting producers of potentially internationally competitive agricultural and food produce in less-favoured areas.

**In the medium and long-term**, Kosovo shall aim to improve basic infrastructure and integration in regional trade and particularly integration with the European Union (EU). In this regard, efforts shall be made to improve transport connections, food processing industry, trade and storage facilities as a way of relieving an important constraint for marketing of agricultural produce. Kosovo will also aim to become a member of the World Trade Organisation (WTO), a member of different free-trade agreements in the region (e.g. Central European Free Trade Agreement) and to adjust and harmonize policies towards membership in EU.

### **2.3.2 Land Policy**

#### **A) An Inter-Ministerial Approach**

MAFRD accepts that small family farms will form the foundation of Kosovan agriculture for the foreseeable future. But it will promote a functional land market to improve consolidation of small

parcels<sup>16</sup> into more efficient units, and will assist other government agencies to put in place measures (such as land use planning, land cadastre and a land valuation system identified below) to rationalize the present very high price of land. Under the initiative of the Kosovo Cadastral Agency (KCA) (Ministry of Public Services) two workshops and consultations took place to define a land administration policy for Kosovo.

According to UNMIK Regulation 2001/19, different Ministries have various mandates in relation to land policy and management in Kosovo:

The Ministry of Environment, particularly its Department of Spatial Planning has responsibility to “*Ensure the incorporation of Kosovo-wide spatial planning in the policies and programmes of the Government and oversee their implementation by relevant authorities*”, A project of law will be submitted for its approval to the Assembly of Kosovo.

The MAFRD has responsibility to “*Develop policies and implement legislation regarding agricultural land use for the purpose of protecting agricultural land*”

The Kosovo Cadastral Agency (under the authority of the Ministry of Public Services) has responsibility to ensure “*Formulation of the strategy for the re-establishment of the cadastral information system, including the land information management and land administration system*”; to “*develop a data base for cadastral land and real property information at the municipal level and administer and archive such information at the provincial level, consistent with data protection requirements that shall be set forth in an administrative direction*”; and “*in coordination with other administrative departments and relevant institutions in the land administration sector, monitor domestic and foreign assistance, including donor contributions, as they relate to the cadastral information system*”.

MAFRD has proposed the creation by the Prime Minister’s Office of an Inter-ministerial Board on Land Policy to coordinate the mandates of different actors, particularly the Ministries and the KTA. Municipalities should be associated with land policy implementation, particularly through the establishment of zoning of land for differentiated use aiming at a better protection of agricultural land and better services at local level. MAFRD is already holding regular meetings with the Municipalities explaining the actual legislation in place concerning agricultural land and is preparing a new law on agricultural land.

#### *B) Land of SOEs and forestlands*

Some 13% of agricultural land has been held by Agro-Kombinats. As already mentioned, according to UN Resolution 1244 and to the Regulation 2002/12, the KTA (reserved powers) has the mandate to administer the Public and Socially-Owned Enterprises. Any claims will be considered by a Special Chamber of the Supreme Court of Kosovo on KTA related matters (Regulation 2002/13).

In the case of Socially-Owned Enterprises with land, the former DAFRD had a close collaboration with the former Department of Trade and Industry in the organization of tenders for leasing/commercialisation of agricultural SOEs. MAFRD will continue to be closely associated with KTA in future operations for the transformation of SOEs with land, in application of its mandate on agricultural land mentioned above. Working groups on specific issues related to the transformation of agricultural SOEs involving representatives of KTA and MAFRD are being established in order to secure that transformation done by KTA will take into account the priorities and policies defined by MAFRD for agriculture and rural development.

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<sup>16</sup> The average farm has eight parcels.

### C) *Development of land market*

The development of the land market is a pre-condition for the transformation of agriculture in Kosovo. SOEs with land should differentiate between assets, such as buildings and equipment, and land under their control. MAFRD supports any measure to accelerate the privatisation process, but considers that the privatisation of SOE land, public forests and forestlands, should be done under a strict and careful regime, due to the sensitivity of the issue among Kosovans. Public forests and forestlands can be considered a patrimony of Kosovo and deserve sustainable and environmentally safe management. A Law on Forest prepared by the Ministry was approved by the Assembly in February 2003. It is the position of the Ministry that Kosovo Forest Authority (KFA) should hold all the Rights of Use of all Public Forests and Forestlands in Kosovo. This position should be reflected in the Cadastral Records.

### D) *Restitution policy*

Any proposal of KTA regarding agricultural land should be done in close consultation with MAFRD. For example, if the transmission of users rights for a long period can be a solution for the assets of the SOEs, MAFRD believe that it may not be the best one for agricultural land under control of the SOEs. In the opinion of the MAFRD, the restitution of social property is required through promulgation of a Law on Restitution (as is the case in former socialist East European countries), which shall provide for restitution of agricultural lands and forests to former owners, as this land was nationalized through previous inappropriate agrarian reforms<sup>17</sup>. For the implementation of restitution policy, several dates are under discussion, including the date 09/05/1945, as well as much earlier dates, to be taken as the base reference. Similarly, the date 22/03/1989, among other optional dates, is being discussed as a possible base reference for registration of SOEs, property, capital and workers. These dates are mentioned here because suggested to KTA by a working group on land in MAFRD.

The model applied in Slovenia for privatisation of social property, which is a combined and complex model, would be the most suitable and feasible model for Kosovo, as Slovenia and Kosovo have a similar history and had similar legislation in the past. If SOEs were recognized as holders of user rights, it would cause difficulties in achieving restitution. Close attention should be paid to privatised agricultural land following restitution, in order to avoid further fragmentation as well as negative consequences on rational use of machinery, technological process and productivity. After the definition of the true ownership of land, in a restitution process, that land will be returned to its previous owners. To avoid unnecessary further fragmentation of land into many small plots, in some cases the physical restitution can be replaced by an indemnity for the land. But this solution is considered politically inappropriate and unfair, especially as there are bound to be significant disagreements on the value of the land and the time upon which that value is to be determined. Further, as Kosovo is an agricultural society and as many Kosovans maintain or desire to maintain a lifestyle tied to the land, the provision of compensation instead of the restitution of the land is a significant social issue.

### E) *Fund of agricultural land*

A fund of agricultural land should also be established, pending the introduction of this law and the final determination of the true owners of the land in accordance with that law. It is proposed

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<sup>17</sup>Nationalization was done pursuant to the following legal provisions: *Law on agrarian reform and colonization* (Official Gazette of FDY No 65/45, Official Gazette of FPRY no 24/46, 101/47, 105/48, 21/56, 55/57, 10/65); *Law on agricultural land and transfer of land to village cooperatives* (Official Gazette of FPRY No 22/53); *Law on nationalization* (Official Gazette of FPRY No 98/46 and 35/48); *Basic law on expropriation* (Official Gazette of FPRY No 28/47); *Law on protection and governing of national property* (Official Gazette of FPRY No 36/45); *Law on confiscation* (Official Gazette of FPRY No 61/46 and 74/46); *Administrative decree on redistribution of land* (Official Gazette of FPRY No 99/46) and other similar laws.

that the fund should be managed by KTA or MAFRD. This fund should be created to protect agricultural land and forests until the promulgation of legal provisions on privatisation.

*F) Privately owned land*

The market for the remaining 87% of land is constrained by very high values, presently up to €200,000 per ha, well over ten times Western European values for comparable land. This is because of the absence of land use planning and land zoning, so that all land has speculative value since none of it has been designated solely for agricultural use. Land use planning is the mandate of the Ministry of Environment and Spatial Planning, but MAFRD also has associated responsibilities. Additionally, the capacity of municipal Departments of Agriculture needs to be improved and expanded to cope with the bulk of the day-to-day work. MAFRD will co-operate with the Ministry of Environment and Spatial Planning (MESP) and the Kosovo Cadastral Agency to promote a technical assistance project for Kosovo land use planning capability.

At the same time, new legislation (presently missing) should be developed by the MAFRD, MESP, MTI and the Kosovo Cadastral Agency regarding land tenure, mortgage and inheritance.

*G) Protection of agricultural land*

One of the main priorities is to secure the effective protection of agricultural land. As a consequence of the actual low institutional capacity to enforce protection of agricultural land, on the basis of the applicable law and formulate new legislation, the phenomenon of degradation of land is acute, especially due to uncontrolled change of agricultural land into urban and industrial. The MAFRD is working with the Municipalities to secure the enforcement of the present applicable law and to elaborate a new law on land (land zoning, land use etc.), to stop the irreversible destruction of agricultural land occupied by urban dwellings or services industries. It is estimated that around 20,000 ha of agricultural land have disappeared since 1989, sometimes by abusive construction without permits, sometimes with the complicity of municipal powers, which accepts the transformation of agricultural land into building land receiving monetary compensation for the municipal budget. In some cases, like in Vushtrri/Vucitrn, Gjakova/Djakovica and Prizren, dwellings built on top of the underground irrigation system have jeopardized investments done for irrigation. MAFRD and the Ministry of Environment and Spatial Planning (MESP) had launched an awareness multi media campaign and a report on the illegal construction on agricultural land had been transmitted to the Prime Minister Office.

*H) Land consolidation*

Land consolidation is an agro-technical instrument that deals with grouping together of many plots of one property and collects them into or more places, resulting in a better geometrical form<sup>18</sup>. Approximately the same soil quality and, where possible, improved road access for each new, bigger plot should be ensured. This land consolidation can also solve legal aspects of ownership between individuals; new land measurements are then made and new cadastre is established. The potential impact of land consolidation needs to be thoroughly assessed. This agro-technical instrument was implemented before 1990 in a few Municipalities of Kosovo, Gjakovë/Djakovica, Rahovec/Orahovac, Prizren, Glllogoc/Glogovac and Vushtrri/Vucitrn within "Radoniqi" and "Ibër Lepenc" irrigation systems. Financial support has to be mobilized for land consolidation when a potential positive impact is demonstrated.

*I) Rural infrastructure*

Infrastructures in rural areas were largely destroyed during the war, for example health centres, water supply systems and irrigation systems. Lack of facilities in rural areas contributes to the exodus of people to urban areas, to the detriment of agricultural production.

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<sup>18</sup> This has a very significant effect in lowering the cost of mechanisation.

The Provisional Government of Kosovo, in close cooperation with UNMIK and donors, is making successive efforts to rehabilitate roads, water supply systems, irrigation systems and other facilities to establish better conditions for citizens, in order to keep them in rural areas. Conditions should be created for the absorption of the workforce not only in primary agricultural production, but also in agro-processing by small and medium enterprises. Kosovo is participating in the Pact of Stability and this requires part of the investments being directed to develop rural infrastructure.

### ***2.3.3 Transformation and Privatisation of Former Socially-Owned Enterprises***

The base for economic development in Kosovo will be a prosperous private sector. The transformation and privatisation of former Socially-Owned Enterprises is one of the main structural measures in transition to a market economy. Like in most ex-socialist countries, in the former Yugoslavia and therefore in Kosovo, many valuable resources like land, buildings and other valuable resources belonged to the State or to Socially-Owned Enterprises (SOEs). Most of them have been neglected systematically during the last 10 to 12 years. Only a few of them were economically sustainable and survived. Transformation and privatisation of these SOE structures will provide new space for private sector development and for the transition towards a market economy.

The privatisation of former Socially-Owned Enterprises is an issue that has been discussed for more than two years in different meetings at local and UNMIK levels. The concept of SOE transformation in Kosovo is based on a “spin-off” approach, where KTA will divorce an SOE’s debts and obligations from its assets and use the active assets to create one or more new companies, to be sold to investors in a public tender process. The revenues from the sale would be used to meet the debts and obligations of the SOE, like claims by owners and former workers. The spin-off model would function under the principle of compensation before restitution, so that the new owners would not have to fear eventual claims by former owners. A Special Chamber of the Supreme Court would be charged with settling any legal disputes. This measure is one of most impacting measures that is undertaken in Kosovo with a high economic, social and political importance.

The privatisation program should be implemented within a time schedule and according to the list of enterprises that are supposed to be privatised. The elaboration of the list of SOEs, first by the former JIAS Department of Trade and Industry and now by KTA is not as easy as it might appear. In 2001, 350 SOEs were enumerated. At the end of 2002 their number was estimated by KTA to 478. Some SOEs changed name many times between 1989 (Albanian to Serbian and back to Albanian again according to the period), some were subdivided into different entities and some were registered after the war with UNMIK as private enterprises. From the total figure of SOEs, the exact number of SOEs in the agricultural sector depends greatly on the definition of agricultural activities. Many SOEs were in fact conglomerates with direct agricultural production, but also processing activities of products from animal or plant origin. They can be considered in a chain sector approach as agricultural SOEs or in a more classical division between primary, secondary and tertiary sector as industrial SOEs. The establishment of a list needs to be done with the aid of three main documents, as follows:

- 1) Possession list in the Municipal Cadastre (often incomplete or destroyed or in Serbia)
- 2) “Copy plan”
- 3) “Historia” or land book

A preliminary list of agricultural SOEs with land elaborated by MAFRD is given in *Annex 1*. MAFRD and SOK are now preparing a census of agricultural SOEs and Cooperatives. 149 SOEs and cooperatives with land had been retained for this survey. (*Annex 1.3*)

Concerning the privatisation process, one of the important issues is to find investors interested in enterprises to be privatised. UNMIK and the Provisional Government of Kosovo may approach World Bank and European Bank for Reconstruction and Development to establish credit lines for investors aiming to ensure investment capital during privatisation. Enterprises considered competitive and able to attract investors in agriculture and food processing should be identified among wineries and alcohol producers, malt and beer producers, vegetable producers, fruit producers and livestock producers.

Commercial banks provide only a small amount of loans compared with the great need for new investments. A particular effort was done in 2002 by the Department of Non-Resident Affairs in the Ministry of Culture, to launch a process of mobilization of investments from the Kosovan Diaspora, particularly through the organization, in close collaboration with other Ministries (Agriculture, Trade and Industry, Finance and Economy), Chamber of Commerce and private actors of Conferences in Switzerland, Germany and United States<sup>19</sup>. In 2003, similar conferences are taking place in Switzerland, Germany, United States and Turkey. One aim is to attract foreign and particularly Diaspora investors during the process of privatisation of enterprises. Many SOEs have had no real productive economic activity for a long time, converting themselves de facto into real estate companies renting offices and warehouses to private businesses. Some need to be put into bankruptcy or to be liquidated and some of them are likely not to operate anymore. It is important for the economy of Kosovo, particularly for the agricultural/rural economy, to find strategic investors for SOEs with market and employment potential, aiming at job creation and contribution with taxes to the budget of Kosovo. Privatisation is seen as a tool to build a competitive economy, able to ensure sustainable development and new positive welfare for Kosovo society. Thus, privatisation is seen as a very important measure for Kosovo economic development and for integration in the EU. MAFRD will support creation of investment climate in Kosovo agriculture, forestry and the food sector.

#### **2.3.4 Processing and Marketing of Agricultural Products**

A good and simple strategy for Kosovo agriculture is to promote processing and added value of basic agricultural products. But to expect that to lead to substantial exports may be too ambitious a target. In the ten countries of the CEEC (Central Eastern European Countries) during their transition period over the last decade, the balance of agri-food trade is, as a whole, negative and has worsened, including the two net exporters, Hungary and Bulgaria. Regional trade, especially with the EU, has resulted in a large overall agri-food deficit for the CEECs. A more realistic target may be to focus on the domestic market and to try to compete there with imported products.

Where export opportunities have appeared for the CEECs, they have often appeared east rather than west, in the countries of the CIS (Commonwealth of Independent States) or in other Balkan countries. The problem here is that Kosovo's neighbours have largely seized these opportunities when Kosovo was unable to and it will now be difficult to dislodge these trade links. MAFRD will promote the revival of the agricultural processing industry particularly through support to marketing information, setting up of European food standards, promotion of credit schemes for production, marketing and processing, awareness campaigns on Kosovo products

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<sup>19</sup> *Report on Kosovo Investment Conferences (KICO)*, Ministry of Culture, Department of Non Resident Affairs, November 2002.

and agricultural/rural development programs. In order to support policies in agriculture, a Farm Accountancy Data Network (FADN) will be progressively put in place in order to understand the real costs of production at farm level and competitiveness capacities of agriculture in Kosovo, working to eliminate bottlenecks and to secure good quality food supply at competitive prices. Specific surveys on sub-sectors will inform producers and processors of real possibilities for the development of primary production, marketing, processing through the development of small and medium enterprises. Diagnosis studies have been already done, with the support of foreign technical assistance and mobilization of human resources available in Kosovo on animal production (meat and milk, poultry, animal feed), fruits and vegetables production and potential for processing, seed production, wine production and marketing. Others will be done on industrial crops, particularly sunflower production and transformation.

MAFRD collaborates closely with bilateral projects in the reorganisation of the dairy sector and fruits and vegetables production, processing and marketing. These two sub-sectors have real comparative advantage in Kosovo for domestic consumption, if sound investments and reorganization of marketing are done. At the same time efforts will be developed towards opening of opportunities in the regional market and possible niche exports in European Union countries.

It might be expected that the process of privatisation will bring fresh capital into the companies and may contribute to a significant improvement in management, corporate governance or performance of enterprises. However, it is not clear when and how the privatisation process will be carried out. The privatisation and restructuring experiences from other transition countries are now available and can be used in Kosovo. Several enterprises in Kosovo have also been out of production. Like in most other Central and Eastern European countries, technical food processing facilities operate well below their capacities. During the 1970s, when the import substitution strategies were largely pursued in the former Yugoslav Republics, some food processing capacities were developed in Kosovo, such as a sugar factory, without providing sufficient raw materials at competitive international prices. Some food processing enterprises are now closed and are unlikely to continue production. Some need to be privatised and restructured.

It is known from the experiences of some transitional economies such as Hungary, the Czech Republic, Poland, Slovenia and Estonia, that well targeted investments and Foreign Direct Investment (FDI) in the food-processing sector are the key to increasing production and value-added for food produce. Well-targeted FDIs may bring not only new capital, but also new technologies and products improving the competitiveness of agricultural and food products on domestic and international markets. One of the key issues of future development in Kosovo is therefore how to attract investments by domestic investors, Diaspora Kosovans and foreigners to create more viable and competitive production in terms of quality and price. It is also important to induce competition in the input supply system for agriculture and in the food-processing sector.

The inflow of FDIs to modernize existing capacities and to develop new technologies, products and markets is expected during the privatisation process. The institutional vacuum seems to constrain potential investors. Some investments are however expected from Kosovans living abroad, but the sale of enterprises to strategic investors is less likely until the regulatory framework is improved, the investment risks are reduced and the regular supply of energy (electricity) and water is assured.

While a crucial role is expected from foreign investors, including well-targeted FDIs, agriculture has been predominantly owned by small-scale farmers. The small-scale agricultural structures currently play an important role in mitigating, but also preserving, rural poverty. It is expected that agriculture will continue to play the role of social buffer in the near future. But this process

should be associated with greater farm aggregation and efficiency improvements leading to long-term sustainability in regional and international trade.

Privatisation is delayed by a lack of proper incentives. Donors, Diaspora and some public investments cover most investments in Kosovo, but few have been made in the agri-processing sector. Without substantial improvements in quality and cost efficiency in the food processing sector, it is difficult to expect recovery in domestic agricultural production, a reduction of food imports through quality and price competitiveness, export of some niche products such as lamb, mushrooms and forestry products.

### **2.3.5 *Advisory, Knowledge and Information System (AKIS)***

The agricultural knowledge system should have the following main components:

- Agricultural research including trials and applied research.
- Agricultural education, formal and informal, including short term retraining of agricultural/rural specialists and farmers.
- Advisory services to farmers and rural population, including market information system, farm accountancy data network, dissemination of information and best practices.

Kosovo has only some parts of this system, has access to some outside of it and those parts are not yet well linked together.

#### **A) *Agricultural research***

Agricultural research in Kosovo is minimal at present and is likely to remain largely unaffordable for some time. Formally, the research function resides with the Faculty of Agriculture - which has no land - and with the Kosovo Institute of Agriculture at Peja/Pec that had mainly done applied research on a self-financing basis from its own farm income. Projects have conducted trials and training with demonstration plot on different varieties of wheat, soya and maize in combination with particular cultural practices, particularly using different types of fertilizers. Cash crop research to benefit not only farmers, but also local processors (e.g. malting barley and hop varieties for local breweries, sunflower for edible oil production and animal feed or value-added irrigated crops substituting imports) are urgently required.

Adaptive research (trials and demonstration plots and cultivation of new varieties) is actually done by the NGO Intercooperation with Swiss Agency for Development and Cooperation (SDC) funding on varieties of fruits and vegetables, cultivation under plastic tunnel/greenhouses and introduction of winter vegetables. MAFRD's Department of Rural Development successfully did on-farm client research. MAFRD Rural Development Officers, municipal Agriculture Departments and International Fertilizer Development Centre (IFDC) collaborate in carrying out 400 on-farm demonstrations and variety evaluations in wheat and maize. This is satisfactory in promoting improved technical packages to small farmers with the objective of increasing yields and farmers' margins as long as NGO funding is available. MAFRD is proceeding to the redefinition of the role of the Kosovo Institute of Agriculture (KIA) in applied research, training and advisory services support in order to better integrate the Institute with programmes of Technical Departments of the Ministry.

MAFRD will seek technical assistance to examine options for a sustainable research strategy, seeing the possibility to associate the Faculty of Agriculture members with a specific expertise. This would also include expanding the network of existing links with regional and world research

centres. The Kosovo Institute of Agriculture (KIA) needs substantial recurrent funding to sustain for the ongoing adaptive research<sup>20</sup>.

In the medium term, an Agricultural Research Council should be established.

#### B) *Agricultural education*<sup>21</sup>

The formal agricultural education is under the mandate of the Ministry of Education, Science and Technology. The Ministry of Labour and Social Welfare is doing professional technical training for unemployed young people. MAFRD's mandate is to do informal agricultural education, on the job training, workshop and dissemination of best practices for farms and other rural activities.

Formal agricultural education starts in Agricultural High Schools of which there are three, in Prishtinë/Pristina, Lipian/Ljipljane and Gjilan/Gnjilane, plus two Vocational High Schools with an agriculture section in Ferizaj/Urosevac and Pejë/Pec, with a total capacity of 1500 students of which 80% are for agriculture and 20% are for veterinarians. Courses on agriculture are for four years from the age of 15-16 years. There is no Agricultural High School in the Mediterranean climate area of Kosovo. A section on agriculture in Rahovec/Orahovac and another one in Pejë/Pec were closed for lack of students. There is certainly a need for good technicians in agriculture, particularly in farming business management, but the curricula are outdated; moreover, sons of farmers often do not see their future in agriculture.

From the Agricultural High Schools, students can go on to the University of Prishtinë/Pristina for a four year general agriculture degree, but the university intake is only 40% from Agricultural High Schools and the rest from general high schools, an indication that the standards of Agricultural High Schools is not too high in relation with the rest of Kosovo. They use a pre-1989 curriculum that is not relevant to the changing situation in agriculture and facilities are poor. The University annual intake for agriculture is about 100, including 20 veterinarians, and the output of agriculturists is about 40 or 50 per year. The dropout rate in the first year is 50%. There are six sections: crops (including horticulture), livestock, plant protection, fruit growing and wine production and – most popular – agri-business/economics. Almost all costs are paid by the State. There are limited facilities for MSc or PhD students most of whom go to Sarajevo, Tirana, Zagreb or Ljubljana, or in the rare cases of donor funding, outside the Balkans.

With the need for agriculture graduates for MAFRD, municipal agriculture offices, agriculture pharmacies and the rest of the farm services industry, banks and agricultural credit organizations, processing and marketing, NGOs, the teaching profession at all levels and the Kosovo Institute of Agriculture (KIA), it has been estimated that the current university output caters for perhaps one fifth of potential demand. There is a need to:

- Increase the number of graduates.
- Review the curriculum against present needs.

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<sup>20</sup>Grain legumes, such as lentils, chickpeas and soya, which are just three of some 150 species and types worldwide, can play a valuable part in crop rotations on small farms. This is because they take only one year as opposed to lucerne, which takes about three, to be utilised as an exportable cash crop. Further, they have animal fodder residues, require no major on-farm investment and, in the case of soya, present opportunity for local value-added processing. Species and variety trials are being carried out by IFDC. Also included in the IFDC research programme are investigations into alternative animal fodder species that might better fit some small family farm situations.

<sup>21</sup>The following documents are available in MAFRD: B. Krasniqi, *Organising the High Agricultural Schools in Kosova*, DAFRD, Pristina, 2001, 4 p.; Jill White, *Vocational Education and Training for Agriculture*, Project Identification Mission to Kosovo, FAO, 6-14 November 2001; Ann-Britt Karlsson, Christer Nilsson and Bengt-Göran Persson, *Establishment of an innovative Agricultural School in Kosovo. A Feasibility Study*, Sida, Sweden, 21 Dec.2000, 36 p.

- Achieve international examination standards and recognition by the use of external examiners and make formal linkages with an external university.
- Contract foreign Albanian speaking lecturers for some key subjects under donor assistance.
- Make agriculture generally attractive to young people.

MAFRD and Ministry of Education, Science and Technology organized, with the support of FAO, a project identification/formulation mission in Kosovo, requesting an FAO Technical Cooperation Project (TCP) support for the definition of a strategy for agriculture education and training. The project started in May 2003. Other initiatives involve support by the French Cooperation to the Pristina Agricultural Secondary School, support by Norwegian Cooperation to the creation of a training and demonstration centre in Lipjan/Lipljan. More recently, FAO-EFRP Capacity Building Component assisted MAFRD in defining a policy and strategy for advisory services.

Although not part of the formal agricultural education system, this section also includes below a summary of in-service training necessary for a population that has been largely denied formal tertiary education for the last decade or more.

Priority has been put on training of MAFRD staff through:

- On the job training
- Courses on specific issues in Kosovo
- Courses in Western Europe
- Study tours in transition countries and Europe

This training was supported mainly through the WB-FAO EFRP Capacity Building Component.

Mainly through Kosovo budget resources, the Department of Rural Development is providing training on sustainable land use, gender and other topics linked with an integrated rural development approach, mainly for MAFRD staff, municipal Department of Agriculture staff and representatives of NGOs and organizations of the civil society. A project “*Strengthening advisory and support services provided to farmers and rural communities*” to be implemented for a period of 18 months from mid 2003, will train professional and technicians in order to give a better support to farmers and rural communities. FAO has been active in donors’ coordination during the emergency phase. MAFRD and FAO have agreed, if the proposal receives adequate funding, to open a support unit of FAO in MAFRD for development policy support, particularly to help identify and design project proposals. In this context, support is currently given through an EAR funded project, Agricultural Statistics and Policy Advisory Unit Kosovo (ASPAUK), to policy formulation, projects cycle management, law preparation, statistics and data management. Also, in specific fields like forestry and cooperatives, support from Norway and France has been provided to elaborate new laws. EAR is supporting training in veterinary services.

An overall assessment of training needs for civil servants in Kosovo was completed in 2002 by a joint EAR/UNDP/OSCE team and a program will be developed for skills development, particularly in management.<sup>22</sup>

Many projects and NGOs are doing training workshops for farmers and groups to develop their capacities of management and their technical expertise in agriculture and rural development. MAFRD will assess the situation of human resources in the agricultural/rural sector and elaborate a database as a resource pool for future activities, particularly for the future Kosovo

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<sup>22</sup> European Agency for Reconstruction, *Training needs Analysis for Ministry of Agriculture, Forestry and Rural Development*, November 2002.

Advisory Services scheme; to be implemented to answer to farmers' and rural communities' needs for technical advice.

### C) *Advisory Services*

The development of Agricultural/Rural Advisory Services is an urgent priority for Kosovo. Without them there is little prospect of achieving the strategic goals set out in this Greenbook. Before the conflict, under the centrally planned economy, technical advice was mainly linked with the Agro-Kombinats and Cooperatives. Now, staff in the Agriculture Departments of the Municipalities and Ministry Field Units (MFUs) is providing advice in response to specific requests, but not in a systematic way. There are also a few agronomists and animal husbandry experts operating privately and informally. A few specialized NGOs are giving support for the establishment of business plans, for specific products or for members of associations by branch of activity. The focus now should be on small and medium family farms. The Kosovo Veterinary Services has promoted the delivery of services by private veterinarians and technicians and the setting up of a professional Order of Kosovo Veterinarians.

MAFRD is working towards the development of a scheme for Agricultural/Rural Advisory Services in Kosovo, taking into account the needs of farmers, the strategic choices for the development of agricultural/rural economy and the financing possibilities of the Kosovo budget and donors. Planning missions, under the guidance of MAFRD, have taken a participatory approach with municipal Departments of Agriculture, central government level and private service providers, such as NGOs. A working group has been established in the Ministry to define the approach and mechanism for financing Advisory Services. More consultations will take place with farmers to better understand their needs for advisory services and the possibility of different categories of producers to assume part of the costs for the services. MAFRD is considering the set-up with donor support of a mixed private-public scheme mobilizing private and public (donor and later on public investment) funding and technical resources for service delivery. The proposal will take into account the reality, where many professionals are still working in public structures at municipal and central level, and at the same time foreign and local NGOs, often financed by specific projects, are already giving advices to farmers.

MAFRD intends to develop a public-private system, aiming progressively to achieve partial and, eventually for certain categories of agri-businesses, total cost recovery; the scheme will also take into account the need to support poor farmers and those in marginal areas, not only those who will be able to pay for the services.

Answering to its strategic objective, MAFRD is considering a wide range of advisory services, covering farm and non-farm activities, where market and credit information are as important as technological practices. Also, farm management, development of business plans, organization of service cooperatives and small and medium enterprises, specific advice on export possibilities, identification of economic opportunities at farm and village and Municipality level are concerns of this proposed system.

The working group has identified, with the support of consultants, the following dimensions to be considered for the development of Advisory Services in Kosovo:

- Human resources development, training of professionals and farmers. This will be covered by a project supported by EAR, due to start in July 2003, *“Strengthening advisory and support services provided to farmers and rural communities”*.
- Institutional infrastructure development for: 1) Certification of advisers, 2) Establishment of private advisory services, 3) Accreditation of firms, 4) Delimitation of the respective role of Ministry and Municipalities.

- Financial mechanisms to be implemented in pilot scale, like a coupon system, mainly for farmers organizations; advice on business plan and credit support; service providers contract with projects and NGOs.

Ultimately, after a transition period in which human resources actually working in public and private sector will be re-trained, the Advisory Services should progressively be transformed in a network of MAFRD-licensed private professionals, whose time can be purchased by private farmers, producer associations, co-operatives, as well as by the municipal authorities or the Ministry. The following factors have been considered by MAFRD:

- Kosovo agriculture itself is undergoing major re-structuring and also merits Government support in a way that is production neutral or de-coupled.
- The organization, management, training and sustainability of advisory services needs moulding from the beginning and this is most easily done through early (but withdrawable) financing rather than through *laissez faire*. Indicative norms for payment of professional fees need to be instilled over a period of time, before the market for such expertise works well enough for MAFRD to reduce and stop its intervention in terms of direct financial support and organization.
- Some of the activities of the advisers are in the interest of Kosovo, but not (at least directly) of the farmers and the Provisional Government should pay for such activities. For example, the precautionary slaughtering of livestock or destruction of a field of diseased potatoes is not in the interest of an individual farmer and he should not be asked to pay for it. The Provisional Government should pay in the interest of all farmers. Similarly, it is not (yet) in the interest of individual farmers to keep and submit accounts, but, for a sector producing one third of Kosovo GDP, it is clearly in the interest of the Provisional Government or Municipality to promote and support this activity.

The advisers would be deployed particularly through Producer Associations and Cooperatives, as a way of reaching the maximum number of farmers with scarce and expensive expertise, and of having an early impact on several of the objectives set out in this Greenbook.

Four main functions are foreseen within the context of Advisory Services:

- Training and capacity building of advisers so that quality and standardized advice could be delivered all over Kosovo.
- Providing advice in agriculture and rural community development, including support to design and implementation of some pilot sub-projects and activities.
- Proper management and guidance including monitoring in the field, reiterative reflection of impacts, redesigning and reorienting the Advisory Services.
- Information exchange and networking, which includes collection of relevant information and best practices and disseminating it to users and advisers, within the overall rural development framework in Kosovo.

### **2.3.6 Agricultural Statistics, Information Management and Public Relations**

#### **A) Background**

Access to relevant information is crucial for the development of agriculture and rural economy. The Ministry is developing a strategy for data management and dissemination. Agricultural Households surveys and in a few years an agricultural census, specific surveys on sub-sectors, collection of administrative data, setting up of a Farm Accountancy Data Network, study of

market prices and main macro-economic indicators are the main instruments for the elaboration on an agricultural data base to inform policy making. A breakdown of agricultural information by producers/users, type of information and data support is the basis for a multidirectional agricultural information/communication strategy.

### ***Breakdown of agricultural information by categories, users/producers and data support***

The main information categories are:

- A. Farm oriented information, extension materials and other information
- B. Information about health, diseases, vermin, occurrences and measures
- C. Information to be gathered from farms
- D. Information to be gathered from markets, processing industry, etc.
- E. National and regional policies, strategies, organisation activities, key figures
- F. Environmental data

The main information users/producers

- A. Farmers, producers, traders, processors
- B. Ministry, DRA and municipal inspectors
- C. Municipalities, NGOs, Statistical Office, Ministry and municipal staff working in agriculture/rural development
- D. Statistical Office, Ministry of Finance and Economy (macroeconomic unit), Customs
- E. Ministry of Environment and Spatial Planning, Municipalities, MAFRD staff responsible for pesticide control etc.

The main data support:

- A. Medias: radio, television, newspaper, specialized magazines
- B. Website
- C. Intranet of the Ministry
- D. Administrative documents
- E. CD Roms

A multidirectional strategy for agricultural/rural information is being developed. For the internal use of the Ministry, a server and an intranet permit an internal exchange of documentation. A website has been opened for public access.<sup>23</sup> The Ministry organizes regular press conferences on main challenges, priorities and plans of action. A regular magazine "AGMIA" is published by MAFRD. An EAR supported project is training journalists and agricultural specialists on communications in agriculture. Through different workshops, NGO forums and policy working groups on particular issues, MAFRD and DRA are promoting a better exchange of information on agriculture.

Together with the Statistical Office of Kosovo, the Ministry executed surveys of agricultural households and is now defining a frame for a survey and pilot census of agricultural holdings. Kosovo Veterinary Services are carrying out a census and tagging of livestock. Specific surveys are on-going on SOEs, Cooperatives, prices, import and export of main agricultural/food products, human resources in the rural sector, donor support, projects implemented by NGOs etc. Also, administrative data are collected in order to create an agricultural statistics database for policy choices for the agricultural/rural economy and facilitate a better planning of investment projects. Specific sub-sector studies have been and will be realised, for example on industrial crops, livestock and dairy, fruits and vegetables. The digitalisation of the existing pedological maps and the representation of data with Geographical Information System, as the satellite image interpretation, should permit a better understanding of the actual use of land and potentialities.

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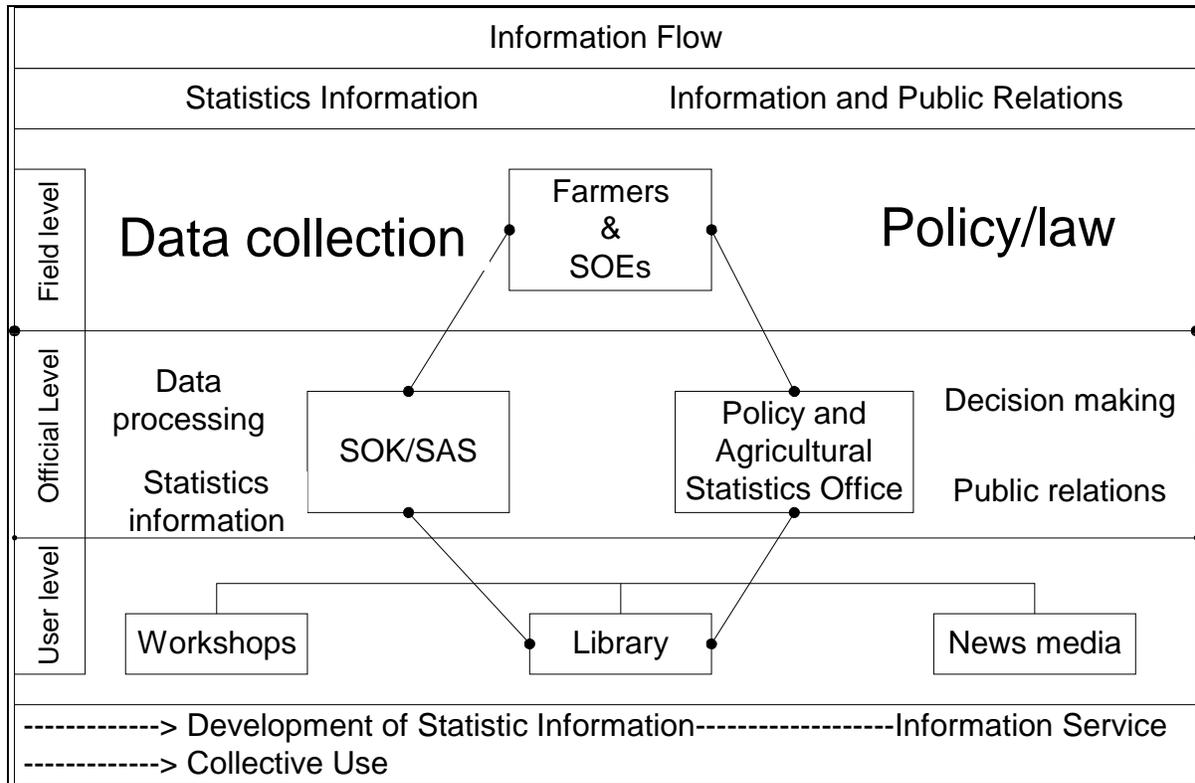
<sup>23</sup> [www.mafrd-kos.org](http://www.mafrd-kos.org)

B) *Agricultural Statistics, Database and Information Management*

**Background**

The Section of Agricultural Statistics within MAFRD is responsible for agricultural data gathering and analysis and works closely with the Statistical Office of Kosovo (SOK). Up to now the lack of reliable agricultural statistics constitutes a bottleneck for policy making. A good knowledge of the situation in rural areas is a *sine qua non* for the formulation of policies. MAFRD and SOK will determine the scope of pertinent agricultural data to be gathered and analysed. This entity will be responsible for data collection in each of its areas of responsibility. Municipalities will be integrated with SOK and MAFRD mainly through support of their own staff in municipal Agriculture Departments.

**Chart 2. 1 Agricultural Information Flow**



The database, respecting the confidentiality of information, will be organized with socio-economic data on main crops, marketing and processing in collaboration with e.g. Ministry of Trade and Industry. Data from Customs (without the name of the importers) will provide regular information on the movement of agricultural inputs and fresh and processed products of agricultural origin to and from Kosovo.

During March 2002, FAO completed the transfer of certain information to MAFRD, including:

- Satellite Imagery of Kosovo from April 1998 to November 2001.
- Food Security Database, with all the information about actual production.

Further analysis of the collected data and research work will support the refinement of future strategic plans and policy development. Data collection formats will be prepared and passed on

to MFUs and collected data will be periodically entered into the central database. Periodic reporting will contribute towards proper monitoring of impacts.

Data collection and analysis in MAFRD are in collaboration with Statistical Office of Kosovo, whenever the data collection process is of a larger magnitude, like larger sample surveys and agricultural census.

Data collected at various levels and by various agencies will be stored in a retrievable form and will be made available for interested users. In line with this, MAFRD will develop a documentation centre that will collect, store and make all the necessary information available for partners and actors in rural development and agriculture.

It is envisaged that an online information exchange service will be offered in future, making it possible for users to have access to certain unclassified information through the web site. Further efforts will be made to publish a periodic newsletter and yearbook, the latter in collaboration with Statistical Office of Kosovo

### C) *Objectives*

#### 1) **Long-term objectives**

The longer-term objective of SAS is to develop reliable information systems and data consistent with international standards to ensure informed decision making.

#### 2) **Immediate objectives**

The immediate objective of SAS will be to focus on four important topics:

- Increase human resources
  - Capacity in the field of agricultural statistics documentation and information exchange.
  - Promote GIS use for data collection, analysis and reporting process.
  - Improve the analytical capacity to develop methodology and software.
- Improve data collection
  - Development of appropriate sampling frame techniques.
  - Homogeneity of the Kosovo System with European Union standards.
  - Collect the relevant information and data from the field and other sources.
- Improve database and documentation
  - Create the necessary database within Section of Agricultural Statistics (SAS).
  - Evaluation of data quality.
  - Agro-enumerator network.
- Improve methodologies
  - Methodology in data collection.
  - Methodology in data storage and retrieval system.
  - Methodology in analytical data analysis and dissemination.
  - Methodological and software development/improvement and capacity building. At present, international staff organizes all the databases and collection systems. The long-term goal is for local staff to run more sophisticated software.

#### D) *Strategy*

- Human resource development: staffing and reiterative training.
- Coordinating with other major actors like SOK and Municipalities.
- Developing appropriate tools, methodologies and systems on the basis of EU standards.
- Involving users in data collection, storage and analytical steps through regular workshop, questionnaire development, analysis, etc.

The dissemination of pertinent data to all stakeholders is considered a key element to support informed investment decisions, marketing reorganization and the creation of small and medium enterprises.

The last recorded General Agriculture Census took place in 1960. Annual farm statistics reports were recorded until 1989 and included information on farm structure and production. Cadastral records ceased after 1989 and information that survives from this period is incomplete (much of which was destroyed).

Post conflict, a range of projects have been planned by various international organizations on the most relevant issues:

##### *Agricultural Statistics and Policy Advisory Unit in Kosovo (ASPAUK)*

The project will develop a sampling area frame map for agricultural statistics in Kosovo. In the Kosovo situation, where up to now internal administrative boundaries are still to be fixed, the availability of statistical data with a spatial distribution will allow the integration of different data sources and typologies (statistical, administrative and cartographical), with the possibility to utilise them to aggregate statistical information. This availability will also allow the possibility to choose different levels of aggregation (Municipalities, regions, river basin, etc.). A territorial approach leads to more focused samples (concentrating the surveys only and exactly on agricultural areas). This would also allow a reduction in sample size to manageable levels and more sustainable costs.

The ASPAUK project follows a mixed approach (sample points organised in a regular grid will be extracted and interpolated inside each area frame), also in consideration of:

- The structure and diversity of farm production and land use.
- The availability of statistical and cartographic information.

##### *Forestry Inventory (FI)*

At present, 41 per cent of Kosovo (455,000 ha) is covered by forestland. The purpose of the FI is to collect all the information about the total amount of private and public forest in Kosovo. All the information will be stored in a database. KVS (Kosovo Veterinary Services) will also survey livestock and their diseases and will establish a system of regular monitoring.

##### *Crops Monitoring*

MAFRD Department of Plant Protection and Production will in the future monitor different crops using satellite imagery plus ground-trusting checks with technicians to overview wheat and maize situations for food security purposes.

#### E) *Activities*

- **Management of data transferred from FAO Food Security Database:** Introduces all the data regarding crops primary, live animal, land use, agriculture machinery, fertilizer and population; data mainly cover the period of time from 1989 up to now. The

Database has been developed in Access; training has been done in order to enable local staff to use it.

- Normalized Difference Vegetation Index – Images and Map from April 1998 to November 2001;
- Hydro-Meteorological Data (July 2000-November 2001) - the source of information is the Meteorological Institute of Pristina. All the data transfers are in a simple Excel form.
- Crops Monitoring –data for January 2000 & December 2001. The database will be developed in the near future by SAS;

- **Food security and poverty**

In collaboration with the Crops Monitoring Coordinator and with the Policy Expert, the SAS staff is responsible for:

- Food security status control;
- Identify the data needed for policy on Food Security and Poverty;
- Update the *Food Security and Poverty* database;
- Agro-climatic data;
- Following the FAO methods, the SAS is responsible for setting up a database for agro-climatic data collection, updating it on a monthly basis and providing relevant advice.

- **Land Cover**

In collaboration with the Kosovo Institute of Agriculture (KIA), the SAS will work on a pedological study of Kosovo, the results of which will be produced on CD-Rom.

- **Environment**

The SAS is responsible for collecting data for the Environmental Report (prepared by the Ministry of Environment and Spatial Planning).

- **Price bulletin**

The SAS is responsible for the following:

- Collecting the Price Bulletin (SOK);
- Updating the Price Bulletin File and analyse the most relevant variations;
- Preparing relevant advice for the Policy officer-in-charge.

- **SOEs (Socially-Owned Enterprises)**

In collaboration with SOK, work on the SOE survey and build a SOEs Map.

- **Micro-Finance**

Support the Rural Development Micro-Finance Officer in an annual study and in the construction of a database.

- **Macro-Economy**

Provide macro-economy analysis for the Policy and Agricultural Statistics Office through the collection and analysis of the Customs database.

- **Training**

Provide training for the MAFRD & DRA staff members in data management and the Geographic Information System (GIS).

- **FADN**

Establish a Farm Accounting Data Network.

*F) Data dissemination and Information*

The MAFRD is also responsible for the Data Dissemination and Information System library:

- Update the database on Library and Bibliography.
- Identify the possible books need for the Ministry's staff.
- Assign a location for the book and a serial number.
- Manage the FAO publications titles in print.

*G) Output*

The ASPAUK project will contribute to the improvement of the quality and availability of agricultural statistics. The specific objective is the development of spatial sampling frame techniques and design for agricultural statistics, through the realization of a sampling area frame map, as the stratification basis for the sample design in Kosovo. It includes the development of a Farm Accounting Data Network (FADN), time series marketing information, training of agricultural enumerators, the production of statistics to *European Standard*, the capacity to conduct specific thematic surveys and to prepare maps.

The Sida project is contributing to the activities, through the biennial agriculture survey (Farm Household Survey) conceived and realized by SOK and Section of Agricultural Statistics (SAS) with the support of Statistic Sweden.

The KVS project will contribute to setting up a database with all the information regarding farm households with livestock.

The Forestry Inventory project is conducted by the Department of Forestry with the support of the Government of Norway and FAO. It will contribute through the provision of a database and mapping system to estimate the actual Kosovo forestry resources.

*H) Public Relations*

The Public Relations unit coordinates the public interaction of the Ministry and is staffed with 2 full time professional employees. The unit prepares newspaper articles and responses as well as news releases for the media on behalf of the Ministry. It also pro-actively produces various documents and provides information services in order to raise both the profile of the Ministry in the community and to inform the public of the services provided by the Ministry.

**1) Objectives**

Intermediate

To make placements, in three languages, of information on work, achievements and activities of the Ministry on a website with pre-eminent promotion of the Ministry's logo and information services under the following chapters:

- Political issues, descriptive.
- Organizational issues within the Ministry.

- Presentation of natural resources and sustainable agricultural-economical programs.
- Release of relevant documents.
- In cooperation with field experts prepare appropriate responses to media disseminated information on the agricultural sector.
- Respond to all requests made by journalists of all medias (electronic and written) for discussion, interviews, information and contacts on behalf of Ministry.

Long – term

- Organizing and holding of regular press conferences.
- Analyse all media press releases (newspapers, magazines, electronic media etc.) for any information regarding the agriculture sector, so as to keep relevant Ministry staff informed.
- Maintenance of contacts with journalists and other public opinion makers.
- Placement of all official documents of Ministry in format acceptable to the public on the website.
- Production of a regular magazine broadly based on the agriculture sector promoting the Ministry's objectives.
- Participation in the preparation of different educational and information dissemination campaigns in various agriculture fields.

## 2) **Work Strategy**

- Constantly appraise and report on issues relating to the agriculture sector raised in the media.
- Ensure web site is maintained and updated with relevant publicity material.
- Maintain regular contact with relevant journalists and other information officers.
- Ensure that information produced for public dissemination by the Ministry is maintained in an up-to-date database.
- Attend relevant press conferences and information sessions.
- Inform Ministry staff of relevant issues raised in the media.
- Produce a Ministry magazine and promote other forms of information dissemination.
- Conduct regular information dissemination seminars.

## 3) **Output**

- Recognition of and response to relevant information in the media relating to agricultural sector.
- Appropriate and timely provision of responses to media presentations and journalist queries.
- Promotion of ministry policies through adequate public information dissemination including:
  - Regular Ministry press conferences.

- Production of regular Ministry magazine.
- Production of Ministry website.

*I) Communication and Information Management.*

**1) Current situation**

Within the MAFRD, a common server system has been installed and implemented. It enables the MAFRD's staff to share documents and databases. In Kosovo, at present only a limited number of professional organisations have access to modern data communication infrastructure (internet). For farmers, Kosovan citizens and even Kosovan Municipalities, access to modern data communication infrastructure is still very limited. In the near future, by means of government and foreign investment programs, the situation will improve, but at the same time the UNMIK provided electronic data communication infrastructure may cease to exist.

Because the actual infrastructure is poor, some user groups will act as an intermediate distribution point for certain information to their own target groups (e.g. a Municipality may copy and distribute information to local communities, villages and/or farmers). One target group is the Diaspora. In many cases this group is willing to invest in Kosovo.

In addition to communication by means of internet and intranet (Ministry's internal information), other means of information distribution are proposed (radio/TV, papers, leaflets, CD-Rom and other documents).

**2) Proposed strategy**

At present, many of the MAFRD's documents are normally stored as a hardcopy. The source file is often stored either on a staff member's hard disk or personal directory on the MAFRD's server. Step by step, the information flows should migrate to the shared infrastructure in the MAFRD, which will reduce personal hardcopy archives. The present MAFRD's information-processing infrastructure (servers, PCs and network infrastructure) is operated and maintained by the MAFRD's system manager and information co-ordinator, who also takes care of daily backup copies. In co-operation with the MPS/DIT, the present MAFRD operational information system tasks will be reviewed. MAFRD will, in close coordination with its information officer, focus on the specific part of information processing that cannot be provided by the generic MPS/DIT services.

A safe and reliable MPS/DIT data communication infrastructure will connect the MAFRD's decentralised staff to the MAFRD's internal systems, thus providing a remote data entry and reporting facility to the source of information. The MPS/DIT data communication infrastructure will also interconnect the Kosovan Ministries, thus providing direct access to validated information.

MAFRD's Information Strategy Plan (ISP) will act as a part of a wider Kosovo ISP, in which the outlines for information storage and processing in Kosovo are given. There is a need to define main information flows and storage at Kosovo level for effective and future oriented actual developments in each Ministry. The Ministry of Public Services can have a major role in such an ISP.

In the MAFRD, a part of ISP information is available. The information flows need to be elaborated per sub-system, taking into account the demands that come from other sub-systems in the MAFRD. Based on such 'Information Analysis' per subsystem, either a standard package may be purchased, or a specific software system may be developed. A careful implementation and support process will enable both users and target groups to use these systems.

**Table 2. 2 Immediate and long term information objectives**

	<b>Immediate information objectives (2003)</b>	<b>Long term information objectives (2004-2005)</b>
System, technical	<p>Keep the Ministry's information system infrastructure sustainable.</p> <p>Implementation of the Ministry's e-mail system and domain.</p> <p>Provide the technical web site staff with the Ministry's to-be-published data.</p> <p>Install Acrobat Write software for consolidated internet distribution of information.</p>	<p>The Ministry's system is a safe and reliable part of Kosovo Provisional Government infrastructure, in which MAFRD only needs to take care of the Ministry's specific systems.</p> <p>A formal and legalised software licence policy is implemented (co-operation MPS/DIT).</p>
Information, internal	<p>Sharing of information on Section, Department and Ministry level by means of the Ministry's file system.</p> <p>Provide access to all information in Albanian, Serb and English language.</p> <p>Make the Ministry's intranet site accessible to all staff, start filling it with data and access to databases, maps, documents.</p> <p>Plan updates of database information on intranet from the user's work place.</p> <p>Plan selection or building of new software subsystems for the main information flows within the Ministry, based on the Information Management and Communication (IMC) report. <sup>24</sup></p>	<p>The Ministry's intranet is the main platform to share information, the '2001 file system' will only serve this system where needed.</p> <p>Validated database information is added from the source location of the information, in a safe way, thus keeping the Ministry's databases up to date.</p> <p>Remote offices and staff of the Ministry can utilise the intranet for consultation and reporting from the Ministry's databases, maps, documents, etc.</p> <p>Realise and implement new software subsystems, based on above criteria and within constraints of a Kosovo ISP.</p>
Information, external	<p>Try to formalise information processes, stores and flows between the Kosovo Ministry's in a Kosovo ISP.</p> <p>Utilise traditional ways of data communication in addition to modern IMC, to ensure information reaches the target group.</p> <p>Realise the Ministry's website Information Organisation.</p> <p>Define the Ministry's short-term Web information target groups.</p> <p>Provide the target groups with actual and adequate information.</p> <p>Create a time path for the growing information on the Ministry's web site.</p> <p>Provide seasonal farm extension information about e.g. crop growing and protection, herd management, which will stimulate the use of internet on farm level.</p>	<p>Share information with other government bodies by means of electronic data communication, based on constraints of Kosovo ISP.</p> <p>Develop the Ministry's website to a higher professional level.</p> <p>Create a structure to interact with the internet information user by means of web forms.</p> <p>Replace, where relevant and applicable, the traditional ways of data communication with new IMC technologies.</p>

In the MAFRD, there is a daily business to run. A lot of information is gathered, processed, stored and shared. This process should continue. Many of the actual processes do not fit together. The same information has to be reprocessed and stored over and over again to fit to the demands of the different users. Step-by-step the Information Management and Communication processes should be improved.

### **2.3.7 Rural Finance**

Easy access to rural finance services is a key element in the development of agriculture and rural economy in general. The possibility to obtain short, medium and long-term loans is crucial, not only for production, but also for processing and distribution of products from rural area. The

<sup>24</sup> GFA/STOAS Emergency Reconstruction Project Capacity Building Component. *Mission on Information and Communication* 17-26 July 2002, Ijzebrand Werkman, Stoas, MAFRD/FAO, July 2002

private sector, particularly banks, should in an open market economy secure financing of operations under a regulatory framework to protect consumers and regulate the financial sector. In the actual transition period, there are obstacles to the development of rural finance as in other sectors of the economy.

The economic environment needs to be improved, for example with the promulgation of economic laws on bankruptcy, mortgages, the transformation of the actual possession of ownership rights or long term lease of user rights with inscription in the cadastre. The registration of enterprises with their shareholders and a market for titles and shares are also conditions to secure loans. For the moment, the main difficulty is to find good collateral for loans in rural areas. Credit is given on a short-term basis, at a quite high interest rate and rarely for investments. But the availability of credit is not the only constraint. In many cases, credit available is not given for lack of real sustainable business plans. Investment in production cannot be an answer without having at the same time investment in the processing industry and reorganization of the markets at Kosovo and regional levels. In many cases we face the problem of lack of management capacity in the agribusiness, or lack of will to change the former management production oriented, or lack of a more market driven approach. In some cases technical assistance, particularly in training and support to marketing, is a good way to secure credits.

Law on mortgages, law on property, law on loan transactions and other needed laws aim to increase the capital security of the banks and other financial organizations. The transparency of the commercial banks, of funds and micro financial institutions operational in Kosovo should be improved in the future.

The Kosovo Banking Authority licenses, regulates and supervises commercial banks and other financial institutions aiming to ensure a secured banking system, competent to support citizens, communities and the Kosovo economy.<sup>25</sup> In Kosovo in September 2002, the banking sector comprises seven commercial banks, with 95 branches or sub-branches, 17 registered institutions for loans, with 43 branches financed by donors. The banks in August of 2002 had €389.7 million deposit. Financial means placed for loans were around €65.3 million or around 16.7% of total deposited. In August 2002, the micro finance institutions had a loan portfolio of €35.4 million. It is important to emphasize that Kosovo commercial banks transferred the remaining amount at financial markets out of Kosovo. For example in 2001, the outgoing transfer of the commercial banks amount to €475.5 millions. For the period January-end of August 2002, the sum is €333.43 millions.

For the Kosovo economy and the agriculture and rural economy damaged by war, it is important to get loans under competitive conditions. Up to now banks have given loans with rate of real interest from 14% to 24% annually with grace periods up to one month and return period schedule up to one year. According to these conditions there are limited opportunities for agro business development. Now these banks are looking for opportunities to give credits with better conditions, with longer return schedule up to three years, grace periods from 3 to 6 months and annual interest rate from 12% to 17%. The lack of short, medium and long term investment credit to agriculture and rural economy is not always due to a lack of funds. EAR provides credit to traders for seeds and fertilizers. In 2000 and 2002, farmers responded well in the production of wheat. But from a total of 134 traders having received fertilizer in a credit scheme, 61 representing 46% of borrowers were still in default of payment in November 2002, depriving the Kosovo economy of €1.24 million foreseen for revolving funding of the rural sector. 31 borrowers participated in a Seed Loan Programme and 24% to 77% of borrowers were in default in

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<sup>25</sup> Banking and Payments Authority of Kosovo is publishing a *Monthly Statistics Bulletin*.

November 2002, with outstanding obligations per borrower ranging from €650 to €102,263 for a total amount of €539,000.

EAR financed another credit scheme to support the transformation of SOEs and to support private agribusiness. For the moment the portfolio amounts to around €5 million borrowed by 10 enterprises. Two credits had been repaid in full. Eight borrowers have loans in arrears for a period between 30 days and over 180 days for an amount of €3,525,950 (end November 2002). This situation is for different reasons: in some cases the level of activity of the enterprises has been lower than the optimistic provisions of the businesses plans. In other cases, the main problem is a management one, the companies proceeding very slowly to realize their important stocks.

The minimum for ABU loans formerly fixed to €100,000 had been in 2003 reduced to €40,000. It was due mainly to the structure of ABU trying to limit the number of loans to instruct and give technical assistance for loans management. MAFRD, after assessing the needs for rural finance in Kosovo and the actual opportunities, has proposed a reform of ABU program in order to be more efficient and to better answer to needs. The minimum had been lowered at €40,000 and loans can be given now not only to former SOEs but also to Small and Medium Enterprises (SMEs) Actually there is a big demand for loans between €5,000 and €20,000, partially covered by micro finance institutions, less by commercial banks. Moreover, loans of micro finance institutions and commercial banks are mainly for short-term period and for trade activities, not for agriculture. A few micro finance institutions give loans to the rural sector with an overall rate of repayment of 98%. At the same time, for medium term sustainability, savings should be linked progressively with the attribution of micro finance loans. Eventually, a rural development fund should be created to support medium and long-term investments in the rural economy. The elaboration of a regulatory framework for micro finance institutions is considered a priority to secure sustainability of rural finance.

The role of the MAFRD is to assess the division of responsibility between public and private sectors in the promotion of rural finance. In the public sector are the provisions of a regulatory framework and, together with banks, support to training of credit officers and advisory services. MAFRD could also provide and/or facilitate through NGOs the training of village level savings and credit groups or individual private rural accountants. Different credit products and providers could be developed in order to cover the need for rural finance. A major role of the future Advisory Services scheme would be to support individual farmers and producers associations in the elaboration of business plans including credit applications. Some NGOs are already supporting farmers and processors in the elaboration of their business plan and could be associated with this Advisory Services scheme. Policies on rural finance will address the need for short, medium and long-term credit for agribusiness, medium and small farmers. Particular attention will be dedicated to the development all over Kosovo of micro finance institutions and to the establishment of credit associations at village level, to mobilize local resources through saving and also to receive credits.

MAFRD in collaboration with donors is examining several options to promote rural finance. One of these is a Credit Guarantee Fund as a way of circumventing the present difficulty of using land as collateral, partly due to the natural aversion by Kosovan banks to invest in agriculture. These banks need to be drawn into agriculture gently and surely. Another of these options is a Rural Development Fund as a way of using public funds for matching investment in certain sub-sectors, for example farming in hilly and remote areas. Donor assistance could permit the capitalization of a CGF as well as technical assistance to build institutional capacity. MAFRD sees ultimate ownership of the CGF as a group of private banks. Eventually, credit lines could be also given by donors to commercial bank to provide loans for agricultural projects.

The objectives are to allocate resources and services to ensure the viability of rural communities and in concrete practical terms to raise their standard of living to acceptable levels. In doing so, a clear distinction has to be made between the role of agricultural policy and the role of social policy. Direct payments to farmers on, for example, cows or cultivated area will be, if practical, avoided (though many countries have found this difficult).

### **2.3.8 Food Safety**

The strategy is to support the creation of an inter-ministerial entity, a Food Safety Agency, as a matter of urgency. Despite border/boundary controls, Kosovo still imports too many products of questionable quality.

After the conflict in Kosovo, the SRSG gave in 1999 on a temporary basis the responsibility for food control at the borders/boundaries to a private company, Kosovo Control. By the UNMIK Administrative Direction 2001/7 (29 May 2001) *Implementing Regulation 1999/3 On the establishment of customs and other related services in Kosovo*, the responsibility for phytosanitary and veterinary inspection was given to the Department of Agriculture, Forestry and Rural Development. At the creation of MAFRD in October 2001, the border/boundary control remained under the responsibility of the SRSG (reserved powers) through the Directorate of Rural Affairs. The Plant Border Services and the Kosovo Veterinary Services are in charge of food control at the borders of Kosovo.

Since the beginning of the Joint Interim Administration Structure, both Agriculture and Health Departments tried to put in place an effective food safety system. In 2001, the Department of Agriculture prepared an administrative directive on a Food Quality Control Authority and the Department of Health prepared a draft regulation on controlling quality standards of food products. Both Departments had a mandate to work on food control. Finally, both institutions organized a working group for the feasibility of putting in place a joint inter-ministerial Food Standard Agency. A joint FAO/WHO mission was fielded in June 2001, manned by experts from the Food Standards Agency of UK and the Food Safety Authority of Ireland. Another mission was organized by FAO for the establishment of a single Food Safety Agency for Kosovo<sup>26</sup>.

After the formation of the new Provisional Government, contacts were maintained between the Ministry of Health and the MAFRD in order to put in place a sustainable system for food control. In a joint letter of 2 October 2002 to the Prime Minister, signed by the Minister of Agriculture and the Minister of Health, a formal request was made to create a temporary Interim Management Board on food quality control. The Council of Ministers decided to create this Board, staffed by the Permanent Secretaries or representatives of the following Ministries: Health, Agriculture, Trade and Industry, Public Services, Environment.

This Interim Management Board will supervise the establishment of an entity (Agency) for food safety and prepare the regulatory framework to be submitted to the Assembly<sup>27</sup>. It is proposed to create an Executive Agency to fix the standards and directives for food safety, working with a network of laboratories in Kosovo in order to secure protection of consumers and progressively the adoption of European standards. This Agency should be responsible of food quality from the farm to the table, working closely with existing institutions and with Municipalities for the implementation of guidelines. An Executive Committee comprising representatives from the Central Diagnostic Veterinary Laboratory, the Central Laboratory for Food Control (IPH), Kosovo Veterinary Services, sanitary inspectors of the Ministry of Health, plant inspectors from MAFRD,

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<sup>26</sup>WHO, *Report on Food Control in the Province of Kosovo*, June 2001; FAO, Michael Cannon, *Report on Identification Mission to Kosovo. Establishment of a Single Food Control Agency for Kosovo*, 2001.

<sup>27</sup>The Interim Board will be assisted in this institutional task by a specific technical assistance project funded by EAR within the support programme to the Ministry of Health.

Institute of Public Health, Kosovo Institute of Agriculture (KIA) and border inspectors (DRA) will prepare the operational procedures for the field activities of the Agency.

In workshops during the WHO and FAO missions, the main following points were agreed.

- Food safety in Kosovo should:
  - Be based on modern control practices and structures for efficiency and effectiveness in order to fulfil the role of protecting the health of consumers and facilitating trade.
  - Be implemented by a fully independent agency free of overlap and duplication of duties and responsibilities.
  - Be answerable to the Provisional Government.
  - Have its own budget to carry out regulatory and executive functions through a Management Board made up of representatives from all concerned Ministries.
- Food standards, regulations and control procedures should be those of the EU to facilitate integration into regional and international trade, since surrounding countries are also adjusting their national food standards to meet EU requirements.
- FSA should have responsibility for food safety and quality control of:
  - Food of animal origin.
  - Food of plant origin.
  - Food of non-plant and non-animal origin.
  - Hygiene control of restaurants, public kitchens, shops, hospitals.
- All veterinary inspections should be under the structure of KVS within the Food Safety Agency.
- Different laboratories should work together in network under license from the FSA.

The future entity for food quality control should have the following roles:

- Policy formulation.
- Drafting Legislation, Regulations, Standards and Codes.
- Food monitoring and analytical testing.
- Food inspection.
- Food research.
- Education.
- Recall of foods.
- Development of codes of practice for the processing industry.
- International trade negotiation on food safety with other governments, inspection and certification for exports.

The Plant Border Control, the Kosovo Veterinary Services and the Kosovo Institute of Agriculture (KIA) will have an important role to play for the implementation of the policy and guidelines of this future Kosovo Food Safety Agency.

In this respect, EU food quality standards should be the goal and the minimum quality standards for locally produced food should be established while EU quality standards can be expected for imported items.

Veterinary and phytosanitary services are provided both at the border and inside Kosovo. There is close cooperation with veterinary, sanitary and phytosanitary services within Kosovo. With the five decentralized field offices in Prishtinë/Pristina, Mitrovicë/Kosovska Mitrovica, Pejë/Pec, Prizren and Gjilan/Gnjilane and three sub-offices in Gjakova/Djakovica, Ferizaj/Urosevac and North Mitrovica the objective is to be close to Municipalities and farmers to provide assistance, among others, to the control of the quality of agricultural inputs like animals, seed, fertilizers, pesticides, irrigation water, etc. that are important for animal and plant health and may have implications in the food chain. Veterinary, phytosanitary and seed services are responsible for the quick identification of problems and for proposing intervention measures, tracking the spread of diseases within Kosovo and elsewhere based on information from the field inspections.

These activities are carried out in close collaboration with the Kosovo Institute of Agriculture (KIA) and Municipalities. Veterinary and phytosanitary teams have been trained by local and international experts to enhance their delivery capacity. Intervention at the level of production in the field will be the Ministry's activity that would complement the roles of the Institute of Public Health, Kosovo Institute of Agriculture (KIA), Ministry of Health and DRA in defining standards and implementing food safety measures.

Donor support will be sought for a fully functioning central laboratory to support the BIPs and inland inspections (as well as the agricultural Advisory Services and other activities of MAFRD/DRA).

Veterinary and Phytosanitary Border Control, now administered by DRA, will be improved. Strategies and action plans have identified locations for Border Inspection Posts (BIPs) and inland inspections. Relevant regulations have been submitted to UNMIK Legal Office. The fully equipped BIPs and staff trained to carry out their functions will protect Kosovo and its inhabitants from hazardous imports and will also put Kosovo in a position to export agricultural commodities (which would be prevented from doing if BIPs were not in place and functioning). Furthermore, BIP inspections will be integrated with other tasks and functions of the veterinary and phytosanitary services, as well as with the planned Food Safety Agency. Border control and consumer protection policy and measures must be harmonized. In all of this, the standards and policies of the EU will be adhered to wherever possible.

## **2.4 OVERALL STRATEGY FOR POLICY FORMULATION**

MAFRD's policies and strategies are an evolving process. The main objective, the strategic and policy approach, will be reassessed after a period of three years, corresponding to the mid-term planning framework now adopted by the Provisional Government of Kosovo. (2003-2005).

Recent structural changes in the Ministry favour better coordination and participation in policy making in the agricultural/rural sector. First a Policy Unit (now Policy and Agricultural Statistics Office), established in 2002, coordinates activities of the Technical Departments and supports the Permanent Secretary on policy issues. Policy Advisers were recruited. At the same time, a Policy Council with the participation of Chiefs of Technical Departments will be eventually established to support policy formulation in MAFRD.

EAR was asked for specific support on policy, data management and law drafting; a specific project "Agricultural Statistics and Policy Advisory Unit Kosovo" begun its activities in September 2002. Its specific objective is "*To establish policy analysis capacity to support and guide agricultural policy formulation, monitoring and evaluation in Kosovo*". Particular attention has

been given to the coherence between policy formulation and regulatory framework. The data management will be an instrument to better elaborate policies and priority choices for the development of the rural economy.

The promotion of a participatory approach in policy formulation is crucial to achieve medium and long-term sustainability. The Directorate of Rural Affairs (DRA) is invited to send a representative in this body to secure policy coherence between transferred responsibilities over agriculture and rural development in MAFRD and reserved power responsibilities under DRA. The participatory approach in the Ministry will be enhanced by the creation of the Policy Council and the inclusion of different stakeholders in policy formulation will be developed through the setting up of permanent and ad hoc working groups. For the moment, the inception report of ASPAUK, elaborated in a participatory approach with the staff of the Ministry, DRA and in collaboration with SOK for agricultural statistics, proposes the achievement of the following outputs:

### **Policy Outputs**

- Working Groups established and operational, Policy Study and policy agreed by all stakeholders: on Farm and Rural Advisory Services, Land Issues and Transformation of SOEs; Livestock Production, Grass and Fodder Production and Livestock in Mountain Areas; Processing, Marketing and Market Information System; Industrial Crops and High Value Added Crops with Irrigation; Food Standards and Food Quality.
- Enhanced capacity of staff in policy analysis, strategy and policy formulation through formal training, on-the-job training, study tours and Scholarships/Specialized training.
- Staff of the Policy and Agricultural Statistics Office and in Project Cycle Management trained in specialist areas of expertise.

### **Legal Outputs**

- Technical assistance to Legal Services.
- Law on Livestock (including stockbreeding and animal feed).
- Support to the Legal Services in drafting other agricultural Legislation.
- Enhanced capacity of staff in the Legal Services and Information and Public Relations in analysis, drafting and presenting documents through formal training, on-the-job training, study tours and Scholarships/Specialized training.
- Staff of Legal Services, Information and Public Relations trained in specialist areas of expertise.

### **Agricultural Statistics Output**

- Pilot Agricultural Census Survey.
- Pilot Farm Accountancy Data Network and Standard Gross Margins.
- Administrative support for immediate data demand on Crops and Animals.
- Ad hoc surveys for immediate data demand for Policy, Legal and IT/GIS Working Groups, including data on gender and minorities.
- Agricultural statistics staff trained in specialist areas of expertise through formal training, on-the-job training, study tours and Scholarships/Specialized training.

## **Information Systems**

- Study undertaken on Information Flow in the Agricultural Statistics Information System.
- Setting up of system for the Decentralization of the Agricultural Data Collection System.
- Support for immediate IT/GIS needs for Policy, Legal and Agricultural Statistics Working Groups.
- Agricultural Statistics Database.
- Trained staff in specialist areas of computer literacy.

## **2.5 NETWORKING AND COORDINATION OF NGOS, MUNICIPALITIES**

### **2.5.1 Objectives**

#### *A) Longer term Objectives*

The main goal of networking and coordination of stakeholders is to bring about efficiency and effectiveness in the management of sustainable development amongst all actors and in safeguarding the interest of the target group and civil society organizations through creating the interface between the government, donors, NGOs/civil society groups as well as rural communities.

#### *B) Immediate Objectives*

Immediate objectives of the networking and coordination function are to:

- Share experiences and best practices between various actors.
- Ensure efficient allocation of resources by avoiding duplication of work between actors.
- Pool of resources so as to achieve synergetic impacts.
- Create an enabling environment and capacity building support for the development of local NGOs and civil society organizations.
- Lobby with government on policy issues of substantial interest to target groups and civil society organizations.

### **2.5.2 Strategies**

- Periodic coordination, information exchange and networking meetings.
- Exchange of information on progress of achievements and impacts.
- Work visits to sites of various actors on a periodic basis.
- Formation of smaller interest groups on the basis of areas of expertise and interests.
- Creating the necessary linkages with government, assembly and higher level networks for lobbying and voicing the interest of target groups and influencing policy decisions.
- Formation and development of information and resource centers.

### **2.5.3 Activities**

#### *A) Coordination and networking with NGOs and Civil Society organizations.*

The Ministry is already conducting an NGO coordination forum and envisages supporting networks at various levels to enable the smooth exchange of experiences and best practices in rural development.

The following activities will be realized:

- Promote NGOs and civil society organizations in rural development.
- Facilitate periodic meetings and experience exchange forums.
- Promote the exchange of experiences and best practices at all levels. It is essential that experiences gained at grassroots level are brought up to a central level and shared with other actors so that best practices could be replicated on a wider scale.
- Ensure the development of a central database on NGOs, rural organizations, lessons of experiences, achievements and best practices and facilitate the flow of information to users. Create a favourable environment for transfer of technical know-how and information between NGOs and civil society organizations.
- Enhance the formation of interest and policy groups in specific fields like rural finance, sustainable land use, micro-business development, gender and development, ecological concerns, etc.
- Promote the building up of capacities of local NGOs and enhance the support and assistance to the growth of civil society organizations and emergence of competent and technically equipped local NGOs that would gradually fill the gap of reaching local community organizations in a sustainable way.
- Guide, support and advise NGOs and rural development actors in the design of rural development programmes, selection of intervention areas, targeting of beneficiaries, monitoring of impacts and assessment of programmes and projects.
- Provide periodic technical backstopping and advice on programme/project management and methodological issues and facilitate the availability of such advisers when requested.
- Facilitate and conduct training sessions relevant to NGOs and civil society organizations in collaboration with donors.
- Help create the necessary forum for donors and NGOs in which development agendas could be discussed and easier access to funds could be realized by NGOs, especially local ones.
- Offer the necessary interface for lobbying and consultation between NGOs and civil society organizations on the one hand and the government on the other hand, in which the latter could contribute in policy decisions with the view to meeting the interests of target groups.
- Facilitate the participation of NGOs and civil society organizations in the strengthening of the forthcoming Advisory Services and in the training and supporting of a cadre of advisers.

#### *B) Coordination networks between MAFRD and Municipalities*

Municipalities form the basis for a decentralized administrative structure in Kosovo through which democratisation processes should be ensured. However, their capacities remain limited and lack the momentum to bring about the required change in terms of reorienting themselves towards meeting the growing development demand. Capacity gaps in terms of manpower, financial and technical limitations still exist and this gap is not expected to ease for the

foreseeable future. Such capacity gaps, followed by the lag in their reorientation process to meet evolving development issues and detach themselves from past experiences, will remain a hurdle for cooperation with the Ministry. Recent experiences show that coordination between the two parties is limited, albeit with gradually improving relations.

The following main directions will be followed:

1. The Ministry and Municipalities should play a complementary role: the former provides policy guidance, gives technical and material support and guides donors to ensure a fair and timely allocation of financial resources. Municipalities will play an executive role on the basis of the policy directives and capacity building support they receive from the Ministry.
2. Emphasis will be on resolving the mandate and role of each party and defining the roles of the two in addressing the development needs at local level to ensure smoother coordination and amicable working relationship between the two on the one hand and less costly and effective working structure at localized level on the other hand.
3. Dialogues and networks will be started in which MAFRD, the respective Municipality and NGOs operating at that level would meet to plan and coordinate their activities and exchange experiences. Both parties will have to work in building confidence between them.
4. A forum will be established with all Municipalities in which development agenda will be discussed. It is suggested that a monthly meeting with the participation of all Municipal representatives will take place in the Ministry.
5. The Ministry and Municipalities should cooperate in realizing the forthcoming Advisory Services project, which is mainly to involve all Municipalities as potential partners.

#### **2.5.4 Expected Output**

It is expected to reach the following output through the networking and coordination function:

- Existing network and coordination forum is strengthened and reinvigorated.
- Information exchange network is developed serving all interested users with strong database.
- Local NGOs receive capacity building support from international NGOs.
- The Forum facilitates the flow of resources and dialogue between NGOs and donors.
- NGOs and civil society organizations contribute to policy and strategy development through lobbying, advocacy and consultation functions.

## **2.6 FARMERS' ORGANIZATIONS AND COOPERATIVES (PROMOTION OF RURAL ORGANIZATIONS)**

### **2.6.1 Objectives**

#### *A) Long term Objectives*

The overall objective of the rural organizations drive in MAFRD is to create a favourable environment for the flourishing, strengthening and overall development of rural organizations including, but not limited to, Cooperatives and Producer Associations with a view to enhance the livelihoods of group members and promote sustainable development in rural Kosovo.

#### *B) Immediate Objectives*

Immediate objectives of supporting the development of rural organizations are to:

- Facilitate the formation and development of rural organizations that would benefit members by way of:
  - Pooling of individual members' resources and formation of group capital to improve production and ensure delivery of services to members like sharing of equipment and consolidated use of land for extensive farming.
  - Facilitating the delivery of services to members like input supply and marketing of produce.
  - Facilitating access to credit and financial resources to groups and members.
  - Ensuring the presence of rural institutions that would ensure organizational sustainability.
  - Promoting exchange of experiences and the process of learning between members and other organizations and facilitating information flow.
  - Improving the performance of the rural sector like farm management, technology transfers.
  - Promoting members' interest resulting from improved bargaining power and collective advocacy and lobbying.
- Facilitate the delivery of support services to such organizations in areas of:
  - Policy/legislation and strategic orientation and support.
  - Capacity building that includes training, workshops, visits and discussion forums.
  - Providing Advisory Services.
  - Channelling of resources like credit facilities and donors support.
  - Giving institutional support like registration, legalization, etc.
  - Empowering rural organizations to play community development roles like:
    - § Initiating, coordinating and implementing development undertakings by themselves;
    - § Managing community development funds raised from community contributions or donations from outside;
    - § Enhancing community civic education leading to civil liberty;
    - § Raising their voices and lobbying in expressing community interests and influencing policy decisions at municipal and higher levels.

### **2.6.2 Strategies**

The Ministry will follow main strategic principles such as:

- Voluntary membership: free entry of members to the organization.
- Member driven and participatory membership with initiations coming from members.
- Abiding by umbrella cooperative legislations, directives, instructions and methodologies with adequate room being made available to adjust such statutes as per group specific requirements.
- Full ownership and sharing of resources by members.

- Providing the necessary support and advice including choices of alternative models and providing the necessary awareness on benefits and obligations of members.

### **2.6.3 Activities**

MAFRD should:

- Promote rural community organizations related functions in Kosovo and work with all actors in the formation, strengthening and development of rural organizations.
- Enhance its effort in the formation of new rural organizations like Producers' Associations and Cooperatives and promote the reorientation of existing ones.
- Conduct studies, develop strategies and set priorities on the development, status and future directions of rural organizations.
- Facilitate, organize and conduct training sessions and provide other capacity building support to rural organizations and related agencies that need such support.
- Promote a gender sensitive approach and apply participatory methods and techniques in the development of rural organizations.
- Work with apex structures of rural organizations and contribute to the fulfilment of their immediate needs.
- Provide legal, regulatory and methodological/strategic support to individual groups or their higher-level structures.
- Support organizations in their registration, legalization and institutional development efforts.
- Facilitate the presence of a favourable environment for the lobbying efforts of such organizations.
- Facilitate the information about resources like credit and other support services to rural organizations including donors' support.
- Propose a mechanism in which rural organizations and Advisory Services work in a complementary and inter-dependent manner.

### **2.6.4 Expected Output**

The following outputs are expected:

- Rural organizations will develop and form the institutional basis for rural development in Kosovo. To realize this, organizations will be supported, strengthened and developed. Ultimately, most rural development interventions will be based on the ownership of such organizations to ensure their sustainability.
- Rural organizations will get the necessary support from the Provisional Government, donors and NGOs in areas of regulatory and methodological guidance, training and capacity building.
- Rural organizations will contribute in the realization of gender sensitive, participatory and environmentally sound programmes/projects and contribute to the overall development of rural Kosovo and improvement of rural livelihoods.

## **2.7 GENDER EQUITY: KEY ELEMENTS FOR SUSTAINABLE DEVELOPMENT OF THE SECTOR**

### **2.7.1 Objectives**

#### *A) Longer term objective*

The longer term objective in Gender and Development (GAD) is to improve gender relations, position and improve living conditions of women in the Kosovan society where women will gain equal respect, opportunities/access (to resources like employment, income and education) to that of their male counterparts while at the same time alleviating their workloads.

#### *B) Immediate Objectives*

- Insuring gender balance and gender mainstreaming in most of the development efforts and building up a society where the working and living conditions and positions of women are improved leading to improved gender relations in Kosovan society.
- Initiating gender specific interventions and coordination that would support and promote improved livelihoods and conditions of women and bring about gradual equality between men and women.
- Synthesizing the society, both men and women, towards changing existing attitudes and perception of traditional gender relations to that where women will be treated as equal as men.
- Creating a favourable environment where women will have improved access to and control over resources together with increasing decision-making power both in the household and in the society.
- Minimizing the workload of women and alleviating them from the existing triple roles of production, reproduction and societal obligations that women have to endure and promoting the sharing of workloads between men and women.
- Enhancing the participation of women in sustainable development.

### **2.7.2 Activities**

#### *A) Gender Balancing and Gender Mainstreaming*

This requires visualizing and assessing on whether a certain project or development intervention has integrated gender aspects or not through preparation of a gender check list and periodically assessing projects accordingly in areas such as:

- Is the project gender balanced – does it take women and men into consideration and account for a minimum of 30 percent participation of women?
- Does the intervention benefit women and men equally? Who receives most of the benefit at household and community level?
- What is the project's implication on workload changes (minimizing workloads or adding workloads) and whose workload has been affected positively or negatively? In other words, does the project contribute in alleviating the workload of women? Does it make sure that the workload is distributed equally between men and women?
- Does the project incorporate gender issues such that it results in improved gender relation at household and community level?

#### *B) Gender specific activities*

This aspect incorporates gender specific activities that would be primarily taken care of by the staff of the central Ministry or by Municipal rural development and agriculture experts. The following main activities will be considered:

***Understanding existing gender issues.*** A reiterative collection, storage and analysis of gender related information would take place at Kosovo, regional, municipal, village and household levels. It includes information search and data collection on gender, documentation of gender information in a retrievable central database, periodic analysis of the information. This work will incorporate situation analysis, stakeholders analysis, problem analysis, objective analysis, recommendation of best practices, methodologies and necessary solutions and changes related to problems and constraints as well as description of policies and strategic issues.

***Gender strategic plans and policy formulation.*** A rural based gender and development policy and strategic document will be developed and updated periodically on the basis of evolving issues, availability of information and access to other country experiences. Policies will target the practices of NGOs, Municipalities and other actors in the field of rural development, including development interventions with bi-lateral and multilateral organizations, and will be harmonized with general gender policies, hence requiring effective coordination with other Ministries and Gender Affairs Offices of the Provisional Government.

***Gender training and awareness creation.*** This activity aims at building local capacities of various actors involved in or potentially addressing gender issues or working in rural development field. Formal gender training modules will be organized, and currently started regional gender training will be completed with similar trainings, to be considered to create the gender analytical and implementation capacity in Kosovo. Gender capacity gaps identification and training needs analysis will be conducted. Training manuals will be compiled on a tailor-made basis targeting specific users. Training of trainers will be the main focus with the understanding that trained trainers will be further addressing the training needs at grass roots or community levels.

Other than formal training sessions, on-the-job training, field visits, workshops, seminars, role plays and work visits will be organized to create community gender awareness and cross breeding of ideas in addition to using the media like TV, radios, newspapers and posters.

***Gender technical backstopping and advisory services.*** This will be a specialized advice and backstopping service targeted to those needing such services. Periodic field visits, gap identification and support needs analysis will be conducted to determine whom needs such periodic technical support and backstopping.

***Gender network.*** This is a vital component through which gender mainstreaming and gender integration processes will be carried through. Gender networks will be established consisting of all actors involved in this field of work. The main objective of the gender network will be to enhance the exchange of information, best practices and develop gender analytical capacities.

Initially, efforts will be devoted to inventory all stakeholders and affiliated bodies in the field of GAD and compile a "who is who road map" in gender. All stakeholders will be invited to a meeting where objectives, intentions, future areas of collaboration and division of responsibilities will be discussed and network management board will be established. The Ministry's Gender Officer will play a catalytic and facilitative role in this whole networking job. It is also envisaged that a bi-annual GAD newsletter will be published in partnership with other leading stakeholders primarily targeting network member readers.

### **2.7.3 Expected Output**

- A gender checklist is prepared and used by most of the stakeholders and development practitioners.
- Gender related information is collected and stored in a retrievable format and made available.
- Analytical study document produced consisting of situation analysis, stakeholders' analysis, problem analysis, recommendations and strategic/policy options.
- Gender strategic plan and policy direction document produced.
- Gender training given to persons relevant to this field of work and a Kosovo level gender-training workshop conducted.
- Gender technical backstopping and periodic technical support given to organizations, NGOs and municipal agencies needing such support.
- Gender networks established consisting of various actors and affiliated organizations.

## **Chapter III**

### **Sub – sector strategic priorities**



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## SUB-SECTOR STRATEGIC PRIORITIES

### 3.1 PLANT PRODUCTION AND PROTECTION

#### 3.1.1 *Global Strategic Approach*

##### A) *Long Term Objective*

- Attainment of food security at household level and reduction of rural poverty.
- Transformation of small-scale farms from subsistence to commercial production level.
- Attainment of high comparative advantage through improved efficiency by small-scale and medium scale farms.
- Harmonization of policies and legislation in crop production and protection with EU standards.

##### B) *Immediate Objectives*

- Improvement of productivity and production through high yielding varieties, improved management practices, application of fertilizers and pesticides.
- Creation of legislative framework and enabling environment.
- Initiating sustained capacity building programmes.
- Establishing, maintaining and expanding international linkages and participation with technical institutions dealing with crops production and protection.
- Provision of institutional support.
- Provision of advisory services and technical backstopping.
- Adopting a farming systems approach that is environmentally supportive, sustainable to small-scale farms and extended with a participatory approach.

##### C) *Strategies*

- To seek optimal options, techniques and methodologies to accelerate the steady alignment of legislation to EU level.
- To request sustained EU assistance for short and long-term training.
- To involve specialized agencies of UN to concentrate on infrastructure and capacity building that will create the conditions for self-reliance.
- To optimise the technical, institutional and financial support provided by bilateral and multilateral donors.
- To pursue import substitution strategy without compromising comparative advantage.
- To involve community-based organizations (CBOs), local and international NGOs in studies and implementation of programs and projects.

##### D) *Activities (Listed by objective)*

*Immediate Objective:* Improvement of productivity and production through high yielding varieties, improved management practices, application of fertilizers and pesticides.

- Providing assistance in six programme areas: cereals and forage crops; seed control and commercial seed development; fruits and vegetables; crops monitoring, assessment and early warning; fertilizers and pesticides; irrigation facilities and utilizations.
- Encouraging the formation of cooperative structures for small-scale and medium scale farms.
- Encouraging the diversification of food crops and animal feed crops.
- Facilitating access to essential agricultural machinery at free-market prices and terms.

*Immediate Objective:* Creation of legislative framework and enabling environment

- Formulation of guiding principles, drafting of legislation, directives and instructions for seed, phytosanitary, agricultural land protection, fertilizers and pesticides, irrigation water use and water users associations.
- Assisting in capacity building to implement and monitor compliance with legislation.
- Initiating the progressive alignment of legislation relating to production, processing and marketing of agricultural produce to EU standards.

*Immediate Objective:* Initiating sustained capacity building programmes

- Consultations and training of stakeholders.
- Utilizing the services of the Kosovo Institute of Agriculture (KIA) and the Faculty of Agriculture, University of Prishtinë/Pristina for specialized training.
- Training of municipal extension officers for advisory services to small-scale farmers.
- Periodic upgrading of technical capacity of Ministry and municipal inspectors.

*Immediate Objective:* Establishing, maintaining and expanding international linkages and participation with technical institutions dealing with crops production and protection

- Intensifying collaborative activities with EU, bilateral and multilateral organizations for technical assistance.
- Strengthening institutional linkages with Faculty of Agriculture, University of Prishtinë/Pristina, Kosovo Institute of Agriculture (KIA) in field crops research, diagnostic and analytical services.
- Membership in regional and international agricultural organizations and participation in conferences, seminars and workshops.

*Immediate Objective:* Provision of institutional support

- Assisting in the formation and strengthening of producers, service and water users associations.
- Creating and coordinating activities of irrigation service providers and water users associations and increasing land under irrigation, particularly for family farms.
- Issuance of regular agricultural bulletins for agricultural producers and input providers.

*Immediate Objective:* Provision of advisory services and technical backstopping

- Supporting and becoming a major customer for the diagnostic and analytical facilities of microbiological and chemical analysis of pesticides, fertilizers, forage crops and seeds.
- Continuing with provision of advisory services to stakeholders.
- Developing recommended varieties of cereal, horticultural and forage crops for farmers in Kosovo.
- Upgrading phytosanitary inspection.

*Immediate Objective:* Adopting a farming systems approach that is environmentally supportive, sustainable to small-scale farms and extended with a participatory approach.

- Ensuring that farmers are actively involved in balancing economic and environmental considerations and developing global approaches.
- Intensifying government support for small family farmers to upgrade their comparative advantage to capture the Kosovo market for food and animal feed.
- Encouraging organic agriculture to expand and create a niche market.
- Ensuring farm household incomes are remunerative.

### **3.1.2 Strategy for Cereals and Forage Crops**

#### *A) Wheat crop production*

Kosovo consumes about 400,000-tons while about 280,000-tonnes are grown on 80,000 ha. Average yield data from 1970-1996 was 2.6 – 2.7 tonnes/ha and for 2001 the average yield was 3.5 tonnes/ha. This represents 20% to 25% of variety potential and is largely for subsistence, i.e. farmers do not generate cash income from it.<sup>28</sup>

Strategically, self-sufficiency in wheat is desirable and achievable in the medium term by doubling average yields. The technical package for achieving this comprises high quality seeds, mechanised planting, adequate application of fertilisers and minimal crop protection chemicals<sup>29</sup>, improved efficiency of harvesting, plus a well trained and mobilised delivery of agricultural advisory services. MAFRD and the NGOs with which it co-operates in the shorter term, will mobilize resources to put this strategy into effect.

#### *B) Maize crop production*

Production and consumption figures are less well known because of on-farm consumption and the use of maize and its residues as animal feed. According to the data of 1970-1996 the average yield is 2,145 kg/ha and the average sown area is 92,000 ha. Estimated average grain yield for the 75,000 ha harvested area of 2001 was 3.8 tonnes/ha. Again, the technology package (similar to that for wheat above, but including also hybrid seed and irrigation) will be disseminated through Advisory Services.

Promotion and support of maize production for silage as a main crop, or where there is irrigation, planting maize after the winter wheat harvest and harvesting at milk stage, will be encouraged to serve as feed for livestock and intensive meat production in particular.

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<sup>28</sup> Concerning opportunity cost of producing wheat, see 1.5.1.

<sup>29</sup> Trials show that phosphate is the greatest limiting factor, the result of farmers being denied access to fertiliser and thus forced over the last decade to draw down on soil phosphate reserves. It will take a few years of application of phosphate fertiliser (as DAP – diammonium phosphate) to rebuild these reserves.

### C) *Potato crop production*

Potato is an important crop mainly for home consumption and also for cash income in Kosovo. It is grown in an area of 10,000 ha. There is a lack of processing capacity and conservation during the winter season. Potato seed is mostly imported. There is need to expand the limited areas of seed production with high performing varieties. A great number of farmers use seed potatoes that are consumption grade, or are otherwise unsuitable, and as a consequence the yield is low (around 10 tonnes/ha). Initiatives have been made by FAO and EAR to encourage production of potato seed in Dragash. This effort in potato seed production should be pursued to involve competent farmers. Technical assistance to growers and entry into the Kosovan list of potato seed is needed.

### D) *Industrial crop production*

Sunflower and possibly sugar beet<sup>30</sup> present opportunities for small farmer cash crops producing import saving products with processing opportunities. MAFRD will commission detailed studies. In the case of sunflower, it will seek to put in place border protection at regionally normal levels so that farmers have incentive to supply the existing factory at Ferizaj/Urosevac. An increase in soya cultivation would substitute the imports of protein food of animal origin. Fruits and vegetables also present such opportunities. Perennial nuts, medicinal plants, and other niche products have at present unknown potential and may merit further investigations. By-products of oilseeds for oil extraction will be used to supply protein for animal feed. Tobacco is a profitable crop popular with small farmers in Kosovo and was cultivated in an area of 3,500-3,700 ha and there are functional processing capacities. After the conflict the areas with this crop were reduced to 1,000 ha (tobacco is not an ideal crop for donor support) and the tobacco factory called NSH (a Socially-owned Enterprise) is not in a position to support farmers.

### E) *Forage crop production*

The estimated area under forage crops is 28,000 ha and a significant proportion of the maize output is destined for animal feed as concentrates. About 118,000 ha are under pasture in hilly and mountainous areas and 97,000 ha under pasture in relatively flat areas. The improvement of animal feed base is important for the recovering livestock population of dairy, beef and sheep, pigs and poultry. Hence improved forage crops and conservation technology should be available to farmers. Improved varieties should be tested and released for farmers to plant. Forage crop research should be initiated to recommend good cereal/forage combinations for farmers. Attention will be focused on increasing the productivity of forage crops for over 90 % of the family farming units whose size of holding is no more than 2.5 ha. Multiple cropping will be encouraged to grow forage crops for silage making immediately after the harvest of barley and winter wheat.

### **3.1.3 Seed Production Strategy**

The provision of higher quality seeds and planting materials is a key part of future agricultural development. High quality seeds can improve the livelihoods of farmers, household income and stimulate the rural economy through increased yield. The development of seed policy will ensure proven quality seeds are imported or produced for the Kosovo market. An EAR-funded Seed Regulatory Service Project is providing technical assistance for the development of a wide range of technical laws and protocols for the regulation of quality of all seeds and planting materials to be used in the territory, together with a full range of phytosanitary laws and administrative instructions. The SEED regulatory Service Project (SRSP) is also providing training to the officials who are to enforce the regulations. The tertiary education institutions will

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<sup>30</sup> About 30,000 tonnes annual national consumption might justify the revival of the former sugar industry.

be provided with an adequate knowledge and skills base for future education and training activities.

The priority actions to be undertaken are the selection, listing and labelling of high yielding varieties, establishing a Kosovan Seed Committee, a Kosovan Listing Committee, promoting the production of quality seeds locally and controlling the quality of seed input. The Department of Plant Production and Protection will be the main unit for the implementation of the seed and planting material legislations.

The Directorate of Rural Affairs controls the phytosanitary inspections at official border crossings through its Kosovo Plant Border Services (KBPS).

The main task of the KPBS is to regulate and monitor border/boundary imports and exports of live plants, plant products and food of plant origin. The objectives, among others, include:

- Guard against the introduction and/or spread of harmful pests and diseases of plants, thus protecting Kosovo's domestic plant, crop and forest patrimony.
- Guard against the introduction and distribution of unfit food of plant origin, thus protecting consumers.
- In conjunction with the MAFRD, regulating and certifying domestic plant products for export.

On-going activities are focused on upgrading current control mechanisms to EU Directive requirements and to integrate these with other inland control systems operating within the Ministries of Agriculture and Health.

The Faculty of Agriculture of the University of Pristina will continue playing a key role, together with the Kosovo Institute of Agriculture (KIA) for in-country training of present and future seed and plant health inspectors. Moreover they will be the main providers of field and laboratory facilities for testing of seed and planting materials. The commercial sector will be responsible for all production, importation and marketing of seed and planting materials in Kosovo. Current seed companies have limited management resources, technical and business expertise and working capital.

New varieties of seeds and plants will be imported from breeding companies and institutions outside Kosovo. The seed companies will make business arrangements for the importation of new, improved varieties and their rights, as owners, will be protected under the Seed and Plant Variety Rights Law. The Kosovan Seed Committee would have input into encouraging the introduction of a wide range of improved varieties into commercial sale for the benefit of the farmers.

#### **3.1.4 Fruits and Vegetables Strategy**

The strategy is to upgrade the comparative competitiveness (in production costs and quality) of horticultural producers by increasing the range of products and share in the local markets, and by accessing regional markets in the Balkans and beyond. The first two years pilot study, 2001/2002, conducted by the Swiss Project for Horticultural Promotion has confirmed the opportunities for increased income and employment. To fully utilize the opportunities processing of horticultural products and marketing activities must be developed. Hence creation of a more dynamic horticulture sector market driven approach, capacity building and co-financing will be emphasized.

Assisting producers organizations in horticultural crops to increase yield per hectare and produce vegetables throughout the year, training of farmers in vegetables and fruits production,

providing advisory services and backstopping visits will be the sustained and targeted activities. The creation of a Federation of horticultural Producers' Associations will be encouraged.

Regarding exports, several regional markets have been lost and these will not be easy to regain. The fiscal regime is also a strong negative factor in regaining regional markets though this can and should be adjusted. A return to production levels of the 1980s does not seem likely in these circumstances. Government support through fiscal policy will be needed to protect the local market for domestic production and promote export.

#### A) *Vegetables*

MAFRD, through its proposed Advisory Services and other means, will promote new technologies for extending the growing season for the production of spring and winter vegetables. As a result a higher proportion of the vegetable production will be absorbed by domestic market and will provide a better production base for processing. .

#### B) *Fruits*

Regarding fruits, there are regional comparative advantages in terms of climate, land and water. The expertise of farmers has to be substantially improved concurrently. A totally new approach to the market is recommended whereby early, main and late seasons are specifically targeted through the selection of type and variety of fruits. Additionally, farmers should specifically supply the processing markets.

There is need to consider storage facilities to be developed for vegetables and fruits at strategic market locations.

Cultivation of small fruits, specially strawberries in green houses, establishing modern nurseries, use of and expansion of irrigation, activating the capacity for preservation and processing, packaging and marketing, customs policy support for local production and the provision of credit on suitable terms must be considered.

#### C) *Vineyards*

The wine sector is a major source of income and livelihood in Kosovo's most disadvantaged South West region. Suhareka/Suva Reka and Rahovec/Orahovac areas, in particular with inclusion of the minority areas, account for a large percentage of the total employment. Support will be provided to create an enabling environment for private sector vineyards and wine producers to strengthen their marketing activities, encourage increased cooperation and scale economies and assist them in realizing new business opportunities <sup>31</sup>. The activities to be emphasized will be the following:

- Developing a policy strategy for the wine sector.
- Developing the viticulture so that the sector remains commercially competitive by addressing yield increases together with a reorientation of production to market requirements within the overall context of the rehabilitation of the wine sector.
- Introducing wine classification system to improve wine production standards.
- Creating appropriate mechanisms, administrative procedures and legal framework to support the establishment of associations for the farmers and wineries.
- Preparing training programs for target beneficiaries.

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<sup>31</sup> A project *Support to the Wine Industry in Kosovo* financed by Lazio Region in Italy and implemented by UNDP is supporting MAFRD in the definition of a strategy for this sub sector.

Finally, six niche products namely hazelnut, sweet chestnut, herbs, aromatic oils, mushrooms and saffron should be further explored and encouraged.

### **3.1.5 Crop Monitoring, Assessment and Early Warning**

In this area, effort will be exerted to coordinate data collection and field crop monitoring at municipal level. The purpose of this exercise will be to provide information on the current state of food and agriculture, provide early warning system for policy makers and the market. A handbook for crop monitoring for use by Directorates of Agriculture in the Municipalities will be prepared so that a consistent methodological approach is used to generate reliable and consistent data. Besides, crop monitoring will be used to identify any outbreak of pests and provide timely advice to producers and input providers. A database for crop monitoring will be developed and suitable forecasting models used. Investment will be required to equip this unit.

### **3.1.6 Fertilizers and Pesticides**

Our market is mainly supplied from imports and in some cases without any documentation and often of sub-standard quality. Agrochemicals, though necessary for plant production, will have an overall negative effect if they continue to be uncontrolled and users continue to lack the knowledge of how to use them properly.

To this end, a law on the import and use of agrochemicals will be issued and enforced. For the purpose of improving the situation, registration and licensing of input providers and training of traders, inspectors and farmers will be primary tasks. The aim is that before agrochemicals are used, a proper analysis is done in order to avoid the negative impacts. Optimum use of selected plant protection chemicals is important in view of the current poor state of fertilizers and pesticides use. An official list will be developed for approved and banned pesticides. Periodic seminars and workshops for stakeholders will be undertaken.

To support organic agriculture, integrated pest management practices will be introduced and appropriate training will be organized for farmers to facilitate the transfer of knowledge.

### **3.1.7 Irrigation**

Irrigation has been practiced in Kosovo for centuries. Farmers diverted water with weirs made of brushwood and stones. These old on-demand systems or locally referred to as *ab antiqua* systems, date back to the 14th century. Starting in 1954, 14 small systems, commanding in total 19,000 ha, were constructed. Approximately 9,000 ha were under sprinkler irrigation and the remainder under surface irrigation. The World Bank financed two major multipurpose schemes including irrigation components: (a) from 1977 to 1984 the Radoniqi scheme was constructed, consisting of 10,250 ha under sprinkler irrigation; (b) from 1971 to 1984 the Iber-Lepenc system was built, consisting of 19,000 ha under sprinkler irrigation. Most of the 14 small irrigation schemes constructed in the fifties have been integrated in the two larger World Bank assisted projects. Some 30,000 ha of *ab antiqua* systems remain.

The total area under irrigation command in the six Irrigation Public Utility Services Providers (IPs)<sup>32</sup> is 70,226 ha, which comprises of 33,490 ha under sprinkler irrigation and 36,736 ha under surface irrigation. In 1989, before Kosovo's autonomous status was abolished, the systems were fully operational with satisfactory levels of funding for Operations and Maintenance (O&M) and about 52,354 ha, or 75% of the area constructed, were irrigated (24,414 ha under sprinkler and 27,940 ha under surface irrigation). Losses of land to urbanization and operational deficiencies of the irrigation enterprises cause the discrepancy.

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<sup>32</sup> The 6 former Publicly-Owned enterprises (Irrigation Providers) are under restructuring by KTA under 3 Irrigation Business Unit (IBU)

From 1990 onwards it is estimated that additional 1000 ha have been lost for irrigation due to urbanization.

Rehabilitation under the Kosovo Irrigation Rehabilitation Project Phase 1 (KIRP 1) started operations in May 2001. It was envisaged that this would be the first 2-year phase of a six-year project during which time total rehabilitation of the system's 51,000 ha would be completed. The irrigation providers (IPs) companies are under restructuring by KTA and, moreover, Water Users Associations (WUAs) will take over the management of the tertiary canal and pipe systems. With funding from EAR declining for subsequent phases, reviewing of the project will require addressing the concept of rehabilitation by integration of several important elements simultaneously. These are:

- a) The physical rehabilitation of the irrigation infrastructures,
- b) The restructuring of IPs,
- c) The organization and strengthening of WUAs and
- d) The provision of advisory services to WUAs to create and sustain a demand-driven supply of irrigation water by recommending remunerative cropping pattern and best management practices. Heavy emphasis in resource allocation and advisory support will be given to Water Users Associations as they will have to shoulder the responsibility of managing the distribution of irrigation water to small farms, collection of water fees and maintenance of portions of irrigation facilities currently handled by IPs.

MAFRD will develop a strategy for irrigation in the short term as well as legislation on WUAs. It will also prepare and promote service agreements for the supply of irrigation water between the new Irrigation Business Unit (IBU) and Water Users Association. The irrigation policy will focus on modernizing irrigation facilities to encourage efficient use of the irrigation water that will become increasing scarce and costly in the years ahead.

### **3.1.8 Harmful Organisms: Surveillance of Domestic Production**

The Department of Plant Production and Protection (DPPP) has, among others, the following objectives: preserve local plant varieties, support the development of suitable ones and prevent the spread of plant pests and diseases within the territory, thus ensuring environmental/public safety. Surveillance of domestic crop production is ensured through the services of Seed and Phytosanitary Inspectors distributed in each of the five Ministry's Field Offices (MFUs). Phytosanitary Inspectors work in close collaboration with the Phytosanitary Officers of the Kosovo Plant Border Services (KPBS) within the Directorate of Rural Affairs (DRA).

#### **A) Establishment of the status of quarantine harmful organisms**

*The MAFRD is proposing a policy aimed at keeping out of Kosovo unwanted organisms. Policy shall be based upon technical inputs from the DPPP within the Ministry. As the MAFRD's final aim is to attain control mechanisms in line with EU standards, the DPPP has already formulated a draft law listing as quarantine organisms those reported within the EU Council Directive 2000/29/EC of 8 May 2000 "on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community".*

#### **B) Surveillance at the external border – The Kosovo Plant Border Services (KPBS)**

The Kosovo Plant Border Services (KPBS) within the DRA is composed of a Central Unit and a border/boundary inspection post system at seven authorized entry points.

### *C) Current activities*

The main task of the KPBS is to regulate and monitor border/boundary imports and exports of live plants, plant products and food of plant origin. The objectives, among others, include: guard against the introduction and/or spread of harmful pests and diseases of plants, thus protecting Kosovo's domestic plant, crop and forest patrimony; guard against the introduction of and distribution of un-fit food of plant origin, thus protecting consumers; in conjunction with the MAFRD, regulating and certifying domestic plant products for export.

On-going activities are focused on upgrading current control mechanisms to EU council directive requirements and to integrate these with other inland control systems operating within the MAFRD and Ministry of Health.

With regard to registration of varieties in Kosovo catalogues, under the umbrella of the DPPP, a "Kosovan List Committee" (KLC) and a "Kosovan Seed Committee" (KSC) have been established. The KLC is a Statutory Committee that will take decisions on the Kosovan Listing of Varieties based on Value for Cultivation and Use (VCU) trials data, whilst the KSC main functions are to promote ways of developing the seed sector in Kosovo.

Furthermore the MAFRD is assessing the possibility of setting up a "Plant Variety Rights Office" and a "Seed Section". Under the terms of the proposals, the Plant Variety Rights Office will have overall responsibility for all matters relating to Plant Breeders Rights and Kosovan listing. The Seed Section will have the overall responsibility for all matters relating to the production, testing, certification and marketing of seed, seed potatoes and other planting materials and the enforcement of the seed and plant health regulations. DUS (Distinctness, Uniformity and Stability) testing is not available.

MAFRD will prepare legislation on the authorization or prohibition of marketing of plant protection products. Under a draft "Pesticide Legislation" proposal, a "Kosovo Pesticide Board" shall be established with the responsibility for registering pesticides and cancelling registration of pesticides in Kosovo. Members of the Board shall be appointed by the Minister and shall be selected based on their technical competence in pesticides or pesticides-related matters.

Although the system is not yet in place, a regulation regarding Maximum Residues Limits shall be in conformity with the European Community regulation on this matter.

Regarding plant hygiene and issues related to possible agricultural contaminants, at present the MAFRD has no developed methodologies capable of identifying agricultural contaminants in and on plant products.

## **3.2 ANIMAL PRODUCTION AND ANIMAL HEALTH**

### ***3.2.1 Animal Production***

#### *A) Present situation*

One particular agriculture sub-sector that has consistently performed well in semi-subsistence agriculture in Central and Eastern European Countries (CEECs) is livestock. At the top end of this livestock sector, family livestock farming with high labour productivity would be able to compete sustainably in the single EU market. Consequently, MAFRD attaches high importance to using family livestock farming as a way of improving the quality and quantity of livestock and the intensification of agriculture.

After the conflict, several estimates provided evidence that over 50% of livestock was lost in Kosovo. However, as no statistical survey was carried out until now, it should be admitted that reliable data will be available only after the analysis of the ongoing animal identification and

registration . Furthermore, most livestock infrastructures were damaged and are not in use till now. This situation leads to the insufficiency of animal products and their import from foreign countries. Some donors helped in livestock repopulation and, up to the first quarter of 2003, 10,000 pregnant heifers were imported and distributed to farmers.

The present livestock situation is estimated in the table below.

**Table 3.1 Present Livestock Situation**

<b>Animal species</b>	<b>Number (in thousands)</b>
Cattle	178.6
Sheep	117.7
Goats	6.7
Horses	11.1
Pigs	30.0
Poultry	400.2

Source: Municipalities, Kosovo.

According to available data, annual milk, meat and egg production is estimated as follows:

**Table 3.2 Production Of Milk, Meat And Eggs**

<b>Product</b>	<b>000' tonnes</b>
Beef meat	13.8
Pork meat	1.8
Sheep meat	0.7
Goat meat	0.003
Eggs (millions)	120.1

Source: Municipalities, Kosovo.

Broiler production disappeared due to high production costs and lack of slaughterhouses.

Concerning the dairy sector, the processing capacity in plants is 16,000 tonnes/year, but the milk processed in dairy plants is 12,300 tonnes/year due to the lack of milk collection points in some areas, low technology and low production.

Imports:

For the moment, animal products are still imported on the local market because of insufficient production in Kosovo. There are indications of illegal imports that may be frequent.

**Table 3.3 Imports of animal products, annual average**

<b>Product</b>	<b>000' tonnes</b>
Milk	91.0
Dairy products: cheese, yoghurt, etc.	12.1
Cattle for slaughter (thousand heads)	182.5
Fresh bovine meat	369.0
Frozen bovine meat	200.0
Fresh broilers	4.8
Frozen broilers	10.0
Fresh pork meat	0.008
Processed meat	16.5
Eggs (million pieces)	8.8
Eggs for incubation (million pieces)	0.18
Frozen fish	0.3
Fresh fish	0.01
Canned fish	0.1
Animal feed: concentrates	2.0
Honey	0.02

Source: DRA

According to the current situation and in order to develop livestock production in Kosovo, MAFRD must determine the main objectives to be achieved, strategies, activities and outputs.

*B) Long term objective*

The long-term objective of the Department of Animal Production is to increase livestock production, to improve food security and to reduce importations of animal products.

*C) Immediate objectives*

The immediate objectives that will help to achieve the long-term objective are:

- Promoting breeds with high genetic and productive potential through the use of appropriate technologies in animal production.
- Reducing importations of concentrate animal feed.
- Ensuring good animal feeding through feed quality control resulting in productive and healthy animals.
- Reinforcing the capacity building for the staff and farmers.
- Creating new employment, higher incomes and reduced poverty in rural areas through the development of animal production.

*D) Strategy*

Animal production is a strategic branch of the economy. It has an important influence in agricultural development. According to the current situation, strategies are developed and directed towards the dairy sector and meat production.

The main strategies are:

- Privatisation of ex-state livestock infrastructures.
- Reduce taxes on raw materials used in animal production.
- Reduce taxes on farm machinery.
- Reduce taxes on livestock imported for reproduction.
- Promoting animal feeding crops in rural areas.
- Support producers' associations.
- Limit imports of low quality animal products.
- Promote business plans in private livestock farming, supported by attractive credit conditions.
- Ensure feed quality control.
- Promote the advisory board in animal production.
- Promote/support scientific researches regarding the livestock production.
- Develop relationships with foreign scientific research institutions.
- Encourage private initiatives in livestock production.
- Stimulate local/foreign investors to be interested in livestock production.

*E) Activities*

- Provide the Artificial Insemination and Breeding Centre with the necessary equipment.
- Promote milk collection centres.
- Continue with livestock repopulation.
- Carry out animal identification in close collaboration with the Veterinary Services.
- Training staff and producers.
- Draw up legislation about animal feed control.
- Distribute seeds for animal fodder crops in close collaboration with the Department of Plant Production and Protection.
- Rehabilitation and delimitation of pastures in rural areas.
- Developing programmes for fish farming, bee farming and poultry.
- Promoting investment opportunities in livestock production.
- Promoting small ruminants breeding especially for small farmers.
- Organizing study tours for producers and staff in neighbouring countries.
- Creating an information dissemination system relating to livestock production.

*F) Outputs*

- The recovery in livestock production and rise in productivity.
- Market is available for milk and dairy products.
- Animal products are increasing.
- Livestock records are available.
- Pastures are rehabilitated and developed.
- Animal feeding is improved resulting in high productivity.
- Fodder is improved (better quality) and available.
- Staff and producers trained to provide better outputs.
- Actors in fish farming and bee farming are trained; this will result in increasing the production of fish and honey.
- Imports of day-old chicks will progressively decrease.
- Investment opportunities in livestock production will be tracked and increased.
- Small farmers who don't have enough pastures are provided with small ruminants and their incomes increase.
- The know-how for staff and producers will be more developed.
- All the actors or other people interested in livestock production will have access to relevant information.

### G) *Dairy Sub-Sector: Role of MAFRD and Recommendations*

MAFRD should adopt an integrated development strategy for the dairy sub-sector, addressing milk production, milk collection, processing and marketing, the regulatory framework and institution building. The strategy should concentrate on the development of the formal sector. A concrete result could be to regain a considerable share of the market for fresh liquid milk.

In particular the following issues should be addressed:

- Improvement of policy framework conditions.
- Establish a basic, but EU-standards oriented, regulatory framework (including enforcement) to assure milk quality and consumer protection.
- Abolish import duties on investment goods and inputs<sup>33</sup>.
- Eliminate inconsistencies in the VAT regime. Grant VAT credit to processors buying milk from local farmers.
- Provide reliable statistical data on the sector.
- The MAFRD should coordinate a sub-sector development strategy in collaboration with those institutions of the donor community that already, and intend to in the future, support dairying.
- Assistance with business plans for private dairy farming initiatives.
- Improved availability of production means such as heifers, farm machinery services for improved fodder production and milking equipment through e.g. micro-credit programmes.
- Training and extension: training of specialists (in the MAFRD, Artificial insemination –AI-operators, in producers' associations), extension through media, leaflets and Producers' Associations.
- Institution building: Federation of Producers & Processors<sup>34</sup>, Cattle Breeders section in the Federation (which also provides services).
- Legislation and enforcement, for instance on concentrate feed standards (labelling on concentrates with control), breeding rules.
- Increase the efficiency of milk production through extension, so that farms are viable with lower milk prices.

In the short term the promotion of Milk Collection Centres (MCC) mainly through Producers' Associations would be a route to the improvement of milk quality and to penetrate the domestic market for fresh milk. Milk Collection Centres (MCCs) and Producers' Associations (PAs) require donor support, the attraction and support of which would be an Animal Production Department priority responsibility. A recent dairy sub-sector study done under the CBC has recommended several other activities and objectives that have been approved and adopted by MAFRD. It is foreseen, as in other CEECs, that family dairying can compete regionally, so that Kosovo can at last attain self-sufficiency in fresh milk and many processed dairy products provided that border protection allows a level playing field.

More specifically:

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<sup>33</sup> When implemented, this is likely to apply to the whole agriculture sector, but is put forward here only for the dairy sub-sector.

<sup>34</sup> I.e. the Dairy Federation already mentioned.

- The market share of Kosovo dairy industry is small, <5%, compared to the informal sector and to imports.
- The formal Kosovo dairy sector has to regain the market for fresh milk.
- Main improvements have to be made in milk collection, processing and quality control.
- Taxes and duties on investment goods and inputs are severely hindering urgent investments.
- VAT regulations act against the formal processing sector and have to be changed.
- Legal framework and its enforcement must ensure milk and dairy product quality.
- The Ministry's role is to generate know-how including statistical data on the sector to advise smallholders and donors. It has to set the legal and institutional framework conditions so that the sector can develop.
- The MAFRD will examine and propose a more stimulating fiscal policy (taxes, border tariffs). It will provide the legal texts concerning the dairy sector to the stakeholders and contribute to establish the respective involvement and institutional setting to control milk quality.

#### *H) Processing and Marketing*

- Build up a territory-wide milk collection system.
- Establish an efficient milk quality control system and a voluntary quality certification for Kosovan products.
- Increase the efficiency of the dairy industry and the marketing of products through investments and staff training.
- Establish a modern regulatory framework.

#### *I) Beef*

Currently about 500 bullocks are imported daily for slaughter representing close to half the Kosovo beef requirement. Until the breeding/dairy herd is up to strength, the promotion of more local fattening of younger imported calves on local fodders and crop residues should be investigated. The current import tax means approximately €0.75/kg tax per kg live weight and effectively acts against this strategy. MAFRD will present detailed and sector-wide arguments to the MFE for the removal of this tax. Plus, import licences for semen should be regulated by MAFRD/DRA. In the longer term, it is expected that Kosovo will compete favourably in meeting domestic demand for milk and thus the number of dairy cows is expected to increase from the present 180,000 to 225,000. These will produce about 70% of the Kosovo beef consumption. The remaining 30% may be supplied from dedicated beef breeds raised in hill areas, from the above mentioned fattening of imported young animals, from imported mature animals or a combination of these.

#### *J) Sheep*

Kosovo largely covers domestic needs in sheep meat by domestic production, but the Kosovo flock needs upgrading through imported rams of meatier and faster growing types. This has to go hand in hand with pasture improvement or improved fodder.

#### *K) Fodder*

Improvement of fodder and fodder conservation for dairy, beef and sheep is another priority for donor support. Without improved fodder, none of the main objectives in the livestock sector can

be achieved. The climate and small average farm size favours conservation as hay, but at present this is of low quality and demands a high labour input. Farmers need a wider choice of conservation methods including big-bale technology (hay and silage) suited to the commonly available 35 hp tractor, as well as farm machinery contractors. Low cost, high quality fodder conservation is the foundation of any successful dairy or beef industry. However, natural growing conditions are not favourable for high quality, low cost fodder grown as a dedicated crop.

MAFRD will specifically target the improvement of high pastures as a means of supporting hill and mountain agriculture and will use the proposed Rural Development Fund as a tool for this.

#### *L) Pigs*

The cultural background of the majority Albanian population should be considered only in parallel with what is essentially another agricultural commodity that can be exported to regional markets. Several minorities in Kosovo also present a market opportunity for all farmers. A survey (February 2002) shows 30,000 pigs in 18 municipalities of which 12,000 are in Albanian areas. A pig industry (production and processing) will only be viable if there is a maize surplus as the feed base. Whether there is or isn't, it is probable that maize production would increase in response to demand and price.

#### *M) Poultry*

There is a market for half a million eggs a day of which 90% is produced in Kosovo, but the supply of day-old-chicks from outside the territory is uncertain and spasmodic. So there is a good opportunity for domestic hatcheries to supply layer day-old-chicks and MAFRD should promote this. Opportunities for broilers are low margin and high risk and the present policy should be to import. Any poultry industry (meat or eggs) has to depend on grain availability that is mainly imported now.

#### *N) Animal nutrition*

The section of animal nutrition exists in the Department of Animal Production, within the MAFRD, since April 2002. The main objective of this body is to ensure the production of sufficient and good quality animal feed.

Presently, animals are fed on meadows, by hay, silage and concentrates. But the lack of farm machinery and poor technology in rural areas limit animal feed production. In Kosovo, there are also seventeen animal feed processing plants of which four are not working since the end of the war. The thirteen operating have a rated capacity of 84,769.5 tonnes/year, but now produce less than 8% for lack of raw materials and uncompetitive prices in relation to imports. About 80% of ingredients used in these factories are imported. Most of concentrates are directly imported from FYROM, Albania, Bulgaria and Serbia. The cumulative import rate (VAT+duty+excise) is 26,5% for products imported from Albania and Bulgaria. It is 15% for products imported from Serbia (VAT) and 16% from products imported from FYROM (15% VAT and 1% administrative tax). Until now, there is no operational laboratory for animal feed control.

The Department of Animal Production is preparing a draft code of practice for good animal feeding with intent of adhering to EU standards as much as possible. But to achieve strategy objectives, a laboratory for animal nutrition must be set up very soon in order to control what is produced in Kosovo and/or imported. On the other side, most pastures have been damaged since the war. Their rehabilitation is urgent in order to cope with the livestock restocking that is still being done by some donors.

### **3.2.2 Animal Health and Veterinary Sector<sup>35</sup>**

#### **A) Kosovo Veterinary Services**

As part of active effort of UNMIK to establish joint international and local administration (JIAS) in Kosovo, including agricultural sector, the first public service veterinarian was employed by DAFRD. According to organizational scheme of DAFRD at the time, Veterinary Services were included in the Division of Animal Production and Health (DAPH).

As Kosovo is a net importer of foodstuff and having in mind the direct impact of Veterinary services on protecting public health (food of animal origin) and on economy (animal health), the priority was given to the border veterinary control of imported food of animal origin coming into Kosovo. The first step taken by the DAPH on this matter was hiring of six border veterinary officers followed by initiation of procedures of transferring authority of border control (until then done by a private company) to the responsible administrative body, which was DAPH as part of DAFRD. Further development of the veterinary administration exposed a growing number of duties and tasks, which required additional staff for Kosovo Veterinary Services (KVS) and all this was accompanied by increasing demand from the farming community for service delivery. It was obvious that advanced progress of KVS required strategy and appropriate development planning. As a response to the above described needs and with support of the WB/FAO-CBC project, in October 2001 DAPH presented a medium term strategy paper for the development of public veterinary services.

#### **B) Immediate objectives: Strategy Paper, 2001-2003**

The objective of the policy elaborated in this strategy paper is to provide a vision, with a road map of activities that will allow for the building up of the Kosovo Veterinary Services in an effective and cost efficient manner. The KVS is to provide good and sound public veterinary services for livestock producers, the consumer and the environment in all 30 Municipalities in Kosovo. This policy is open for future development and further elaboration, as the key components of the system fall into place. Below is shown the proposed organizational structure of KVS and key functions of the components projected in this structure.

#### **C) Organization**

##### **1) Central Headquarters**

The centralised headquarters will consist of a Directorate, a diagnostic laboratory, and three sections with planning, monitoring and legislative functions: Animal Health Section, Veterinary Public Health Section and Animal Welfare Section.

##### **2) Animal Health Section**

This section incorporates all activities relevant to the safeguarding and improvement of animal health in Kosovo. It is structured into three units as follows:

- a) Border Inspection Post Coordination Unit, that will register and issue importation licenses to importers of live animals, animal products and food of animal origin; provide export criteria and official certificates for issuance by the Field Veterinary Unit; provide working instructions and supervise the BIPs and BIP officers; collect and manage all data and statistics relevant to animal, animal products and food of animal origin imports and exports; support the creation and implementation of an import and export sub-laws.
- b) Animal Health Surveillance Unit, that will establish a paper based disease notification system and prepare and manage records and statistics of list A and B diseases; plan and supervise contingency plans for list A diseases including the supervision of Border Bio-

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<sup>35</sup> This section has been prepared by the Directorate for Rural Affairs (DRA)

security Posts (BBP); prepare working instructions and supervise the Field Veterinary Unit in disease control and outbreak eradication programmes outsourced to private practitioners; assist in the creation of an animal waste rendering system; cooperate with the Institute of Public Health for the control of zoonoses; prepare the sub-laws legislation for animal disease control programmes.

- c) Animal ID Unit, that will implement an integrated animal identification, herd registration and movement control system with animal health surveillance and veterinary public health monitoring (including food of animal origin) capability; plan, contract and supervise outsourced animal ID system control tasks; collect and manage all data and statistics relevant to the animal ID system; assist the Animal Health Surveillance Unit particularly in case of disease outbreak; prepare the sub-laws legislation for animal ID and movement control.

### **3) Veterinary Public Health Section**

This section incorporates all activities relevant to animal related consumer protection. It is structured into two units:

- a) Drug and Residue Surveillance Unit, that will register and license importers of veterinary drugs, vaccines, medicated animal feed and animal feed premixes (animal remedies); register animal remedies licensed by legislation for use in animals for food production and other animals; establish a recording system and prepare working instructions for the surveillance of animal remedy usage by the Field Veterinary Unit; establish an animal residue surveillance system with an EU compliant yearly monitoring programme for animals and food of animal origin; prepare the sub-laws legislation on the use and surveillance of animal remedies and assist in embedding the residue surveillance system in the food of animal origin legislation.
- b) Food and Hygiene Surveillance Unit, under the mandate of the Kosovo Food Safety Authority, will establish a hygiene surveillance system for the control of food of animal origin in slaughterhouses, dairies, meat processing plants, storage facilities, public kitchens and retailers; contract, outsource and supervise control tasks of the system; manage records and data generated by the system; report routinely to the Kosovo Food Safety Authority through the Director of the KVS; assist the Kosovo Food Authority with the creation and execution of hygiene programmes; cooperate closely with the drug and residue surveillance system; prepare the sub-laws legislation for hygiene and hygienic conditions in the production, processing, trading and distribution of food of animal origin.

### **4) Animal Welfare Section**

The Animal Welfare Unit will establish monitoring systems for food production animals, domestic and zoo animals; prepare the sub-laws legislation for the welfare of animal husbandry, breeding, transport and slaughtering practices; develop a policy for the control of stray dogs and cats and implement the measures in collaboration with the Institute of Public Health; and supervise the correct implementation of the animal welfare legislation.

### **5) Veterinary Field Unit (VFU)**

This unit will serve as the extension outreach of the KVS. Its main function will be to outsource and supervise tasks set by the units of the three KVS sections to private veterinary practitioners and trained technicians. It will issue export certificates, outsource disease control and eradication tasks, animal ID tasks, animal drug/residue surveillance tasks, hygiene surveillance tasks and animal welfare tasks to private practitioners as appropriate.

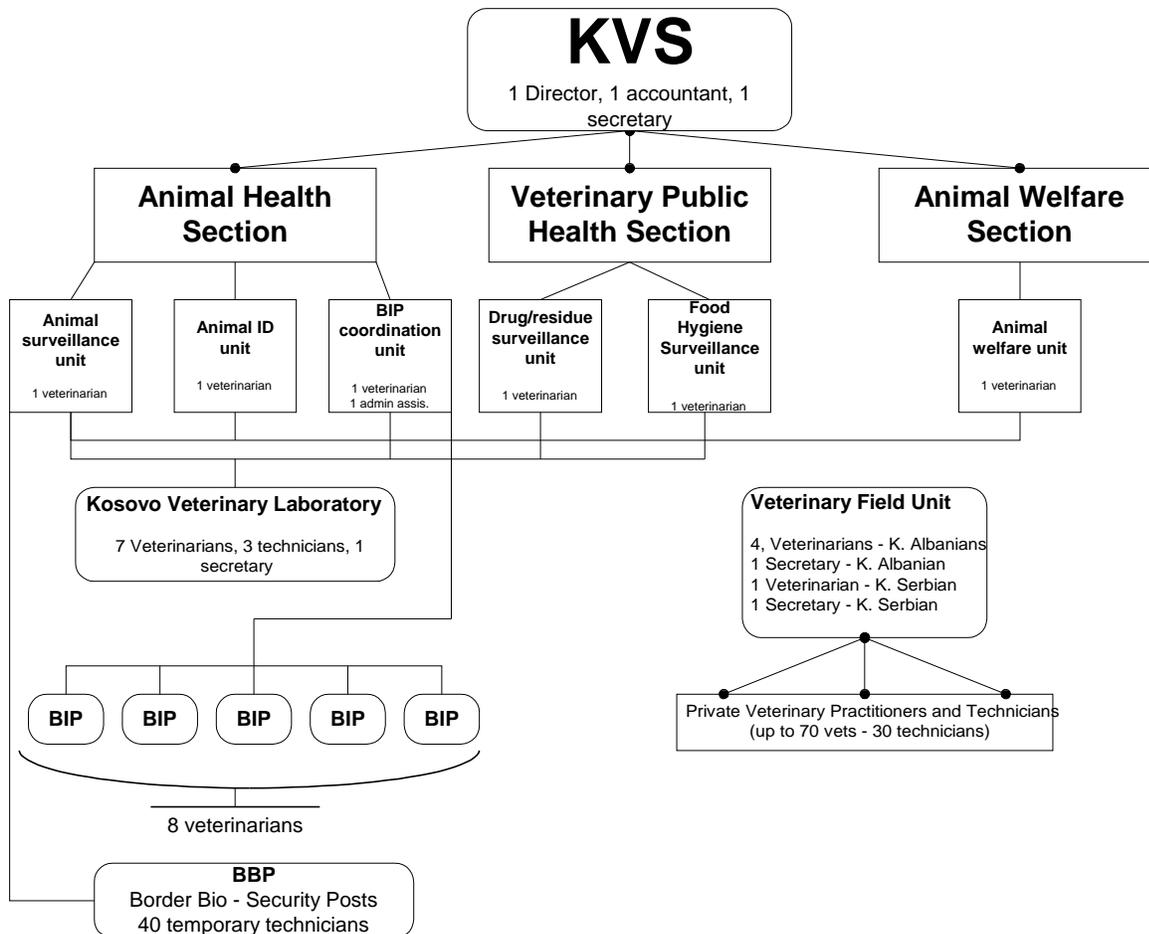
The unit will be based in Pristina, with the veterinary officers operating in the four areas of Kosovo locating the VFU in the same premises as the central headquarters of the KVS will allow for good coordination with the units of the three sections on a daily basis.

**6) Border/boundary Inspection Posts (BIP)**

The BIPs will be located at the six road crossing points of: Hani i Elezit/Djeneral Jankovic on the FYROM border; Vermice/Vrbnica on the Albanian Border; Kulina/Savine Vode on the Montenegro, FRY boundary<sup>36</sup>; Gate 1/Rudnica on the Serbian, FRY boundary; Gate 3/Podujevë/Merdare on the Serbian, FRY boundary, and Gate 5/Kamenica. Furthermore, BIP facilities will be open upon request at the Pristina International airport at Slatina, and Pristina train station at Fushe Kosovo/Kosovo Polje, staffed by the Field Veterinary Unit officers.

The BIPs will prepare and organise work plans in collaboration with the BIP coordination unit; inspect and authorise entry for all live animals and animal products (food and non-food) according to the legislation; record and manage data regarding passage of all consignments; sample animals and products of animal origin; collect inspection processing fees according to legislation; prepare statistics for submission to the BIP coordination unit; inform the BIP coordination unit in case of consignments not conforming to the legislation; prepare proposals for the amendment of sub-law legislation and BIP procedures when appropriate.

**Chart 3. 1 Kosovo Veterinary Services - Organisational Diagram**



<sup>36</sup> Montenegro is not internationally recognized as an independent country.

## 7) Outsourced Public Veterinary Tasks

The six units will utilise the Veterinary Field Unit for the outsourcing of a number of public tasks, according to the nature and the requirements of each programme. These will include:

**Animal Health Surveillance Unit:** disease control activities, surveys, individual animal testing, mass vaccination and treatment and eventually slaughtering of infected animals against brucellosis, tuberculosis, anthrax, rabies, echinococcus, classical swine fever, newcastle disease and others.

**Animal ID Unit:** animal ID data collection, animal ear tagging and animal movement reporting.

**BIP Coordination Unit:** no identified outsourced tasks.

**Drug and Residue Surveillance Unit:** Kosovo-wide surveillance tasks on the correct usage of animal drugs, vaccines and medicated feed (animal remedies). This includes collecting samples from live animals on farms (urine, milk, eggs), collecting samples of food of animal origin at slaughterhouses, dairies, processing and packaging plants, public kitchens, sale points and inspecting drug registers of private practitioners and medicated animal feed in animal holdings.

**Food and Hygiene Surveillance Unit:** Kosovo-wide surveillance tasks for the control of food of animal origin. This will include, slaughterhouse *pre-* and *post- mortem* inspections with official stamping of animal carcasses; sampling of food of animal origin at slaughterhouses, dairies, processing and packaging plants, public kitchens and sale points.

**Animal Welfare Unit:** monitoring husbandry, transportation, breeding and slaughter practices. Cooperate in the stray dog and cat program.

The current status of Veterinary Services is presented in Annex 3.

### D) Plans for period 2002-2005. Overall Objectives

- Cooperation on implementation of the Veterinary Services Strengthening Project funded by EAR (€2.4 million), project-implementing partner is RDP Livestock Services from Netherlands. (See Annex 5)
- Continuation of projects that are foreseen to be implemented by the Veterinary services (above described).
- Implementation of the Inland Food Inspection Program (compatible to EU system).

## 3.3 FORESTRY

### 3.3.1 Current Status of the Sector

The analysis of the sector and suggestions for actions are mainly based on a Forest Sector Study completed in December 2001. The study concluded, among other things, that the annual value of products and other benefits from forest and forestlands are in the range of €50-75 million. Current potential contribution of the forestry sector to GDP is between 1.8% and 2.6% and with adequate future investment this could be 3-4% of GDP.

The total forested area in Kosovo is, according to current estimates, around 430,000 ha, corresponding to about 40% of the total land area. Out of this area, 40%, or some 162,000 ha, is privately owned by approximately 40,000 individuals, whilst the remaining 266,000 ha are publicly owned.

Kosovo forests are predominantly broadleaved. Only 5% is classified as coniferous forest. 80,000 ha are classified as degraded forest that would need various types of restoration

measures to become productive. About 100,000 ha are classified as shrub and bare land, out of which 20,000 to 40,000 ha might be suitable for plantations.

Forests are also a source for non-wood products. Non-wood products includes wild fungi, berries, fruits, nuts and the products derived from them (jams, jelly, juice etc.), honey, sand, gravel, stone. There are also possibilities to develop hunting and agri-tourism. The value of non-wood products in the rest of Europe has probably declined. In Kosovo however, the value of non-wood products is likely to increase because people still maintain close contacts with their rural/forest traditions and also because of the relative absence of pollution.

Although activities detrimental to a sustainable forest development have decreased compared to the level immediately after the war, illegal felling is still a considerable problem. The main reasons for these activities are inadequate law enforcement, poverty, lack of fuel wood, high wood prices, lack of alternative income opportunities and a high demand for wood products.

Non-implementation of existing regulations is another closely related problem. Although much work has been done at the preparatory level, the new organizational structure throughout Kosovo has not been completely implemented. Non-implementation may have a number of causes, including misinterpretation of existing regulations, lack of knowledge, a wish for personal gain, a difficult supply situation, etc.

Since forestry and forest industry are important employers and contributors to the Kosovan economy, actions must be taken to recover their former importance and status.

As shown in Table 3.4, three main factors constrain the development possibilities of the sector: complicated structures; lack of scale in operation and the economic/political situation. In summary, it can be said that these factors result in a lack of consensus in important issues, high cost in production despite of low labour cost and difficulties in attracting qualified people and capital. These facts have to be carefully considered when implementing various actions and plans.<sup>37</sup>

**Table 3. 4 Problem analysis in the forestry sector**

<b>Factors</b>	<b>Effects</b>	<b>Results</b>
Structures are complicated and institutional functions are weak	Many bodies are involved in managing and controlling forest (KFA, Municipalities, Soc.- Owned Enterprises, SRSG, KFOR, CIVPOL)	Roles and responsibilities are confused, risks of lack of consensus in important issues, contradictory objectives
Scale of the forestry and forest industry sectors	Forestry and forest industries cannot benefit from effects of scale of economy in operations, or from the benefits of clustering	High cost of production throughout the chain and difficulties in capitalizing on profits from final production
Economic and political situation	Low salaries, unemployment, minority problems, the economy is focusing on service and not on production	Difficulties in attracting serious investors and low productivity

### **3.3.2 Long-term Objectives**

Most countries' forest is declared as a domestic resource and should be managed accordingly to ensure qualitative and quantitative sustainable development. In Kosovo, forestry has also been, and is, an important part of the economic, social and ecological dimension.

Sustainable development of forests comprises a number of different aspects, such as maintenance and appropriate enhancement of forest resources, maintenance of forest health

<sup>37</sup>On 13 February 2003 the Assembly of Kosovo approved, with amendments, the Law on Kosovo Forests as proposed by MAFRD in conjunction with the Government. The Assembly approved Law was promulgated by the SRSG on March 20.

and vitality, biodiversity and socio-economic functions and conditions. The protective functions of forests (especially for soil and water) should also be emphasized. Some socio-economic indicators taken into account will be: contribution to the Kosovo economy, workforce and trade, but also providing recreation and maintaining cultural and traditional values.

The forest resources of Kosovo should also be declared as a Kosovo-wide resource, with a long-term objective of managing this resource to provide a valuable yield and at the same time preserve biodiversity for the benefit of present and future generations.

### **3.3.3 Immediate Objectives**

#### *A) Consensus building*

Forest and forestlands are a natural resource and it is the obligation of all actors concerned to be fully committed to the principles of cost efficient and sustainable use of the resource for the benefit of Kosovo and its inhabitants. This means that a consensus about important development objectives and prioritised actions must be established. This should include, among other things, commitments to stop illegal cutting and corruption, creation of administrative and operational structures making possible more efficient utilization of forest and forestlands and raising the awareness of the Provisional Government and the public on the importance of forestry and forest industry for Kosovo.

#### *B) Law enforcement*

A legislative framework supportive to investment and law enforcement are key elements that must be established and maintained in Kosovo. In this respect the new Forest Law will be of the utmost importance. However, to become an efficient tool, law enforcement organisations (Kosovo Forest Agency) and organisations conducting forest operations (presently Socially-owned Enterprises) must be developed and re-organised to comply with the requirement of the new Forest Law.

#### *C) Training and Education*

A consistent legislative framework and strong law enforcement are similarly important. Human resources development is also important for all categories of personnel: manual workers, technicians, engineers and management.

#### *D) Reorganising Forest Industry*

Investments in forest industry have been uncoordinated, leading to over-investment and investments in less profitable areas. To help in a necessary privatisation and reorganization process, the wood-based industry should establish a professional forum (Kosovo Wood Industry Association). The objective of this Association will be to promote and protect the interests of private sawmills and other wood processing companies. Since there is also a need for technical support and training, the Association should also be actively involved in these matters.

#### *E) Support to Private Forest Owners*

Private forestry, accounting for 40% of the total forestlands in Kosovo, requires more attention. This can be done through provision of seedlings and services at low cost. However, forest owners also need support in other areas. For this reason the appropriateness of establishing a Forest Owners Association to support in marketing of wood, technology development, ownership questions, lobbying, etc, should be analysed. A well functioning Association may become a stabilizing factor on the wood market to the benefit of both forest owners and the wood industry.

*F) Reorganising operations on public forestlands*

Management of public forestlands has to be re-organised. The objective should be to separate regulatory functions (policy issues, law enforcement) from those of cutting and selling wood. In this respect, some actions have already been implemented. Other objectives are through improved operations to increase revenues from harvesting licences and shift the focus from exploitation to activities that restore the resource base.

### **3.3.4 Strategy to Achieve Objectives**

The existing strategy, as expressed in laws and regulations, and current governmental support on forest management has not been sufficient to provide satisfactory results on sustainable forest management. For these reasons and in order to comply with both long-term and immediate objectives the following strategies should be applied:

*A) Declaration of forestry as a Kosovo-wide resource*

Following the ambitions of the new Forest Law, the forest of Kosovo should be declared as a domestic resource that should be managed in such a way as to provide a valuable yield for present and future generations and at the same time preserve biodiversity. This strategy will set the tone for forest management and make clear that management of the forest must be based on sustainable principles and that rights of ownerships have their limitations.

*B) Increase the knowledge and understanding of the importance of forestry*

Two main strategies should be applied: increasing the knowledge of people dealing with forestry and raising the awareness of the public to forestry as an important contributor to the domestic economy. In this process, establishing educational premises and conducting public information campaigns will become key activities.

*C) Support to private sector development*

The private sector's capability to contribute in developing the sector needs to be improved. This relates both to forestry and forest industry. A strategy should be adopted supporting and facilitating the build up of organisations and clusters supportive to various development and investment activities. The strategy also needs to include establishing credit lines for various kinds of investments.

*D) Reorganising management of public forestlands*

Forest operations in Kosovo are, with very few exceptions, conducted by a great number of small Socially-owned Forest Enterprises, most of them operating with unskilled personnel, outdated equipment and with no overall coordination. This poor management and low investment capacity are the main reasons for a comparatively high wood cost that in many cases exceeds the cost that competitive forest industries can afford to pay. In the present administrative structure there are also risks that profits are being illegally diverted for purposes other than forestry. This can best be explained by the gap between the calculated wood cost in Kosovo and the current wood prices. This means that either the calculated wood cost is too low or profits are being illegally diverted for purposes other than forestry. For these reasons the strategy is to create a coordinated structure capable of managing and utilizing the Public Forestlands in a more sustainable and cost efficient manner than presently.

### **3.3.5 Activities**

Following the objectives and strategies outlined, strengthening of the forest sector will concentrate on the following main activities:

#### A) *Law enforcement*

On 13 February 2003 the Assembly of Kosovo approved, with minor amendment, the Law on Kosovo Forests as prepared and proposed by MAFRD. The Assembly approved Law was promulgated by the SRSG on 20 March

Promulgation of the new forest law and building a consensus about key actions and development targets are priorities. The law constitutes the foundation for more efficient actions against illegal logging and the clarification of roles and responsibilities. The Kosovo Forest Agency, the legal successor to the current Kosovo Forest Authority, will, in accordance with its legal basis, implement forest policies and plans. This will include seedling production, marking of trees for cutting, monitoring operations, conducting forest inventories, controlling illegal logging, forest fire prevention and implementing silviculture work according to agreed targets. The tasks will also include research, training and public information campaigns. To comply with these tasks, the function of the new Agency, which will be constitutional required to independently implement the Minister's policy objectives, must be strengthened. This relates to skill, mobility, reporting systems, rewarding systems, etc.

Amongst the most urgent actions are the protection of forests against illegal felling, activities damaging forest, people illegally claiming and exercising rights to public forestlands etc. Measures to obtain this would be a temporary increase of forest guards and supervisory inspection functions. These harmful activities can also be prevented or decreased by improving the legal framework and responsibilities of forest owners in protecting forestlands.

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#### B) *Increase the knowledge and understanding of the importance of forestry*

There have been practically no training opportunities available for forestry staff during the past 10 to 15 years. This means that the experience of professional staff at all levels is outdated and there is an urgent need for refresher courses for all professional level staff, and, which is already planned, for establishing permanent training facilities. This will include the following tasks:

- Refresher training to upgrade the skills of existing personnel to meet the most immediate development requirements.
- Training of top management in the wood-processing industry and forestry with the objective of visualizing potential gains through integration of operations throughout the supply chain.
- Establishing permanent educational premises for Forest Workers.
- Organizing education premises/facilities for Forest Technicians.
- Organizing educational options for PhD candidates, Masters degree training and Forest Engineers in a neighbouring country.

A project proposal covering the above subjects is under discussion with donor organisations.

The organization of an extension function in KFA has also been suggested. Important elements are information for the public about the importance of forestry, information about the new legislation and training of forest farmers in forest management and technology.

### *C) Support to private sector development*

Since it is anticipated that the private sector will (indeed must) play an important future role in forestry and forest industry this group would need proper attention from the government. Following the objectives and strategies outlined, two main activities are suggested: the establishment of a Forest Owners' Association and a Wood Industry Association.

It is also proposed to analyse the possible establishment of an Association to support the private forestry in marketing of wood, technology development, ownership questions, lobbying, etc. Forest Owners' Associations are established in most countries to represent and support private forestry. Models and systems are well developed and support could vary from complete management undertakings to provision of services in specific cases or areas. A well functioning Association may, by coordinating wood supply from many small owners, increase the value of the wood to the benefit of both forest owners and wood consuming industry. Associations in other private sector areas have already been established in Kosovo and it is recommended that the establishment of a Forest Owners' Association should build on this accumulated experience.

The entire industry is in urgent need of considerable investment and there the most urgent issue is privatisation and reorganization of the Kombinats (Forestry Enterprises). This process, which will certainly be painful, should start immediately upon the availability of new data about the potential long-term wood supply. In this process, an important task of the Association will be to promote and protect the interests of private sawmills and other wood processing companies.

There is also a need for technical support, which should monitor technical development and keep the members updated through meetings and articles in members' newsletters. This function is especially important, as the limited size of the sector in Kosovo does not allow for the establishment of Wood Processing/Research premises.

The Association should be actively involved in training. Since some training facilities already exist in Ferizaj/Urosevac, the Association could have its office there. As new equipment is coming in, the training needs in the future will be very different from the "apprentice – craftsman – master" system of the former times. Therefore, an activity of the Association will be to organize various courses for member companies.

The remit of the Association should also be to represent the members' interests in discussions with the authorities, to present the views of the industry to decision makers, to give professional assistance to individual companies when needed and to disseminate general market information.

### *D) Reorganising management of public forestlands*

The activities are aiming at creating a Public Forest Service (Company) responsible for management of all public forestlands. The sequences of most important actions are to:

- Establish the legal basis for a merger of all SOEs into one organization that may constitute a core operational unit with several operating centres.
- Establish a taskforce to drive the restructuring process. The group may include future board members and top management.
- Appoint a Management Board with representatives from concerned Ministries, professionals and Municipalities.
- Analyse the resources in KFA and the SOEs (personnel, equipment, buildings, nurseries, etc) and draft a distribution plan aimed at creating an optimal allocation of resources.

- Based on calculated annual harvesting volumes, silviculture work and definition of tasks and responsibilities, establish the physical resources required. This will include appointment of personnel, establishing offices, budgeting investments, etc.
- Draft a program for personnel who cannot be offered employment in the new structure.

### **3.3.6 Outputs**

Output is here defined as the performance measures (quantitative or qualitative), or the desirable situation after the strategy has been implemented and the specified activities carried out. Since forestry is a long-term activity, the effects of investments are seldom visible in short-term perspective. Instead it may take decades to recognize real effects.

#### *A) Quantitative performance indicators*

However, despite those difficulties, it is important to agree on measurable quantitative performance indicators. Below some examples are given:

- Quantities of illegally harvested wood. Taking into consideration efforts already made and planned, results should be visible within a year from now.
- Funds made available for silvicultural activities and forest improvement. Depending on the schedule of reorganizing forest operations on public forestlands, changes should be possibly measured within a period of 2-3 years from now.
- The change in average standing volume per hectare over time is a clearly defined measurable unit. Related to this are also improved yield (growth) and diversity of species. Changes are visible after a period of 5-10 years.
- Increased wood supply potential is closely related to factors as improved yield, functioning of market, etc. Changes are visible after a period of 5-10 years.
- Qualitative performance measures are in many cases more difficult to assess. Increased forest cover has a carbon sinking effect and will contribute to an improved environment. Another performance indicator would be the implementation and acceptance of the new Forest Law and other means to support improved forestry.

#### *B) Law enforcement*

The new Forest Law had been promulgated by the SRSG on March 20. That means that after this date there should exist legal and regulatory provisions that would ensure forest protection and sustainable development. At the same time, KFA's performance should have been improved, as a result of strengthening management functions and access to better systems for planning and control. As suggested in the new law, a Forest Fund to support reforestation and other silviculture work would also be established.

#### *C) Increase the knowledge and understanding of the importance of forestry*

With regard to capacity building, the target is to start a two-year training project at the beginning of year 2003. After a two-year project period the following outputs are expected:

- Refresher training conducted for about 20 Forest Engineers and about 80 Forest Technicians. The following subjects will be prioritised:
  - Management planning (strategic and operational)
  - All aspects of silviculture (thinning programs, nursery operations, re- and afforestation, forest rehabilitation)

- Environmentally friendly forest harvesting methods
- Forest protection, pest and disease control
- A Management Training Course conducted for about 10 managers. The training program will include a theoretical part (in Prishtinë/Pristina) and a study tour to relevant areas/neighbouring countries in Europe.
- Permanent vocational training premises established for about 50-100 Forest Workers. To support this training, about 10 teachers and instructors to work both in school and out in the field have to be trained.
- Permanent training options for about 10 Forest Technicians organized.
- Educational options for forestry personnel established in a neighbouring country, preferably in the Balkan region, allowing for training one to two PhD candidates, three to four Masters and four to five Forest Engineers annually.
- To secure the sustainability of this project, KFA will, as receiving agency, establish a section for training and education within its organisation.
- Routines for Public Campaigns should have been introduced and training of private forest owners organized. Results from research activities will also contribute to better performance of the sector.

*D) Support to private sector development*

When successfully implemented, the actions will result in a forest-based industry designed to meet both the requirements of the wood consuming markets and the potential availability of wood (quantity and quality). A redesigned forest industry will have, due to better market fitness and wood meeting certain quantity and quality requirements, increased capability to pay for the wood to the benefit of forest owners. As a consequence, this should allow for a more intensive management of the forest resources.

The position of private forest owners will be strengthened through the establishment of a Forest Owners' Association. If united, the group will become more powerful in pricing wood; they will have an influence on forest legislation and other decisions taken by various authorities and will affect forestry in various aspects.

*E) Reorganising management of public forestlands*

In accordance with the above-described activities, it is expected that by the end of year 2003 a new organization will have been created to take on management of public forestlands. This will, among others, include:

- Enforcement of the law for joint management of all public forestlands in Kosovo.
- Operations organized in four to six Superintendent Districts. Main customers will be local sawmills, a reduced number of reorganized and privatised Wood Processing Kombinat located in respective areas and buyers of fire wood.
- A Managing Director and a Management Board appointed with representatives from concerned Ministries, professionals and Municipalities.
- Sufficient resources (personnel, equipment and other physical means) allocated to cover all tasks designed to the organization.

## **3.4 RURAL DEVELOPMENT**

### **3.4.1 Objectives**

#### *A) Longer term objectives*

Rural poverty remains one of the most important challenges of rural Kosovo. Longer-term objectives in rural development are to improve the living and working conditions and positions of rural people, especially marginalized groups, the rural poor and women. Social/cultural development will constitute an integral part of the rural development process.

#### *B) Immediate objectives*

Main immediate objectives in rural development are to achieve:

- Improved food security, revival of the agricultural sector, sustainable land use and improved agricultural output.
- Increased rural income through enhanced off-farm employment generation schemes and, by creating an enabling environment, to develop rural finance and micro-businesses leading to increased public/private sector participation in agriculture, agro-processing and other small scale rural businesses.
- Human resource development, empowerment and civil liberty through increased confidence, analytical and claiming power of the rural community.
- Improved rural infrastructure and public services that would improve the living and working conditions of rural communities and contribute to economic development.
- Improved working and living conditions, as well as an improved position of rural women leading to better gender relations in the rural society.
- Social/cultural development: preservation of cultural heritages.

### **3.4.2 Strategic Approaches**

The following approaches and strategies will be introduced:

- *Integrated development*: multi-faceted development in which various components would be introduced to create synergy and better impacts.
- *Community participation*: bottom-up oriented information flow, decision-making and consultation structure in the planning, implementation and monitoring process.
- *Process orientation*: starting small through pilot trials, learning by doing, improvement and replication of successful results through systematic phasing.
- *Periodic monitoring of results*: adequate information and data will be collected to enable periodic monitoring of impacts and improve on successes and failures.
- *Gender equality and participation of women in development*: will be working towards alleviating workload and improving the positions of women in society.
- *Community organizations and mobilization*: the development of voluntary and functional community organizations will be supported and they will own the development process and eventually have legal status.

### **3.4.3 Cross-Cutting Strategic Choices**

#### **A) Ecological sustainability**

Main environmental issues to be addressed are:

- Appropriate land-use practices, like enhanced plantation of forests on marginal lands and steep slopes, complementing the conservation of soil and water and minimizing water run-off and silting of plains and agricultural fields.
- The use of fertilizers and chemical inputs will be within permissible levels that would not jeopardize the longer term quality of the soil, nor will enter the food chain significantly.
- Ploughing and irrigation of land will not cause longer-term erosion and salinity.
- Forestry development, soil and water conservation, food production, animal husbandry and energy utilization will have complementary effect towards enriching each other, rather competing and defeating one another causing environmental degradation.
- Industrial development (like TREPCHA lead melting plant) will not pollute air, soil or water.
- Waste disposal and landfills will not contaminate, soil or ground water.
- Agricultural lands will not be converted to construction sites without proper impact assessment studies and permits under future land zoning law.
- Mitigation measures will be assessed and applied to minimize environmental degradation and the passage of toxic pollutants through the food chain, where applicable and manageable.

Support will be given to Rural Development Officers (RDOs) at Ministry Field Units (MFUs) and Municipalities in building their capacity of assessing ecological conditions and incorporating the necessary ecological protection measures in their areas of work.

## *B) Gender and development*

Gender and development could be an activity or a project by itself while at the same time it could be treated as a crosscutting intervention. In the latter case, attention will be given to the participation and role of women and gender balance in each of the programmes, projects and activities under consideration. In this regard, the following issues will be considered in each of the rural development interventions to ensure gender sensitivity of rural development initiatives. To that effect, a gender sensitivity checklist will be designed and changes monitored (See Gender part in Chapter II).

### **3.4.4 Training, Capacity Building Support and Backstopping**

Training and technical backstopping support to rural development workers and community groups will be given on a periodic basis, depending on availability of funds and trainers in specialized fields. Training will be targeted on training of trainers and Ministry Field Offices (MFUs) as well as municipal Rural Development Officers (RDOs) and Agronomists. Community groups will receive training.

It is envisaged that projects being planned in future will have training and workshops targeted to the Ministry staff and potential trainers. In certain cases, some pilot area community representatives could take part in these training and workshop sessions.

Other forms of training include on-the-job training, experience exchange and brainstorming sessions, which will be facilitated periodically by the Ministry/MFUs.

Support from the MAFRD to Municipalities and NGOs could also be in the form of technical advice, periodic backstopping and guidance.

At this stage, the following training fields and areas of capacity building support are foreseen and could be expanded as the need arises:

- *Sustainable Land Use*: on farm trials, animal quality/productivity improvement, community forestry management, etc.
- *Environmental Impact Assessment (EIA) and protection pertaining to sustainable development*: training will be given in practical issues of EIA and environmental protection in the field of agriculture and rural development.
- *Micro-Enterprise Development*: business management and simple accounting training, etc.
- *Rural Finance/Saving and Credit*: saving and credit management and simple accounting training, etc.
- *Gender and Development*: training sessions on gender analysis and planning and facilitation.
- *Community Organizations*: training on formation of community groups and linkages/apex structures and functions of such entities in rural development.
- *Data collection, compilation and analysis*: on collection and analysis of relevant data and reporting.
- *Project cycle management*: project identification, design, planning, implementation and monitoring cycle in a participatory way.

- *Participatory methods on information search, research and planning:* Participatory Rural Appraisal (PRA), Rapid Rural Appraisal (RRA), Objectives Oriented Participatory Planning (OOPP), etc.

### **3.4.5 Development of Rural Organizations**

For rural development practices to be of longer-term use and have greater impact, it is vital that institutional sustainability is ensured through promoting the formation and strengthening of rural organizations.

The presence of grassroots institutions would create an enabling environment for rural development processes. It is equally important that grassroots organizations are legally recognized and are formed on the principles of free entry and exist through democratic representation. In some countries with strong rural development practices, development committees at sub-village, village and municipal levels are elected by citizens to oversee and expedite development practices at lower levels. In some other cases, grassroots community organizations are formed by voluntary self-help or functional groups that will have their specific legal status in relation to the specific function to which they are formed like water users associations, rural credit groups, women's interest groups, community forest development groups, etc.

The role of the Ministry is to ensure that the most basic issues in forming rural community groups are respected, such as: to ensure clear-cut ownership, enhance commitment and participation, realize self-management of development by the owners themselves and oversee legality issues in practice. This role, properly executed, will contribute towards sustainable development practices.

Rural organizations comprising grassroots and municipal level structures could have important functions to play, such as:

- *Initiating, coordinating and implementing* development undertakings.
- *Managing community development funds* rose from community contributions or donations from outside.
- *Enhancing community civic education* leading to civil liberty.
- *Raising their voices and lobbying* to express community interests and influence policy decisions at municipal and higher levels.

Several capacity building support activities will be given to community organizations until they are able to stand by themselves. The type of support could include training, technical backstopping and even financial support through liaising with donors. Special focus will be given to promoting internal democratic representation and transparency. Eventually, these organizations are expected to function independently in initiating, designing, implementing and monitoring development projects and in accessing donors for funding as well as lobbying with policy makers (See Chapter II for details).

### **3.4.6 Networking and Experience Exchange at a Higher Level**

It is essential that experiences gained at grassroots level are brought up to a central level and shared with other actors so that best practices could be replicated at a wider scale. Isolated interventions are not so vital if they are only aimed at reaching the specific target groups only. Most initial interventions are in the form of pilot trials from which lessons could be learnt and shared with other existing or forthcoming actors. Networking and information exchange at various levels are vital in avoiding duplication of work, minimizing the cost of learning and

continuing from achievements reached so far. Methods and approaches used successfully in a certain specific intervention could be a fertile ground for another organization planning to intervene in similar areas of work.

MAFRD is already conducting an NGO coordination forum, which is an embryonic organ for future networking and information exchange structure. Accordingly, it is envisaged to establish networks at various levels – regional, municipal and even village level networks. It is also important that the various levels of networks pass their reports and findings to the central networking structure so that the information could be spread to Kosovo wide users. MAFRD will support and strengthen networking structures at various levels and will continue to conduct an NGO coordination forum to enable the smooth exchange of experiences and best practices in rural development (See networking in Chapter II for details).

### **3.4.7 Main Specific Areas of Involvement**

The Department will focus its involvement in the following areas:

#### **1. Sustainable land use**

Main area of focus will be raising agricultural productivity while maintaining environmental safety. Three main areas are: crop production, animal husbandry and forestry development.

##### **a. Crop production:** three lines of strategies are foreseen:

- Conducting adaptability trials in selecting best performing seed varieties and fertilizer/other chemical inputs. The Kosovo Institute of Agriculture and academic and research institutions will do this activity.
- Conducting participatory on-farm trials with voluntary farmers, to study and account for soil and agro-climatic variability on the one hand, and test actual farmers' acceptance on selected new technologies and determining technological packages blended with local knowledge on the other hand. This has already started in collaboration with IFDC.
- Kosovo wide extension of selected packages through MAFRD Advisory Services to be established. (see Advisory Services)

##### **b. Animal husbandry:** so far, the restocking of animals has dominated livestock related operations in Kosovo, which is understandable following the war as this eliminated over half the farm animals. However, restocking cannot be continued indefinitely without due regard for productivity and quality improvement. Efforts will be made to improve animal husbandry management practices such as improving animal feed, improving animal health, upgrading stables and raising breed qualities through artificial insemination and cross-breeding. This quality and productivity improvement will be realized at field level, in collaboration with the Department of Animal Production.

##### **c. Forestry:** Support will be given to private and community forestry owners and developers in planting trees on marginal lands. Along with privatisation and land holding readjustment schemes to be introduced in future, there will be a drive towards initiating individuals and community groups to plant trees and develop forestry on marginal lands, which will be provided to them along with official certification. The role to be played by Municipalities will be rather significant when it comes to developing community forestry.

In this process, the role of MAFRD will be focused on introducing environmentally sound farming systems. At the initial stage, productivity improvement concerns will be given priority. Gradually,

environmental concerns will be addressed with the possibility of introducing low external input agriculture and organic farming systems.

## 2. *Micro-business and rural finance promotion*

The Department will be involved in guiding and facilitating private sector participation in the development of micro- and small – scale businesses in rural Kosovo. The growth of rural finance will be encouraged to ensure adequate access of rural businesses to credit services. The necessary capacity building will be addressed for actors operating on the ground and conducting the follow-up. The following main areas of involvement are planned:

- Promote micro-business and income generation in the private sector in rural Kosovo: support will be given to business advisory services, skills improvement in business management and workmanship.
- Work towards enhancing rural finance services and promote access of rural communities to saving and credit schemes: support to rural finance will be in the form of monitoring, advisory, information exchange for improvement of practices and by way of policy support and problem solving.
- Promote eco-tourism in rural areas and selected specific areas where urban people will travel and pass their leisure time in rural villages. This will include the preservation of cultural heritages (see Micro-Finance in Chapter II for details).

## 3. *Capacity building and training*

The Department will train and guide actors on best practices on rural development. It will:

- Provide training in the areas of gender and development, sustainable land use, rural finance, participatory project management and micro-business development.
- Guide and support the formation and mobilization of rural organizations and Cooperatives.
- Coordinate NGOs and civil society organizations in exchanging information and networking.
- Support and guide the training of rural communities on civic education. (Detailed areas of training and capacity building are shown in 3.4.4. above).

## 4. *Rural infrastructures*

In consultation with competent authorities and Ministries, the Department will promote and contribute towards the development of rural infrastructures like feeder roads, water supply, adult literacy and community health at rural village level.

## 5. *Gender*

The Department will work towards the improvement of gender relations, working conditions, position of women in rural households and communities and enhance participation of women in development and decision-making. Ultimately, gender relations will have to be improved in rural Kosovo, giving way to the improvement of position of women in relation to men as well as a decrease in their workloads.

## 6. *Specific studies*

Specific sector based studies will be conducted in close collaboration with the Policy and agricultural statistics office in areas like rural finance, gender, sustainable land use, rural associations and community organizations.

The outcome of these studies will be utilized to formulate appropriate policies and improve quality and performance by the various actors through a network of discussion on results and workshops.

#### *7. NGO Coordination*

An NGO Coordination Forum is currently operational under the leadership of the Department with the view to exchanging information between various actors in development. It is envisaged that this Forum will grow to be a network of Civil Society Organizations having a strong interface with the Ministry as the Coordinator, and eventually grow as a lobbying network for NGOs. Donors and government agencies operating in agriculture and rural development both at central and municipal level also take part in this Forum. Gradually, the forum is expected to have antenna Forums established at Municipality level.

### **3.5 CENTRAL ADMINISTRATIVE SERVICES OF THE MAFRD**

#### ***3.5.1 Mission, Objectives, Priorities and Future Development***

The Central Administrative Services Division (CASD) of the MAFRD was established on April 28, 2000. The CASD is responsible for efficient administration and organization of the MAFRD and its directly related organisational units (e.g. Field Offices, Kosovo Institute of Agriculture (KIA), etc.).

##### *A) Mission of CASD*

The CASD continuously improves the administrative and organisational capacity of the MAFRD to enable it to provide administrative services of high quality for the Kosovan people and especially to farmers and the rural population of Kosovo. Doing this, the CASD helps to implement policies of the Provisional Kosovan Government in a transparent and efficient way.

##### *B) Objectives and competencies of the CASD*

The CASD ensures that administrative activities of MAFRD and related organisational units are efficient, transparent and at any time traceable.

The CASD provides administrative and organisational services to the technical Departments of the MAFRD.

Under the overall guidance of the Permanent Secretary the CASD has the competency to enforce administrative rules and procedures.

The CASD can propose new administrative rules and procedures to the Permanent Secretary.

The CASD is responsible for the further development of the structure and organisation of the MAFRD and related organisational units.

#### ***3.5.2 Work Priorities***

Since its establishment the CASD recruited qualified staff for financial, personnel and logistical tasks of the MAFRD. Since 2001 the CASD works intensively on basic administrative rules and procedures that comprise the following topics:

- Introduction of systematic planning, programming and reporting procedures.
- Work place descriptions for each working place in the MAFRD.
- Introduction of transparent and objective recruitment and selection procedures.

- Optimising the filing and archiving system.
- Introduction of an accounting and budget control system based on advanced international accounting software (in close collaboration with the Ministry of Finance).

The FAO/World Bank-supported EFRP-CBC assistance supported the CASD in these efforts to improve basic administrative rules and procedures.

### **3.6 INTERNAL AUDIT UNIT**

An independent Internal Audit Unit is established and located directly under the Permanent Secretary of the MAFRD. It is the task of this Unit to carry out independent reviews of financial and administrative activities within the MAFRD and related organisational units to prevent fraud and misuse of resources.

### **3.7 LEGAL ACTIVITIES**

#### **3.7.1 Organization**

The Legal Services of the Ministry forms a substantial component of the Office of the Permanent Secretary and consists of 5 fulltime legal officers supported by an office assistant. With the growth of the Ministry and its work load, it is envisaged that the Legal Services will grow to approximately 10 legal officers, some of whom will be assigned to provide specific legal assistance to other units of the Ministry, such as the Kosovo Forest Authority, with the rest of the legal team providing legal services to the Ministry at the direction of the Permanent Secretary through the Chief of the Legal Services.

#### **3.7.2 Objectives**

##### *A) Intermediate objectives:*

- To review and to finalize work on Draft Laws foreseen by the 2002 work program.
- Assessing adjustments needed to sector laws to accommodate the transformation to a market economy.
- Enhance legal skills of Legal Services staff.
- Develop in-house legislative drafting and review capabilities.
- Produce a library of legislative enactments affecting the Agricultural Sector.

##### *B) Long – term objectives:*

- Law adjustment and harmonization of all legal regulations to the standards, policies and Laws of the European Union.
- Cooperation with international programs regarding legislative issues in the agriculture field.

#### **3.7.3 Work Strategy**

- Review existing sector legal framework and identify legal priorities.
- Review the rationale for these priorities and develop an appropriate legal/regulatory analysis framework to guide and prioritise legal analytical activities.
- Prepare draft laws and regulations ensuring these are fully coordinated with legislative practices in Kosovo (and Balkans and EU where relevant).

- Ensure co-ordination between relevant Ministry Departments and other linked institutions concerning legal project activities.
- Maintain a general legal knowledge base that can respond to the general legal requirements of Ministry personnel.
- Participate in the policy formulation process of the Ministry in order to provide legal analysis of the ramifications of the various policy scenarios canvassed.

#### **3.7.4 Activities**

The generalized legal services provided by the Legal Services include:

- Maintenance of a Legislative and Regulatory Database.
- Co-ordination of Ministry legislative programme.
- Provision of legal services to the Ministry.
- Provision of advice on the possible legal implications of proposed policy directions of the Minister.

The specialized legal services provided by the Legal Services include:

- Providing advice on contractual issues such as employment and leasing matters.
- Assessing legal disputes and claims made against the Ministry by members of the public and providing assessments of the Ministry's legal liabilities in such cases.
- Checking the legal accuracy of documents drafted by other Units within the Ministry.
- Providing ad hoc legal advice to Ministry staff as required.
- Assessing the legal basis of draft policies suggested by the Policy and agricultural statistics office.
- Ensuring a coordinated approach between the various entities of the Government that interact with the Ministry.
- Monitoring the activities within the Ministry to ensure that those activities are only undertaken pursuant to the appropriate competencies.
- Recommending proposals for legislative review.
- Participating in meetings and conferences on behalf of the Ministry in order to protect and explain the legal basis of the policies and decisions of the Ministry.

Some of the specialized legal services, like the drafting of technical regulations and administrative directions, required by the Ministry, are not actually provided by the Legal Services full time staff. These, usually very technical matters, are sourced, under the supervision of the Chief of the Legal Services, from appropriate local and international expert consultants.

#### **3.7.5 Outputs**

- Creation of an indexed and up-to-date database of existing legislative framework.
- Development of an articulated and defined list of legislative priorities including identification of specific recommended legislative amendment proposals.
- Ongoing output of proposed legislative bills and ministerial regulations that are subsequently promulgated.

- Maintenance of an ongoing dialogue with and between other Ministry Legal Services and stakeholder organizations.
- Legal Services staff will be able to respond to and provide advice on all queries by Ministry personnel on matters of general legal nature affecting daily and ongoing tasks of the Ministry.
- Ministry coordination and Legal Services interaction in all Policy Formulation procedures of the Ministry so that timely legal analysis and legal input to policy formulation process can be provided.
- Legal analysis, where relevant, provided to supported targeted agricultural policy working groups.

### **3.8 KOSOVO INSTITUTE OF AGRICULTURE (KIA)**

#### **3.8.1 Organization**

The Kosovo Institute of Agriculture (KIA), founded in 1947, was transferred to the MAFRD from the Ministry of Education in 2000. The Institute is a complex of 12 laboratories, 20 offices, garages and warehouses, a research station with more than 160 ha in Pejë/Pec and at least 10 has on the road from Pristina to Fushë Kosovo/Kosovo Polje.

In the last 3 years it has been working on a limited scale, with a staff of 23, comprising a Director, agronomists, biochemists, chemical analysts, plus support staff.

The MAFRD is redefining the role and structure of the Institute, in order to exploit all its potential not only as part of the governmental regulatory sector, but also as provider of services to private and public clients.

#### **3.8.2 Objectives**

##### *A) Long term objective*

Transform the Kosovo Institute of Agriculture (KIA) as a centre of excellence for applied research, food control activities, soil analysis, training and dissemination of information, as well as a provider of services to different public and private stakeholders, in close co-operation with the Technical Departments of MAFRD, and other institutions.

##### *B) Short term objective*

Reorganize the Institute, define a new programme of action, complete the equipment of laboratories and organize the model farm, in order to realize its potential within the Ministry at the service of Kosovo agriculture. The Institute should provide technical and scientific support to the Ministry in areas of crop production, seed testing, laboratory analysis of agricultural inputs, products and food of plant origin, in addition to carrying out basic agricultural research, training and dissemination of technical information.

#### **3.8.3 Work Strategy**

##### *A) Short term*

- Once agreed, the functions of the Institute will be confirmed by Administrative Instruction.
- Complete the actual inventory of the Institute, according to the proper legal information.
- Redefine the program in line with the priorities of MAFRD.

- Redefine all the profiles for the staff in relation with the future requirements and advertise them publicly, but giving priority to the present staff at equal qualifications.
- Utilize the present installations for trials, gene banks for agricultural products, training and advisory services.
- As part of the MAFRD, participate with other partner institutions in the creation of the Food Safety Agency, in particular in the definition of the technical framework, as well as in providing laboratory services.
- Establishment by the Ministry of adequate mechanisms for an effective and regular administrative management of the Institute, considering its potential to make financial returns.
- Promotion and negotiation by the Ministry of specific projects to re-equip the laboratories and to develop better training facilities within the actual infrastructure.
- Creation of a network with present and potential partners, for the creation of effective networks, such as in water and food control, in environmental aspects, in transfer of information and in research.

*B) Medium and long term*

- Implementation of specific technical projects, with equipment and training components, aiming at:
  - Establishing coherent networks for the transfer of information.
  - Organizing adequate service provision.
  - Strengthening applied research.
- Preparation of detailed planning for:
  - Coordination of applied research Kosovo-wide.
  - Delivery of services.
  - Dissemination and training activities.
  - Integrated management of the research station.
- Networking with external partners, especially in the Balkan region.
- Implementing activities of food control with other partners.
- Running a model farm, including the economical aspect.

**3.8.4 Activities**

- Applied research, including testing and field trials for improving and adapting new varieties.
- Maintaining a gene bank and nurseries to keep basic reference material, for end users.
- Managing a model farm.
- Non-formal training mainly for public service professionals in agriculture, private professionals, future advisers and farmers.
- Dissemination of technical information through publications and other media, in close collaboration with other Departments in MAFRD and external partners.

- Standardization and quality control of water, soil, agricultural, agro-industrial food and non-food products, in co-ordination with other Ministries and with the proposed Kosovo Food Safety Agency.
- Provide laboratory facilities for analysis services to the agricultural sector.
- Provide a tissue culture and nursery service for the efficient and timely provision of propagation material.
- Carry out and supervise experimental trials and field tests for new varieties and germination tests, not only at the main station, but also Kosovo-wide.
- Make available a complex for meetings, training, field visits and any other activity for partner organizations.

### **3.8.5      *Outputs***

- Efficient management structure and transparent administrative procedures.
- Greater degree of contact with other stakeholders in the agricultural sector.
- Increased numbers of samples conforming to established standards.
- Enhanced profile of the Institute within the territory and greater awareness of the provision of services therein.
- Greater frequency of contact between the different entities.
- Well-structured identification and certification system for cultivars, varieties and breeds.
- Greater area under variety trials and higher number of varieties under testing.
- Establishment of a bank of knowledge/literature/expertise relevant to agricultural income generation.
- Frequency of contact between the Institute and other stakeholders in the agricultural sector.
- Decrease in contravention of standards.
- Greater control over the quality of food in the production chain. Less contravention of established standards.

## **Chapter IV**

### **Human and financial resources**



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## **HUMAN AND FINANCIAL RESOURCES**

The implementation of this strategic plan for agriculture and rural economy requires timely and efficient access to human and financial resources.

Human resources available for full implementation of this strategy are available in Kosovo in the public and private sector. In the public sector, efforts are made to create a new framework for agriculture with modern institution building and the elaboration of a regulatory framework following the European standards.

### **4.1 INSTITUTIONAL SETTING IN AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT**

At the central level, management of the agricultural sector is now under two main institutions, as follows:

- a) The Ministry of Agriculture, Forestry and Rural Development (MAFRD) one of the 11 Ministries of the Provisional Institutions of Self-Government (PISG) and
- b) The Directorate of Rural Affairs (DRA), with responsibilities for the present under the reserved powers of the SRSG, according to the Constitutional Framework.

Obviously, for crosscutting issues, other Ministries have responsibility and the policy is to establish Inter-Ministerial Boards under the authority of the Prime Minister. For example Land Policy is under MPS-Cadastre Office, Ministry of Environment and Spatial Planning, MAFRD; Water Resources Management has an Advisory Board of different Ministries and stakeholders under the responsibility of the Ministry of Environment and Spatial Planning.

On different issues, there is collaboration between MAFRD and DRA for example concerning Animal Production and Veterinary Services, Animal and Plant Control at the Borders/Boundaries and Animal and Plant Production and Protection within the territory of Kosovo. Finally, contacts are also established with neighbouring countries to develop strategies and policies not only compatible with European standards, but also with a regional Balkan approach.

At Municipal level, Directorates or Offices of Agriculture according to the organisational mode of the different Municipalities, are responsible for implementation of policies and regulations for the agricultural sector.

Efforts are being made to develop a closer relationship between the Kosovo-wide level and the Municipal level in the elaboration of guidelines, policies and implementation in the field. Obviously, everything had to be planned after the conflict and sometimes central Ministries and Municipalities developed parallel services without having done the necessary integration, but with the will to answer to urgent needs of the population. Actually in the development phase, there is a need to better define respective roles as in other modern agricultural administrations, particularly between policy and regulatory functions at the central level and implementation at the local level, following the subsidiarity principle, in order to secure a good service for the people. The Ministry and the Municipal Departments of Agriculture should progressively understand their role in a service approach and not only an inspection approach.

In *Annex 6* the organigrammes of MAFRD and of DRA are presented.

Finally, in the actual transition period from a centrally planned economy approach to a market economy, the role of the Central Administration will progressively change and more responsibilities will be distributed to all stakeholders. More specifically, organisations of civil

society, representatives of farmers, processors, traders and service providers will be involved in the overall management of the rural sector. The Assembly members will fully play their role in the discussion of new laws for agriculture and rural economy; moreover, MAFRD will receive not only the support of producers/farmers and different stakeholders, but also their constructive critics; these actors will be involved in advocacy and lobbying, in working groups hosted for the present by the Ministry, but also as soon as the organisation of the civil society is strong enough, in independent associations representing the various interest of the agricultural sector .

MAFRD and DRA need not only a full collaboration with the civil servants in the Municipalities, but also with private sector providers of services, NGOs, Associations of Producers to better define the priority choices for the development of the rural economy and to promote a better and more efficient organisation of the sector.

## 4.2 HUMAN RESOURCES

### 4.2.1 MAFRD Staffing

The table below presents a summary of the human resources in MAFRD by Departments/programs in 2002 and the proposed number approved by MFE/CFA for 2003 budget.

Table 4.1 Human Resources in MAFRD

Departments/Programmes:	2002		Approved 2003	
	No. of Employees	Salary	No. of Employees	Salary
	(as of Sept.2002)	Euros		Euros
Central Administrative Services Division:	25	52,920	25	52,656
Office of the Permanent Secretary	-	-	20	55,464
Plant Production and Protection	20	46,404	25	58,392
Animal Production	15	35,244	16	38,304
Forestry Department	10	24,636	5	13,572
Kosovo Forest Authority	263	415,752	341	609,984
Rural Development	40	91,320	19	44,268
Agricultural Statistics and Data Management.	-	-	5	12,456
Kosovo Institute of Agriculture (KIA)	22	37,848	24	49,380
Advisory Services	-	-	15	37,440
<b>Total</b>	<b>395</b>	<b>704,124</b>	<b>495</b>	<b>971,916</b>

Source: MAFRD CASD

### 4.2.2 DRA Staffing

The table below presents the staff of the Directorate of Rural affairs by economic activity and the Kosovo budget for 2003.

**Table 4.2 Staffing by activity. 2003 Kosovo Budget**

DRA 2002 KCB	Average 2003 Employees	Wages & Salaries
Public Forests & Forestlands	18	0.051
Plant Border Control	16	0.038
Kosovo Veterinary Services	102	0.269
Central Administration		0.000
<b>TOTAL, Kosovo Budget</b>	<b>136</b>	<b>0.358</b>
<b>% Of Total</b>		<b>42.6%</b>

Source: DRA

#### **4.2.3 Staff in Municipal Departments of Agriculture**

In 2002, 162 staff were working in Directorates/Offices of Agriculture in Municipalities. This number includes support staff. MAFRD has no indication about the budget for Municipal Agriculture Departments. A better coordination between MAFRD/DRA and the staff at municipal level could permit to give better services to farmers in the rural area. Discussion with Municipalities is ongoing in relationship with the setting up of Advisory Services. The aim is to arrive to a coordinated plan of action to implement priorities and strategies at municipal level.

### **4.3 FINANCIAL RESOURCES**

The economic development of agriculture and the rural economy are based on the joint resources of:

- Kosovo Budget, according to priority choices and the Provisional Government policies.
- Multi- and bi-lateral donors' contributions for specific projects and programmes.
- Private investments, foreign or domestic, in the sector.

#### **4.3.1 Resources from the Kosovo Budget**

##### *A) MAFRD 2003 Budget*

The financial resources available for MAFRD in 2003 are presented in the table below with the respective allocation for ten programmes/entities.

**Table 4.3 MAFRD 2003 Kosovo Budget Expenditure by Economic Activity (€)**

Programme Activity/Entity	Average	Wages and	Goods and	Capital	Total
	2003	Salaries	Services	Outlays	
	Employees				
Central Admin.Services Dept.		52,656	493,775	30,000	576,431
Animal Production		38,304	30,200	35,000	103,504
Forestry Department		13,572	52,770	25,000	91,342
Kosovo Forest Authority		609,984	151,947	70,000	831,931
Plant Production & Protection		58,392	22,000	33,000	113,392
Rural Development		44,268	53,635	40,000	137,903
Agricultural Statistics		12,456	2,500	10,000	24,956
office of the Permanent Secretary		55,464	50,000	50,000	155,464
Kosovo Institute of Agriculture		49,380	40,000	40,000	129,380
Advisory Services		37,440	15,000	45,000	97,440
<b>T o t a l Kosovo Budget</b>		<b>971,916</b>	<b>911,827</b>	<b>378,000</b>	<b>2,261,743</b>
<b>% of total</b>		<b>43%</b>	<b>40%</b>	<b>17%</b>	<b>100%</b>

The allocation of financial resources to MAFRD is mainly for wages and salaries (43%) and goods and services (40%). Despite the fact that the agricultural sector is the main sustainable sector of the economy in Kosovo, for limitation of budget resources and the necessity to cover basic needs like education, health and cost of maintenance of infrastructure, the Ministry of Finance and Economy is giving around 0.06% of the total budget of Kosovo to the management of agriculture by the MAFRD. The budget for investments is limited to small capital (computers, cars, other equipment) without real public investment in the sector.

The Minister, the Permanent Secretary and technical advisers met with the Minister of Finance and Economy to stress the importance of investing in the rural economy, due to the structure of employment, the part of the rural economy in the GDP and the fact that 60% of the population still lives in rural areas. Until now, investment needs were only covered by donors' assistance. It is important for the Provisional Government to already consider a medium term expense strategy on how to mobilize more resources, mainly internal, and not only resources from duty and taxes at the borders/boundaries, to make the necessary investments in agriculture. In the case of Kosovo, rehabilitation contributed partially to compensate for war damages. But it did not compensate fully for the absence or low level of investments in infrastructure for many years before the recent war. For example, it is a challenge to develop a marketing system for the main products with bad rural roads, lack of decent public markets and lack of reliable sources of electric power.

The Overview of MAFRD 2003 Budget Allocation to programmes/entities is presented in *Annex 7*.

#### *B) Budget of the Directorate of Rural Affairs*

The 2003 Budget provides €931,000 as a baseline budget for the financing of basic activities of the DRA in four specific fields: the Kosovo Veterinary Services, the Kosovo Plant Border Services, the Office of Public Forests and Forestlands and a Central Administrative Office. A series of cost recovery mechanisms are in place to allow for greater scope of activities in a number of areas, hence allowing for greater service delivery capacity. These include border/boundary phytosanitary, sanitary and veterinary inspection procedures, import and export licensing mechanisms and border bio-security services.

EAR is providing external funds, € 2.4 million, for the ongoing assistance programme "Strengthening Public Veterinary Services"; this programme started in June 2002 and is expected to run for a 24-month period.

**Table 4.4 Expenditure by Economic Activity. 2003 Kosovo Budget**

<b>DRA 2003 KCB</b>	<b>Wages &amp; Salaries</b>	<b>Goods &amp; Services</b>	<b>Capital Outlay</b>	<b>Total</b>
Public Forests & Forestlands	51,151	109,938	64,353	225,442
Plant Border Control	38,000	52,000	85,028	175,028
Kosovo Veterinary Services	269,376	151,780	63,973	485,129
Central Administration	0.000	45,702	0.000	45,702
<b>TOTAL, Kosovo Budget</b>	<b>328,823</b>	<b>389,124</b>	<b>213,354</b>	<b>931,301</b>
<b>% of Total</b>	<b>35.3</b>	<b>41.78</b>	<b>22.92</b>	<b>100%</b>

The Directorate of Rural Affairs (DRA) shall perform all administrative tasks and functions to ensure a reliable and efficient delivery of the relevant public services and safeguarding of public natural resources and property in the agricultural and forestry sector. The DRA will be managed and supported with particular emphasis on enhancing the capacity of local staff recruited under the Kosovo Budget, in line with the eventual transfer of the component administrative bodies of the DRA into the Ministerial administrative structure.

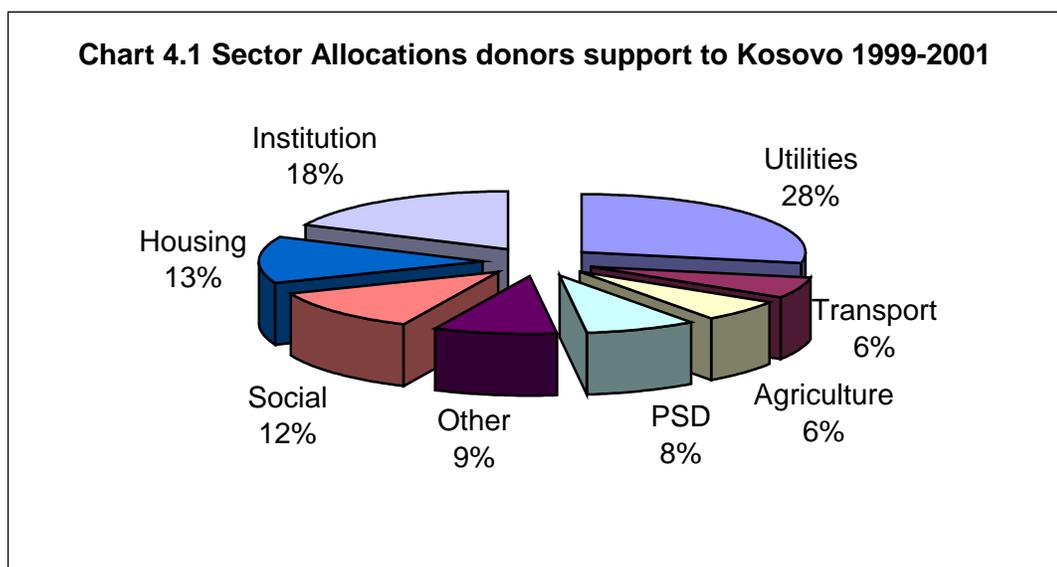
The main tasks and responsibilities of DRA are presented in Annex 4

*C) Municipalities' budget for agriculture*

MAFRD does not know the amounts allocated to support agriculture in the Municipal budget in the 30 Municipalities of Kosovo. They are part of the resources of the Kosovo budget for the support of agriculture administration in Kosovo. A better coordination between MAFRD/DRA/Municipalities could permit an optimisation of the use of the resources allocated by the Kosovo budget for agriculture and rural economy.

*D) Donors' contribution to the development of the rural economy*

For the period 1999-2002, donors committed € 2,36 billion to Kosovo. According to the Ministry of Finance and Economy, at the end of 2002, 90,3% of the resources had been contracted (€2,135 billion) and 73,4% spent (€ 1,735 billion). The following chart present the sector allocations of donors support to Kosovo for the period 199-2001.



Source: [www.seerecon.org](http://www.seerecon.org)

It shows that from the overall funding only 6% has been given to agriculture.

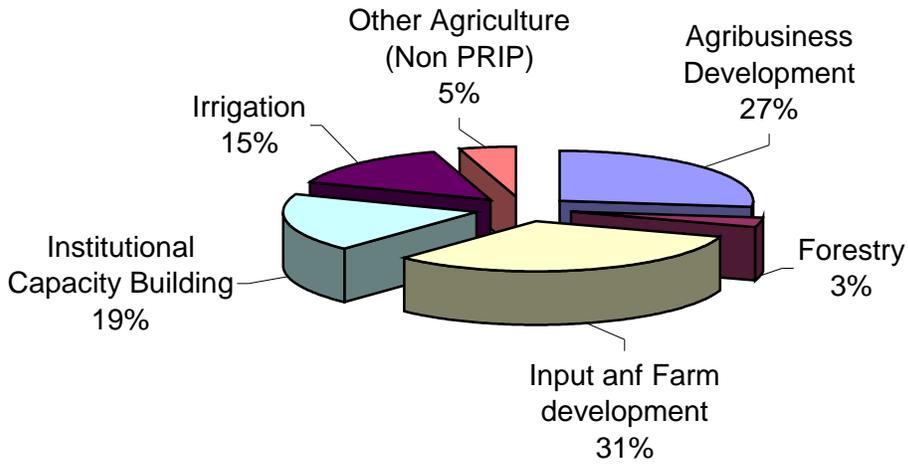
The total donor support for the period 1999-2002 amounts to €2,362,602 according to the Ministry of Finance and Economy. (Rims database) The total support committed for agriculture for the period is €99,694, the sum contracted is €90,098 and the amount spent €69,260. (See in Annex 8 Donors support by sectors 1999-2002).

It represents 4.2% of the total donor money committed for the period, 4.2% of the money contracted and 3.99% of the donor support spent during the period 199-2002.

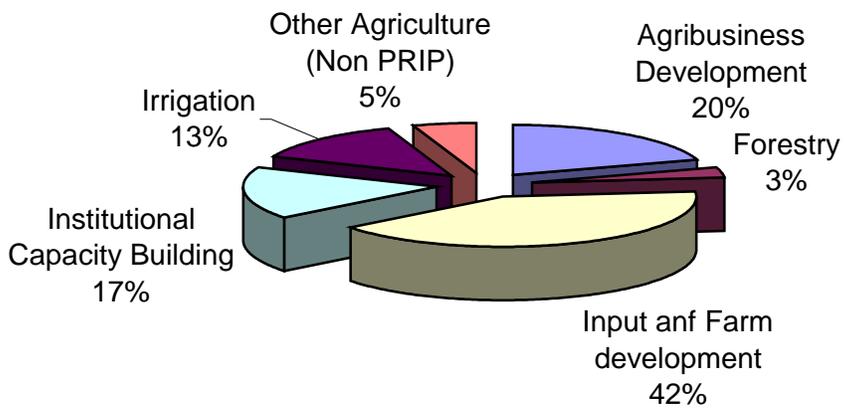
For the moment the Kosovo budget cannot finance investments in agriculture. The contribution of donors and private investments is required in order to achieve the development of the sector.

The following charts indicate the repartition of donor support in different agricultural and rural development sub sectors.

**Chart 4.2 Donors money committed by main sector of activity**



**Chart 4.3 Donors money spent by main sector of activity**



Source: Ministry of Finance and Economy, RIMS database

The main donors in the agriculture sector are in alphabetical order:

**Table 4.5 Main donors in agriculture in Kosovo (in thousands of euros)**

Donor	Committed	Spent
Arcobaleno	859.5	859.35
Canada	260.16	131.5
Denmark	890.53	446.3
European Union (EAR)	48,093.67	23430.3
Finland	1020.0	1020.0
France	2353.0	1754.8
Germany	19.0	19.0
Italy	2435.4	163.65
KCB	770.1	770.1
Luxembourg	1138.36	1138.36
Netherlands	1660.0	1660.0
Norway	1785.0	1275.0
Other Governmental	2585.7	714.0
Other Non-Governmental	551.28	41.28
Sweden	5616.04	4782.94
Switzerland	4214.78	3268.0
United States	6561.95	3714.53
UNTF	51.0	51.0
World Bank	18639	18614
World Bank & Netherlands	190.42	190.42
<b>Grand Total</b>	<b>99694.78</b>	<b>69260.76</b>

Source: RIMS database, Ministry Finance and Economy

A more detailed table in *Annex 8* presents the list of donors by areas of investment in agriculture.

Priorities for the development of projects in agriculture have been identified by MAFRD and submitted to the Ministry of Finance and Economy, responsible for donor's coordination in October 2002. The request of investments for the agricultural and rural sector prepared then for the Brussels roundtable is presented in *Annex 9*.

Unfortunately, at the last donors' pledging conference in Brussels in November 2002, agriculture was not included by the Kosovo Provisional Government in the list of priorities for donor support.<sup>38</sup>

<sup>38</sup> KOSOVO: UNMIK-Government Report for the Donor Co-ordination meeting for Kosovo, Brussels, 5 November 2002 ([www.seerecon.org](http://www.seerecon.org)).

The priorities for public investments have been defined in the UNMIK Government of Kosovo report for the donor co-ordination meeting for Kosovo as:

**Table 4.6 Estimated priority public investment costs 2003-2005 (million €)**

<b>Sector</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Total</b>
Education	48.9	20.9	20.2	90.
Health	33.4	22.8	20.1	76.3
Transport	59.0	55.0	42.0	156.0
Energy	162.0	42.0	23.0	227.0
Sustainable return of IDPs and refugees	37,4			37.4
Rule of law	16.7	19.7	15.4	51.8
<b>Total</b>	<b>357.4</b>	<b>160.4</b>	<b>120.7</b>	<b>638.5</b>
As % of project PIP ceiling	109%	52.9%	40%	

Source: Seerecon.

Since January 2003, the Policy and Agricultural Statistics Office has in its mandate, the coordination of all projects in MAFRD, the filing and monitoring of donors' support in the agriculture sector (to the Provisional Government, NGOs, Municipalities, DRA etc) in order to promote better donor coordination, coherence and support for the agricultural and rural economy sectors. This should permit to promote a more efficient programming link with priority policy and strategic choices. Staff of MAFRD will be trained in designing good investment programmes and projects. In collaboration with the Ministry of Finance and Economy, MAFRD will organise regularly specific meetings with donors on agriculture. The documents presented in the first meeting organized jointly by the Ministry of Finance and Economy and MAFRD (January 15, 2003) are presented in Annex10 and 11.

#### **4.3.3 Private Investments in the Sector**

Privatisation in Kosovo has been delayed for various reasons. A small number of enterprises were privatised, but the mass privatisation of medium and large former Socially-Owned Enterprises has not been launched. The process of commercialisation and most recently spin-offs of enterprises cannot be really considered as a process of privatisation leading to ownership changes. Due to the difficulty of promoting real privatisation, there was almost no inflow of Foreign Direct Investments in Kosovo. The food-processing sector lacks advanced technologies and marketing skills to meet the needs of domestic and international markets. Exports of agricultural and food produce from Kosovo is relatively small and most marketed consumption is covered by imports. A specific contribution has been prepared by MAFRD for the three Kosovo Investment Conferences (KICO) in Switzerland, Germany and United States.<sup>39</sup>

<sup>39</sup> Two brochures were prepared based on sub-sector studies: *Investment opportunities in the dairy sub sector in Kosovo* and *Investment opportunities in the fruits and vegetables sub sector in Kosovo*.

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Rural Sociology Mission Reports	8	Ms Adree Black-Michaud Ms Nadia Forni
Beneficiary Monitoring and Evaluation Reports	7	Olivier Cossee
Animal Production and Health Mission Reports	11	Andrew Friend
CVDL Technical Training Mission Reports	2	Gordon Finley
Epidemic Disease Control Mission Reports	4	Ron Jackson
Animal Breeding Policy Mission Reports	2	Anton van Engelen
Artificial Insemination Mission Report	1	H. Wehrle
Supervision Mission Aide-Memoire	8	WB/FAO
Household Survey Reports	3	Evaluation Team
Final Household Survey Report	1	Evaluation Team (ongoing)
Beneficiary Impact Assessment	1	Evaluation Team (ongoing)

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# **Annexes**



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## ANNEX 1: SOCIALLY-OWNED ENTERPRISES AND COOPERATIVES

### 1.1 Preliminary list of agricultural SOEs in Kosovo (2001)

No.	Name of Enterprise	Location	Land use	Pasture	Forest-bushes
1.	AIC "Ereniku"	Gjakovë	2643	-	176
2.	AIC "Agrokultura"	Gjilan	538	-	106
3.	AIC "Malishgani"	Klina	2068	47	449
4.	AIC "Progres Eksport"	Prizren	757	-	-
5.	AIC "Agrokultura"	Vitia	948	-	106
6.	ASOE "Sharrprodhimi"	Dragash	384	22347	-
7.	ASOE "Dubrava"	Istog	901	-	858
8.	SOE "Bujqësia"	Fushë Kosovë	1249	97	-
9.	SOE "Lavër Blegtori"	Fushë Kosovë	552	-	-
10.	SOE "Ferma-majmëri"	Fushë Kosovë	30	-	-
11.	SOE "Agroprodukti"	Kamenica	320	-	-
12.	SOE "Kosova"	Lipian	1720	-	-
13.	SOE "Shpeztaria"	Lipian	106	-	-
14.	AISOE "Rahoveci"	Rahovec	1853	611	363
15.	SOE "Bujqësia"	Pejë	3341	-1534	
16.	"Instituti Bioteknik"	Pejë	160	-	-
17.	SOE "Kosova-vera"	Prizren	1193	-	100
18.	SOE "Beci"	Gjakovë	1054	-	10
19.	ASOE "Drenica"	Glllogovc	1482	-	-
20.	ASOE "Produkti"	Skenderaj	2400	100	600
21.	SOE "Suhareka"	Suharekë	1733	295	27
22.	SOE "Plantacioni"	Ferizaj	518	-	10
23.	SOE "Pasuria Bujqësore"	Ferizaj	2150	-	106
24.	SOE "Agromorava"	Vitia	759	-	84
25.	SOE "Mirusha"	Malishevë	2215	-	-
26.	SOE "Elan"	Vushtrri	602	-	-
27.	SOE "Ferma e deleve"	Rakaj	1228	128	-
28.	ASOE "Ratar"	Laplasellë	1100	-	-
	<b>Total:</b>		<b>34004</b>	<b>23625</b>	<b>4529</b>

MAFRD 2001. Preliminary list. A survey on SOEs and Cooperatives with land is under preparation. It will be implemented in 2003 by MAFRD and SOK. The frame is established in collaboration with KTA.

## 1.2 List of SOEs and their storage capacities (2001)

No.	The name of Enterprise	Location	Activity	Capacity/tons
1.	AIC "Kosova – Eksport"	Fushë Kosovë	Bovine meat	6500
2.	AIC "Progres – Eksport"	Prizren	Bovine meat	2500
3.	AIC "Progres – Eksport"	Prizren	Lamb meat	2000
4.	AIC "Agrikultura"	Gjilan	Chicken and ducks meat	12000
5.	POE "Therrtorja"	Gjakovë	Bovine meat	2000
6.	A.C. "Beci"	Bec	Broglers	2.000.000
7.	AIC "Kosova – Eksport"	Fushë Kosovë	Refrigerator	4500
8.	AIC "Agrikultura"	Gjilan	Refrigerator	3000
9.	AIC "Progres – Eksport"	Prizren	Refrigerator	3000
10.	AIC "M. Zeqar"	Ferizaj	Refrigerator	3600
11.	AIC "Malishgan"	Klinë	Nutrimint	60.000
12.	AIC "Kosova – Eksport"	Fushë Kosovë	Nutrimint	30.000
13.	AIC "Kosova – Eksport"	Fushë Kosovë	Diary	100.000/l.
14.	AIC "Progres – Eksport"	Prizren	Diary	15.000/l.
15.	AISOE "Rahoveci"	Rahovec	Cellar	550.000/hl
16.	AISOE "Suhareka"	Suharekë	Cellar	150.000/hl.
17.	AIC "Progres – Eksport"	Prizren K.e vogël	Cellar	250.000/hl.
18.	AIC "Ereniku"	Gjakovë	Cellar	150.000/hl.
19.	Malt and alcohol factory	Pejë	Malt & alcohol production	15.000, 5200/hl.
20.	Beers' factory	Pejë	Beers' production	300.000/hl.
21.	AIC "Malishgani"	Klinë	Seeds'prod.	20.000
22.	AIC "Progres – Eksport"	Prizren	Fruits' & vegetables' proc.	9.000
23.	AIC "Ereniku"	Gjakovë	Fruits' processing	120.000
24.	AIC "M. Zeqar"	Ferizaj	Oil, fat process.	14.000
25.	Apiculture prosperity station	Deçan	Proc. of honey may	30.000
26.	AIC "M. Zeqar"	Ferizaj	Coffee production	?
27.	SOE for fungi production	Klinë	Fungi production	2.000
28.	Tobacco factory	Gjilan	Tobacco product.	?
29.	SOE "Drithnaja"	Fushë Kosovë	Cereal collection	54.000
30.	SOE "Mulliri"	Fushë Kosovë	Cereal collection	150
31.	SOE "Drithniku"	Ferizaj	Cereal collection	13.000
32.	SOE "Drithniku"	Podujevë	Cereal processing	13.000
33.	SOE "Drithniku"	Xerxe Rahovec	Cereal collection	52.500
34.	SOE "Mulliri"	Xerxe Rahovec	Cereal processing	3.200
35.	SOE "Drithniku"	Gjakovë	Cereal collection	13.000
36.	SOE "Mulliri"	Gjakovë	Cereal processing	?
37.	SOE "Drithniku"	Gjilan	Cereal collection	13.000
38.	SOE "Mulliri"	Gjilan	Cereal processing	60
39.	SOE "Drithniku"	Skenderaj	Cereal collection	13.000
40.	SOE "Mulliri"	Skenderaj	Cereal processing	30

MAFRD 2001. Preliminary list. A survey on SOEs and Cooperatives with land is under preparation. It will be implemented in 2003 by MAFRD and SOK. The frame is established in collaboration with KTA.

### 1.3 Preliminary list of SOEs/cooperatives for survey

AFSO E No.	Name	Subsector	Region	Municipality	Address
003	K.B. "Bujku" Dardania	Arable	Gjilan/ Gnjilane	Ferizaj	Tankosiq
001	K.B "Ferizaj"	Arable	Gjilan/ Gnjilane	Ferizaj	
002	K.B. "Bashkimi"	Arable	Gjilan/ Gnjilane	Ferizaj	
004	K.B."Talinovci"	Arable	Gjilan/ Gnjilane	Ferizaj	
100	Fabrika e Bukes dhe Pjekurinave	Bakery	Gjilan/ Gnjilane	Ferizaj	
101	N.SH "Minex"	Biscuits, chips,	Gjilan/ Gnjilane	Ferizaj	
102	N.SH. Fabrika e Vajit dhe e Yndyrave Bimore	Oilseed Processing	Gjilan/ Gnjilane	Ferizaj	
006	N.SH. Plantacioni	Arable	Gjilan/ Gnjilane	Ferizaj	
005	N.Sh "Pasuria Bujqesore"	Arable	Gjilan/ Gnjilane	Ferizaj	
007	K.B "1 Maj"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
008	K.B "Bresalci"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
009	K.B "Cernica"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
010	K.B "Kishna Pole"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
011	K.B "Malisheva"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
012	K.B "Morava" Partesh	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
013	K.B "Perlepnica"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
014	K.B "Pogragja"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
015	K.B "Shilova"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
016	K.B "Shurdhani"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
017	K.B "Zarije Buiq" Pasjane	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
018	K.B "Zhegra"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
019	K.B Mirusha"	Arable	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
105	N.Sh.I.M.B "Kualiteti"	Flourmill/Bakery	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
103	I.D.G.J. Tobacco Industry	Tobacco Processing	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
106	N.Sh.P.Sh.T "Stacioni Bujqesor"	Poultry/Eggs	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
104	KBI "Agrokultura"	Arable/Horticulture/Poultry/Storage/Processing	Gjilan/ Gnjilane	Gjilan/ Gnjilane	
020	K.B "Ramadan Agushi"	Arable	Gjilan/ Gnjilane	Kaçanik	Kaçanik
022	K.B "Agroprodukti"	Arable/Horticulture/Poultry	Gjilan/ Gnjilane	Kamenice	Dardane
021	Agri Coop Ranilug	Arable/Horticultural/Cattle Production	Gjilan/ Gnjilane	Kamenice	
025	KKB "Perparimi" Hogosht	Arable/Horticultural/Cattle Production	Gjilan/ Gnjilane	Kamenice	
023	K.B. "Bujku"	Arable/Horticultural/Cattle Production	Gjilan/ Gnjilane	Kamenice	
024	K.B.K "Strezovci"	Trade/Services	Gjilan/ Gnjilane	Kamenice	
026	K.B "Prekocv"	Arable	Gjilan/ Gnjilane	Novoberdo	
027	Zadruga	Sheep/Arable	Gjilan/ Gnjilane	Strpce	Rrakaj-Ferizaj
028	K.B. "Vitia"	Arable	Gjilan/ Gnjilane	Viti/ Vitina	
029	N.B.I.Q "Agromorava"	Arable	Gjilan/ Gnjilane	Viti/ Vitina	
188	K.B. Leposavici	Arable	Mitrovica/ Mitrovice	Leposaviqi/Leposavic	
109	Shala-Bare	Arable/Horticultural Production	Mitrovica/ Mitrovice	Mitrovica/ Mitrovice	Bare
030	AgroKulltura	Arable/Horticultural Production	Mitrovica/ Mitrovice	Mitrovica/ Mitrovice	Rr Adem Voca n. 7, Mitrovica
108	IMB Bakery-IFB-Wheat Storage & mill	Flourmill/Bakery	Mitrovica/ Mitrovice	Mitrovica/ Mitrovice	Sokol Preteni p.n.

AFSO E No.	Name	Subsector	Region	Municipality	Address
107	Duhanit	Tobacco Processing	Mitrovica/ Mitrovica	Mitrovica/ Mitrovica	Bair
031	Bujku	Arable/Horticultural Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Shemsi Adem Jashari
035	Produkt	Arable/Horticultural/Cattle Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Str. Artim Jashari
037	Strelci I Eperm	Arable	Mitrovica/ Mitrovica	Skenderaj/ Srbica	
033	Likovci	Arable/Horticultural Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Likovci
036	Runiku	Arable/Horticultural Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Runike
032	Kline	Arable/Horticultural/Cattle Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Kline e Eperme
034	Liria	Arable/Horticultural/Cattle Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Qirez
111	Turigevci	Horticulture/Arable Production	Mitrovica/ Mitrovica	Skenderaj/ Srbica	Turizevci
112	Elan	Arable/Horticultural Production	Mitrovica/ Mitrovica	Vushtrri/ Vucitrn	Deshmoret Ekombit p.n
189	K.B. Zubin Potok	Arable	Mitrovica/ Mitrovica	Zubin Potok	
190	K.B. Zvecani	Arable	Mitrovica/ Mitrovica	Zvecan	
113	Ag Coop "Perparimi" Irzniq	Agri-food Packaging	Pejë/Pec	Deçan / Decane	
040	Ag Coop "Prapaçani" Prapaçan	Arable	Pejë/Pec	Deçan / Decane	Village Prapaçan
042	Ag Coop "Morovica" Junik	Arable	Pejë/Pec	Deçan / Decane	Village Junik
043	Ag Coop "Strellci" Strellëc	Arable	Pejë/Pec	Deçan / Decane	Village Strellëc
039	K.B. "Irzniqi" Irzniq	Arable	Pejë/Pec	Deçan / Decane	Village Irzniq
041	K.B. "Deçani"	Arable	Pejë/Pec	Deçan / Decane	str; Nënë Tereza n.n., Decane
114	Apiko	Honey Processing/ Packaging	Pejë/Pec	Deçan / Decane	N.A.
038	"Vegetable Production" Irzniq	Horticulture	Pejë/Pec	Deçan / Decane	Village Irzniq
044	Ag coop Rogova	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Rogova
117	Beci - Poultry Slaughterhouse	Slaughterhouse (poultry)	Pejë/Pec	Gjakovë / Djakovica	Village Bec
119	Ereniku - Industry	Beverages - Alcoholic/Non- alcoholic	Pejë/Pec	Gjakovë / Djakovica	str: "Skenderbeu" n.n
122	Mulliri	Flourmill	Pejë/Pec	Gjakovë / Djakovica	str:"Nënë Tereza" n.n.
120	Ereniku - Poultry Farm	Poultry	Pejë/Pec	Gjakovë / Djakovica	str: "Skenderbeu" n.n
121	Ereniku - Virginia	Tobacco Processing/Production?	Pejë/Pec	Gjakovë / Djakovica	str: "Skenderbeu" n.n
116	Beci - Kooperimi		Pejë/Pec	Gjakovë / Djakovica	Village Bec
053	HC "Skivjani" AC Skivjan	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Skivjan
118	Ereniku	Arable/Horticultural Production	Pejë/Pec	Gjakovë / Djakovica	str: "Skenderbeu" n.n
115	Beci	Arable/Horticultural Production	Pejë/Pec	Gjakovë / Djakovica	Village Bec
052	Ereniku - Primary Production	Arable/Viticulture	Pejë/Pec	Gjakovë / Djakovica	str: "Skenderbeu" n.n
045	Ag Coop Bistrzhini	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Bistrzhin
050	Coop Rogovë	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Rogova
048	Agricultural Station ?	Services ?	Pejë/Pec	Gjakovë / Djakovica	N.A.
046	Ag Coop Demiani	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Demian
047	Ag Coop Gërgoci	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Gërgoci

AFSO E No.	Name	Subsector	Region	Municipality	Address
051	Coop Skivjan	Arable	Pejë/Pec	Gjakovë / Djakovica	Village Skivjan
055	Ag Coop "Banmja" Banjë	Arable	Pejë/Pec	Istog/Istok	Village Banja
056	Ag Coop "Burimi-V" Vrellë	Arable	Pejë/Pec	Istog/Istok	Village Vrella
057	Ag Coop "Istogu" Istog	Arable	Pejë/Pec	Istog/Istok	N.A.
054	Ag Coop "Dobrusha" Dobrushë	Arable	Pejë/Pec	Istog/Istok	Village Dobrusha
058	Ag Coop Gurakoci Gurakoc	Arable	Pejë/Pec	Istog/Istok	Village Gurakoc
059	Dubrava	Viticulture/Cattle/Pigs	Pejë/Pec	Istog/Istok	N.A.
183	Kline	Arable	Pejë/Pec	Klinë/Klina	Kline
060	Ag Coop "Bistrica"	Arable	Pejë/Pec	Klinë/Klina	Village Drenovc
062	Ag Coop "Shtupal"	Arable	Pejë/Pec	Klinë/Klina	Village Shtupel
061	Ag Coop "Liria"	Arable	Pejë/Pec	Klinë/Klina	Village Budisalc
063	Ag Coop "Ujëmirë"	Arable	Pejë/Pec	Klinë/Klina	Village Ujëmirë
123	Animal food Factory "Klinapremix"	Feed Production	Pejë/Pec	Klinë/Klina	Zona Industriale
125	Shampinjoni I Kosoves	Mushroom Processing	Pejë/Pec	Klinë/Klina	N.A.
124	Seed Factory "1 May"	Seed Processing	Pejë/Pec	Klinë/Klina	Zona Industriale
064	Industrial Ag Combine "Malizhgani"	Arable	Pejë/Pec	Klinë/Klina	Zona Industriale
185	Drita	Arable	Pejë/Pec	Pejë/Pec	Raushiq
065	Ag Coop Leshan	Arable	Pejë/Pec	Pejë/Pec	Village Leshan
066	Ag Coop Trstenik	Arable	Pejë/Pec	Pejë/Pec	Village Trstenik
068	Ag Coop Drele	Arable	Pejë/Pec	Pejë/Pec	Village Drele
069	Ag Coop Glllogjan	Arable	Pejë/Pec	Pejë/Pec	Village Glllogjan
070	Ag Coop Gorazhdevc	Arable	Pejë/Pec	Pejë/Pec	Village Gorazhdevac
071	Ag coop Kuqishte	Arable	Pejë/Pec	Pejë/Pec	Village Kuqishte
072	Ag Coop Ozrim	Arable	Pejë/Pec	Pejë/Pec	Village Ozrim
073	Ag Coop Poqest	Arable	Pejë/Pec	Pejë/Pec	Village Poqest
074	Ag Coop Radavc	Arable	Pejë/Pec	Pejë/Pec	Village Radavc
075	Ag Coop Raushiq	Arable	Pejë/Pec	Pejë/Pec	Village Raushiq
076	Ag Coop Vitomiricë	Arable	Pejë/Pec	Pejë/Pec	Village Vitomiric
077	Ag Coop Zahaq	Arable	Pejë/Pec	Pejë/Pec	Village Zahaq
067	Ag Coop Baran	Arable	Pejë/Pec	Pejë/Pec	Village Baran
080	Instituti Bioteknik	Agricultural Research	Pejë/Pec	Pejë/Pec	quarte "Fidanishtja"
127	Produkt	Bakery	Pejë/Pec	Pejë/Pec	str; "Hekurullës" n.n
126	Fabrika e Birres	Beer Production	Pejë/Pec	Pejë/Pec	str: "Nexhdet Basha" no.160
078	IAC Bujqësia	Arable	Pejë/Pec	Pejë/Pec	str: "Nexhdet Basha" no.160
079	IAC Kooperimi	Arable	Pejë/Pec	Pejë/Pec	str: ex "Marshali Tito" n.n.
081	Unifarm	Arable	Pejë/Pec	Pejë/Pec	Kompleksi I Spitaleve
129	Industria e Bukës dhe Ëmbëlsirave "Kosovarja"	Bakery	Prishtina	Fushe Kosove	Industrial Zone p.n.
128	I.M.B. Mulliri	Flourmill/Bakery	Prishtina	Fushe Kosove	Industrial Zone p.n Fushë Kosova
134	Qumështorja Konzume	Dairy	Prishtina	Fushë Kosovë	Industrial Zone p.n Fushë Kosova

AFSOE No.	Name	Subsector	Region	Municipality	Address
083	Fabrika e Ushqimit të Kafshëve	Feed Production	Prishtina	Fushë Kosovë	Industrial Zone p.n Fushë Kosova
132	I.M.F. Kosova	Meat Processing	Prishtina	Fushë Kosovë	
082	Bujqesia	Arable	Prishtina	Fushë Kosovë	
133	NSH"Lavërtari - Blegtori"	Arable/Cattle Rearing	Prishtina	Fushë Kosovë	Village Miradi e Eprme Fushë Kosovë
131	Ferma e Gjedhave	Cattle Rearing (meat & dairy)	Prishtina	Fushë Kosovë	Vill. Miradi e Ulet, pn. Fushë Kosova
130	Ferma e Derrave	Pig Rearing	Prishtina	Fushë Kosovë	
085	Përparimi	Arable	Prishtina	Gllgovc	Village Arlat pn. Gllgovc
084	Drenica	Arable/Cattle/Poultry Production	Prishtina	Gllgovc	Adem Jashari pn. Gllgovc
135	Shpezëtaria	Poultry/Eggs/Fish Production	Prishtina	Lipjan	Village Banulla pn. Lipjan
136	The Bottling & Dsitribution Facility	Beverages - Non-alcoholic	Prishtina	Lipjan	
086	Orllan	Arable	Prishtina	Podujeve	Village Orllan p.n. Podujeva
092	Përparimi	Arable	Prishtina	Podujevë	Zahir Pajaziti pn. Podujevë
088	Drita	Arable	Prishtina	Podujevë	Vill. Sfeqël, P.n. Podujevë
087	Besa	Arable	Prishtina	Podujevë	Vill. Luzhan, p.n. Podujevë
090	Flora	Arable	Prishtina	Podujevë	Vill. Kerpimeh, p.n. Podujevë
089	Dumnica	Arable	Prishtina	Podujevë	Vill. Dumnica, p.n. Podujevë
091	Llapi - Peran	Arable	Prishtina	Podujevë	Village Peran p.n. Podujeva
186	Liria	Arable	Prishtina	Prishtinë	Bardhosh
187	Muzeqina	Arable	Prishtina	Shtime	Muzeqin
093	Agricultural Cooperative 'Shtime'	Arable	Prishtina	Shtime	Shtime
094	Pemishtja	Horticulture	Prishtina	Shtime	
095	Sharrprodhimi	Sheep/Medical Plants	Prizren	Dragash	Dragash
096	NB Mirusha	Viticulture/Arable	Prizren	Malisheve	Malishevë
097	Lavërtarija	Arable	Prizren	Prizren	Rr. Tirana p.n.
098	Vreshtaria	Viticulture	Prizren	Prizren	
139	Kosovovera	Beverages - Alcoholic/Non-alcoholic	Prizren	Prizren	Krusha e Vogël (village)
140	Progres-Eksport	Slaughterhouse (cattle) / Meat Processing	Prizren	Prizren	Rr. Tirana p.n.
137	Aromatik	Tobacco Processing	Prizren	Prizren	Rr. Tirana p.n.
138	Industria Ushqimore	Vegetable Processing	Prizren	Prizren	Rr. Tirana No.9
184	Krushe e Madhe	Viticulture	Prizren	Rahovec	Krushe e Madhe
141	IMBB Silosi Xerxe	Flourmill/Bakery	Prizren	Rahovec	Xërxe (village)
099	Rahoveci	Beverages - Alcoholic/Non-alcoholic, Vinyard, Cattle/Pig fattening	Prizren	Rahovec	Sheshi I Dëshmorëve p.n.
142	Schweppess	Beverages - Non-alcoholic	Prizren	Suharekë	Shirokë (village)
143	Suhareka	Beverages - Alcoholic/Non-alcoholic	Prizren	Suharekë	Shirokë (village)

## ANNEX 2: AGRICULTURAL COOPERATIVES WITH LAND <sup>40</sup>

No.	The name of cooperative /agro-combinats	Location	Municipality	Surface/Ha.
1.	KB" DECANI"	Decani	Decani	60
2.	"IRZNIQI"	Irzniq	Decani	900
3.	"TANKOSIQI"	Tankosiq	Ferizaj	109
4.	"ROGOVA"	Rogove	Gjakove	957
5.	"DOBRUSHA"	Dobrushe	Istog	58
6.	"GJURAKOCI"	Gjurakoc	Istog	117
7.	"DARDANA"	Dardane	Kamenice	331
8.	"R.AGUSHI"	Kaqanik	Kaqanik	159
9.	"LIRIA"	Budisalc	Kline	53
10.	"UJMIRI"	Ujmir	Kline	57
11.	"LAVRA"	Kline	Kline	5
12.	"AGROKULTURA"	Mitrovice	Mitrovice	83
13.	"BARE"	Bare	Mitrovice	1086
14.	"KRUSHE E MADHE"	Kr.e madhe	Rahovec	12
15.	"BARANI"	Baran	Peje	21
16.	"DRITA"	Raushiq	Peje	51
17.	"PERPARIMI"	Podujeve	Podujeve	145
18.	"DRITA"	Sfeqel	Podujeve	109
19.	"BESA"	LLuzhan	Podujeve	45
20.	"FLORA"	Kerpimeh	Podujeve	89
21.	"ORLLANI"	Orllan	Podujeve	5
22.	"LIRIA"	Bardhosh	Prishtine	377
23.	"SHTIME"	Shtime	Shtimje	148
24.	MUZEQINA"	Muzeqin	Shtimje	70
25.	KB"LEPOSAVICI"		Leposaviqi	8370
26.	KB"ZUBIN POTOK"		Zubin Potok	1222
27.	KB"ZADRUGA"		Shterpc	2797
28.	KB"ZVEQANI"		Zvecan	2116
	<b>Total:</b>			<b>19552</b>

These records are taken from MAFRD Statistic Unit – Department of Rural Development and from Kosovo Cooperative League.

MAFRD 2001. Preliminary list. A survey on SOEs and Cooperatives with land is under preparation. It will be implemented in 2003 by MAFRD and SOK. The frame established by MAFRD, SOK and KTA is presented in Annex

<sup>40</sup>Agrokosova Commerce is the top of management, planning, science, export, import organization and is representative of the following 23 agro-kombinats. From 1980 up to 1989 estimates of area managed, according to Agrokosova, are up to 103,000 ha

## ANNEX 3: CURRENT STATUS OF VETERINARY SERVICES

Twelve months after the publication of a strategy paper the status of veterinary services is as follows:

- Fully functional head office (Director), capable to manage and supervise workers, ability to fully support and monitor the chief of the units, making progress in the creation of links with public veterinary services of surrounding countries and international veterinary bodies.
- Animal Health Unit is established and staffed and has set up a disease notification system (still developing). This unit has responded to dozens of disease outbreak suspicions in order to assess the epidemiological situation. The AHU has also managed to collect information about the prevalence of several List A and B diseases, four major disease control programs have been completed and capacity to design contingency plans for List A is developing.
- BIP Unit is running control activities on 8 border crossing points: 1-Elez Han, 2-Vermica, 3-Kulla Pass, 4-G3, 5-G5, 6-G1, 7-Prishtina Airport, and 8-Fushe Kosovo Railway Station. It is expected soon to start control on a 6<sup>th</sup> border crossing point, which is G1. For 12 month period from July 2001 when DAPH took control over the BIP, to September 2002 BIP unit has managed to establish three additional BIPs with 6 additional inspectors and it has developed manual of inspection for BIP inspectors. A comprehensive licensing system has been developed for export and import of products of animal origin. An import – export database is being developed.
- The Food and Hygiene Unit has completed an assessment of current situation with one slaughterhouse and butcher shops. A system for obtaining a veterinary surveillance number is being developed and as part of the process, the first meat processing plant has obtained this number. A food control strategy is under construction.
- A Drug and Residue Surveillance unit is staffed and as the first step of their activity is registration of all veterinary drugs currently in use and of veterinary drug importers. Effort is being put into preparing the legislation for transferring responsibility for veterinary drug licensing from Kosovo Drug Regulatory Authority in the Ministry of Health (KDRA) to KVS.
- The Animal Welfare Unit is staffed and is active on preparing legislative background on relevant issues, as follows: monitoring and advice during implementation of disease control and preventive programs; exchange of information and advise other units on requirements which have to be fulfilled during the transport of animals, husbandry and animal keeping.
- Veterinary Field Units are fully staffed. They run their activities in five regions of Kosovo, covering all 30 municipalities. Their activity so far has been concentrated on monitoring of outsourced tasks such as vaccination, sampling and field investigation on cases of disease reports, emergency measures and back-to-office reporting.
- The Kosovo Veterinary Laboratory is fully staffed and equipped. Under the WB/FAO EFRP project, the amount of US\$750,000 has been invested in the Kosovo Veterinary Laboratory (KVL) for laboratory equipment, facility reconstruction and capacity building.

### *Activities Completed*

- Prevalence of Brucella melitensis and Brucella abortus has been assessed (2001, FAO).
- Vaccine test trial has been completed (KVS).
- Vaccination against Brucella melitensis in sheep and goats has been completed in 6 of the highest prevalence municipalities: 50,000 sheep and goat vaccinated. Vaccination against swine fever has been completed: 50,000 pigs vaccinated.
- Following anthrax outbreak in 2001, vaccination against anthrax has been completed on 9000 cattle in villages along the borderline with Albania and Macedonia (Mercy Corps supported this activity).
- First phase of dog control program has been completed. Vaccination against rabies, treatment against echinococcus, health record and registration number provided for 50,000 owned dogs.

### *Capacity Building Component (trainings completed) and Ongoing Activities*

- Comprehensive programme on control of brucellosis in sheep and goats
- Programme on control of bluetongue in sheep and goats
- Programme on control of stray dogs (shelter, treatment, vaccination, castration, sterilization and eventual euthanasia for a certain number of them)
- Co-operation with KFOR programme to shelter horses confiscated during smuggling operations
- Assisting in organizing the Veterinary Symposium to be held in October 2002
- Preparation of the strategy for inland food control

## ANNEX 4<sup>41</sup>: DRA'S MAIN TASKS AND RESPONSIBILITIES

The DRA's main tasks and responsibilities are focused in four areas:

**Agricultural and Forestry Enterprises:** The DRA being the responsible institutional body for both agricultural and forestry public and socially owned enterprises, will together with other governmental bodies, identify and elaborate policies for the re-vitalization and appropriate regulation of these activities.

**Public Forest and Forestland property:** The DRA has oversight and veto powers over the Ministry of Agriculture, Forestry and Rural Affairs regarding Forest and Forestland policy, including any proposed change of land use, quarry licenses and grazing on public forestland. This will include control over the setting of harvesting and silviculture targets on public forestland following the principle of sustainable forest management. The DRA will also perform an auditing and assessment role (follow-up of operations performance) over the planning, licensing and services performed by the Kosovo Forestry Authority/Agency (KFA) and other contractors in/on public forests and forestlands for wood and non-wood products.

**Border Transit Control of Plants and Plant products (including food):** The main objective of the Office for Plant Border Control is to safeguard against the entry into Kosovo of harmful pests and diseases, to regulate the entry of pesticides and control plant-origin food imports.

**Border Transit Control of Animal and Animal Products (including food):** Under the Constitutional Framework for provisional self-government in Kosovo, UNMIK is required to control border/boundary transit of goods for animals and animal products. This requires the entire public veterinary services to also be within the UNMIK reserved area. This is due to the highly infectious nature of certain trans-boundary animal diseases that require border control facilities to be an integral part of the overall animal disease surveillance and animal identification and movement control systems, that are located within and are a core part of the public veterinary services. The DRA is responsible for establishing and supporting the Kosovo Veterinary Services (KVS).

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<sup>41</sup> this contribution had been prepared by DRA and does not represent necessarily the opinion of MAFRD.

## **ANNEX 5: EAR STRENGTHENING PUBLIC VETERINARY SERVICES PROJECT, 2002-2004 ACTIVITIES**

Main and specific activities of SVPVS

**Technical assistance and services will be provided for:**

**Prevention and control of transmissible animal diseases (list A and B OIE) and zoonotic diseases:**

- the preparation of legislation (sub-law) for animal disease control programmes.
- the preparation of contingency plans for OIE list A diseases.
- the preparation of yearly sampling, vaccination and testing plans for the execution of the animal disease control programmes.
- assisting in the preparation of a disease notification system.
- preparing records and statistics of list A and list B diseases (disease notification system).
- preparing working instructions for staff carrying out disease control programs.
- planning outside contracting and outsourcing of control tasks (vaccination, tests, sampling).
- planning a BSE monitoring program.
- planning the creation of a rendering system.
- planning the supervision staff working for disease eradication programmes and disease control in case of outbreaks.

**Identification and movement control system for cattle and sheep:**

- harmonisation of legal framework with EU provisions related to animal identification and movement.
- assistance in the preparation of an IT strategy for the veterinary service (animal identification and movement database, laboratory database, recording of disease surveillance and outbreaks, vaccinations and tests and their interlink).
- preparation of terms of reference for supply and delivery of an animal identification and movement database.
- establishment of the operational infrastructure of the animal identification and movement control system (Specification and allocation of holding registration numbers should be done in agreement with the Ministry of Agriculture, Forestry and Rural Development).
- preparation of procurement of the necessary technical equipment (phone, fax, PC, modem, copy machine) for the implementation of the animal ID and movement system.
- tender and purchase of ear-tags for cattle and sheep.
- implementation of the animal ID and movement control system (ear tagging, animal passports, farm registers, database).
- plan outside contracting and outsourcing of control tasks (collecting of data, ear tagging).

- prepare working instructions for local veterinary units and other involved organisations in the case of animal ID and movement control program.
- support the updating of the animal ID and movement system to an integrated animal and public health surveillance system.
- develop and implement a training scheme for staff involved with data collection.

**Border inspection post control:**

- definition of the requirements of an import database, recording consignments and results of inspections according to the specifications of the referring EU Decisions.
- implementation of the import legislation and the preparation of amendments of the import legislation and BIP procedures, if appropriate.
- revision of the import licensing system.
- creation of a BIP inspection manual.
- the ongoing process of upgrading the BIP inspection system (purchasing equipment and constructing facilities).
- training of BIP inspectors in inspection procedures, sampling procedures and product knowledge.

**Drug and residue surveillance:**

- creation of residue monitoring program.
- create a yearly residue monitoring plan compatible with EU requirements.
- assist with the embedding of the residue-monitoring program in the food legislation.
- create a legislation on veterinary drugs, their usage and their surveillance.
- plan outside contracting and outsourcing of control tasks (sampling).
- assistance in the preparation of a recording system for veterinary drug usage.

**Ante and post mortem meat inspection in slaughterhouses and hygiene control in establishments slaughtering or processing food of animal origin according to EU standards:**

- prepare legislation for hygiene in production and processing of food of animal origin (meat hygiene including requirements on ante mortem and post mortem meat inspection, requirements on slaughterhouses and meat processing plants, milk hygiene, etc).
- carry out surveillance of the food hygiene controls of slaughterhouses, dairies and processing plants (which are executed by the local veterinary units).
- plan outside contracting and outsourcing of control tasks (ante and post mortem inspection in slaughterhouses, hygiene surveillance in meat and milk processing plants, shops and kitchens).
- prepare records and statistics.
- assist in the creation and application of hygiene programs.
- assist to establish ante and post mortem meat inspection in line with EU standards for commercially and private slaughtered livestock.

**Animal welfare as it applies to animal and food of animal origin production:**

- develop policy for control of stray cats and dogs.
- supervise the control of stray cat and dog population in Kosovo by co-operating with animal health section and Department of Health by an organised strategy, possibly by outsourcing.
- support animal welfare at the producer and breeder level.
- produce animal welfare guidelines for producers, slaughterhouses transporters and markets.

**Veterinary drug licensing:**

- register veterinary drugs licensed by the legislation for use on animals for food production and other animals.
- prepare legislation basis for drug licensing.

**Capacity building for the Kosovo veterinary laboratory:**

- assess the needs on laboratory equipment for upgrading diagnostic capacity to meet the needs of animal surveillance and BIP inspection.
- tender and buy laboratory equipment.
- train laboratory staff to utilise the available equipment.
- assist to create sampling plans for BIPs and animal disease control programmes.
- assist to implement the sampling plans for BIP's and animal disease control programmes.
- train laboratory staff to manage the administration of a public laboratory with the disciplines: Bacteriology, Serology, Parasitology, Pathology and Histology.
- recommend on database for laboratory data management (sample identification, examination results).
- plan and develop the gradual upgrading of the laboratory capacity in line with the needs of the animal and veterinary public health section.
- define the capacity of the Kosovo veterinary laboratory in terms of a province reference laboratory for specified diseases and define the required assistance from relevant world reference laboratories.

**Strengthening of the KVS in its organisation and effective structure:**

- strengthen the abilities of administrative work and procedures including organisation management of KVS.
- assist with the preparation of contracts for outsourced tasks.
- assist to liaise and to co-ordinate public veterinary tasks with relevant administrative bodies and donor organisations in Kosovo.
- assist and advise on the preparation of a long-term strategy for the development of the Veterinary Services.
- assist in training of staff for strengthening the management capabilities.
- provide in country and out-of-country training for selected veterinary staff strengthening the technical capabilities in the units "Animal Health", "Veterinary Public Health", "Border Inspection" and "Animal Welfare", related to the project objectives.
- provide training materials, manuals, videos, CDROMs where appropriate.

**Drafting of veterinary legislation which should cover:**

- preparation and/or adjustment of a basic veterinary law.

- provisions for meat inspection and hygiene surveillance in food processing plants (public health/animal health related).
- provision for disease surveillance and control (animal health related).
- provision for animal welfare (animal welfare related).
- provisions for residue control programmes.
- provisions for veterinary, medical and bio technical products, i.e. licensing, recording and surveillance of drugs, vaccines and medicated feed used in food animals and other animals and sera (public health/animal health related).
- provisions for animal ID and movement control (public health/animal health related).
- provisions on veterinary certification (public health/animal health related).

## **Project Results**

### **Prevention and control of animal diseases, in particular of transmissible animal and zoonotic diseases (list A and B OIE) and zoonotic diseases:**

- Fully operational animal disease surveillance unit capable of planning and executing sound animal surveillance and disease control programmes (indicators: operating manual and instructions, fully developed contingency plans).
- Up and running disease control programmes for the priority list A and B OIE diseases in the region which will include Brucellosis in cattle and sheep, Anthrax in cattle and sheep and Tuberculosis in cattle (indicator: implementation and execution of containment programs).
- Planned and start up of a BSE monitoring program in line with EU provisions.

### **Identification and movement control system for cattle and sheep:**

- The legal framework has been harmonized.
- The register of holdings has been established.
- Training has been completed in the relevant livestock, veterinary and information technology sectors.
- The operational infrastructure of the animal identification and movement control system is established and a referring awareness campaign is completed.
- The components of the animal ID and movement system (ear tags, cattle passports, farm register and database) are defined and in place.
- Animals are tagged and registered on the database, movements are recorded.

### **Border inspection post control:**

- Fully operational BIP coordination unit executing import licensing and inspections at borders.
- The requirements of a fully operational database recording system of imports of consignments and results of inspections regarding EU requirements are defined.
- The Kosovo import legislation is upgraded in line with approximation to EU standards.

### **Drug and residue surveillance:**

- Operational residue monitoring program is created and in place.
- The private veterinary sector pharmacy licensing, registration and dispensation system is under administrative surveillance.

### **Food and hygiene control:**

- Hygiene control is established in all food (food of animal origin) processing plants working according to EU standards as best practice.

- Slaughterhouses and food processing plants aiming for EU approval are given full advice and directions.

**Ante and post mortem meat inspection in slaughterhouses:**

- Ante and post mortem meat inspection is established in all approved slaughterhouses and is executed according to EU standards.
- A centralised comprehensive recording system including all ante and post mortem details is in place.

**Animal welfare as it applies to animal and food of animal origin production:**

- Guidelines for application of animal welfare in livestock production, transportation and slaughter are developed.
- The program for stray cats and dogs control is assessed and improved as required to ensure sustainability.

**Veterinary drug licensing:**

- A positive list of authorised animal remedies including drugs, vaccines, medicated feed and premixes is established and a registration system designed for future implementation.

**Capacity building for the Kosovo veterinary laboratory:**

- Laboratory staff is trained to utilise the available equipment.
- Sampling plans for BIPs and animal disease control programmes are in place.
- Laboratory management staff is fully trained in administration of a public laboratory.
- Necessary laboratory equipment for upgrading diagnostic capacity to meet the needs of animal surveillance and BIP inspection is tendered and bought.

**Strengthening of the KVS in its organisation and its effective structure:**

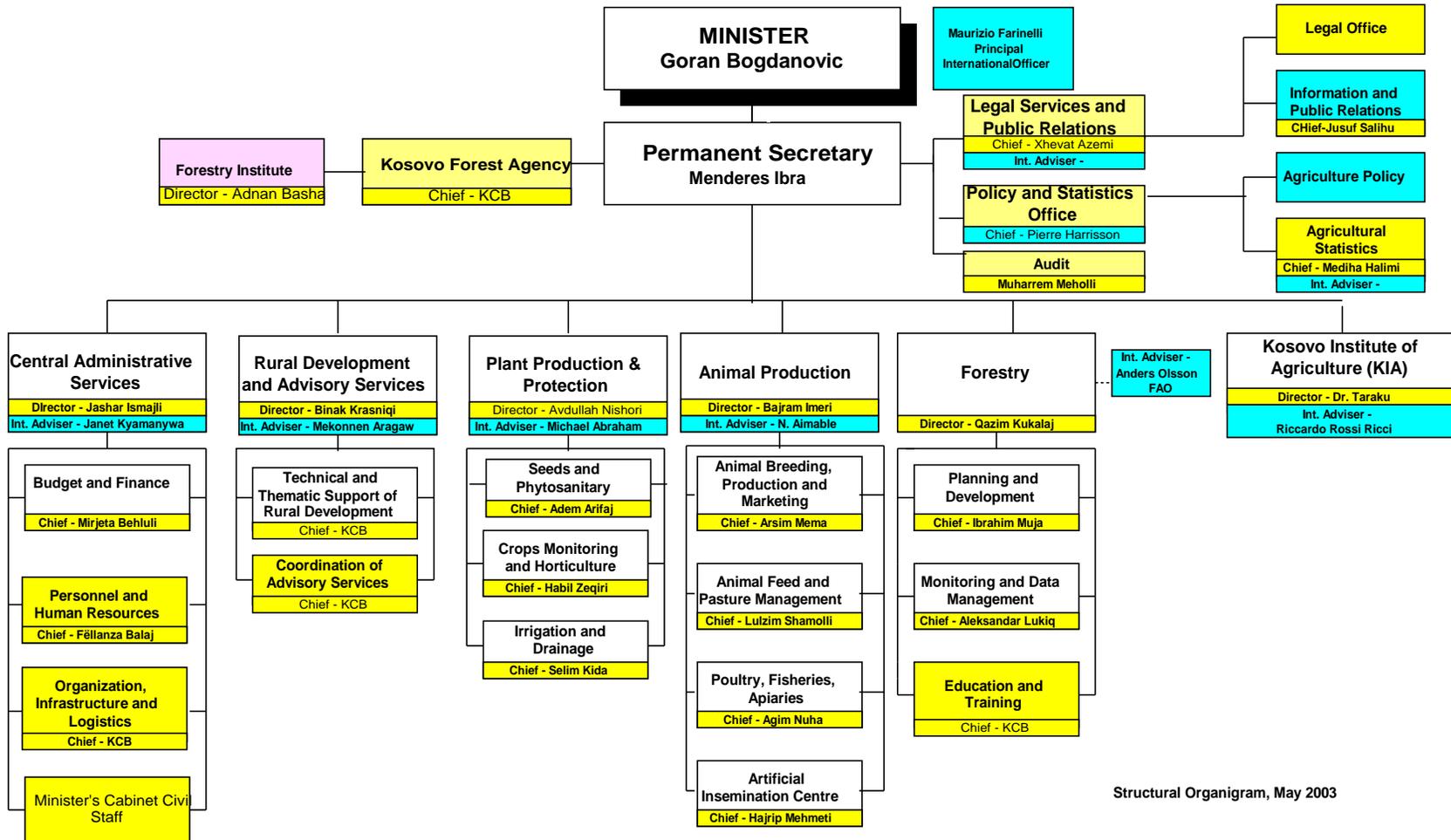
- KVS Policy is reviewed and modified as required.
- The administrative staff component of KVS is strengthened in their ability to plan, execute, monitor and review office management procedures and public documentation procedure.
- Manuals with executable standard operating procedures for all units are available.
- Suitable training curricula have been identified and developed for the indicated sectors. Satisfactory training inside and outside Kosovo has been completed.

**Comprehensive veterinary legislation:**

- A comprehensive veterinary legislation covering the tasks of the KVS (i.e. animal disease control and surveillance programmes, animal identification and movement control, meat inspection, hygiene surveillance, drug surveillance and control, residue monitoring, animal welfare) has been developed and forwarded for promulgation.

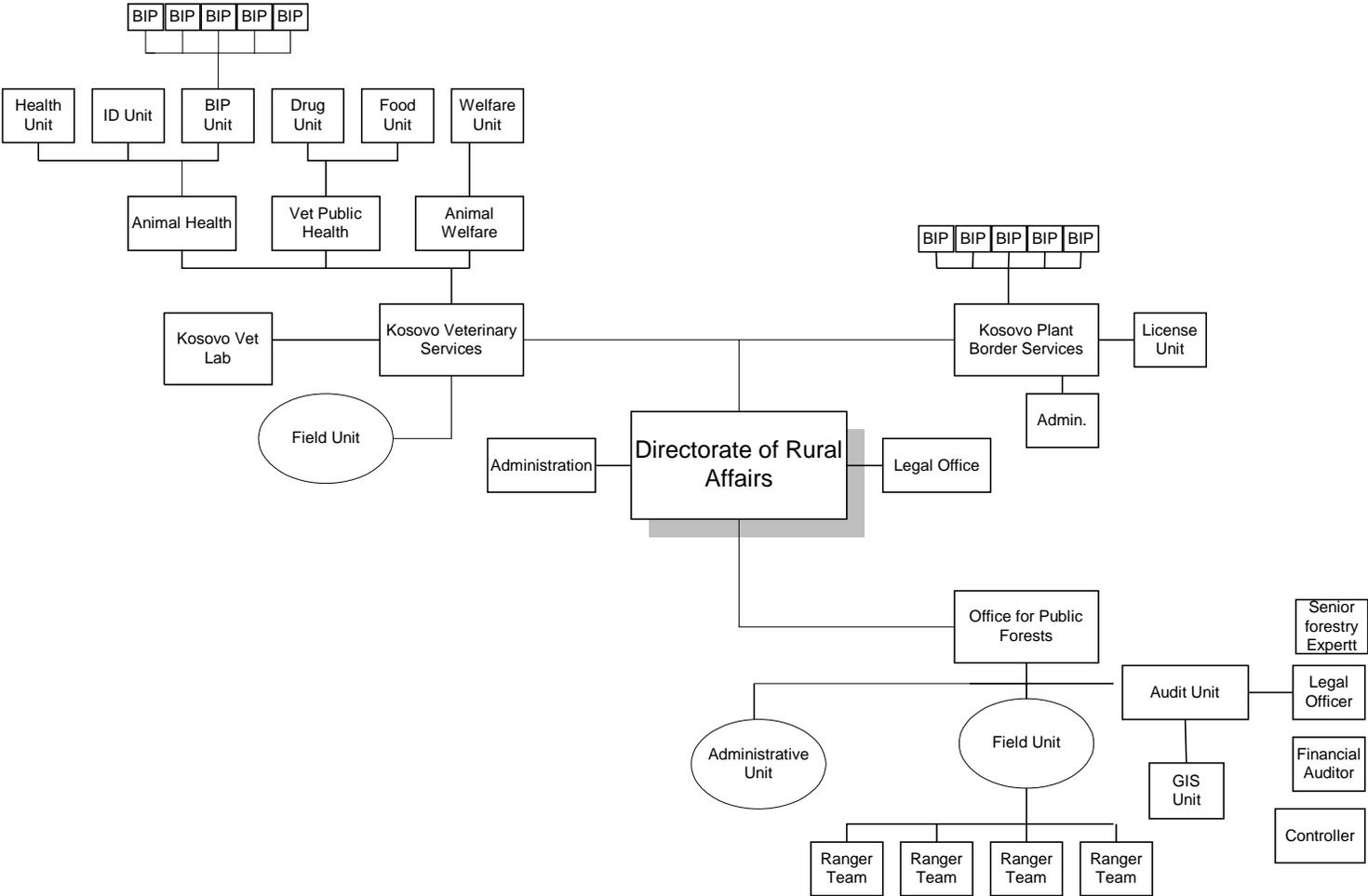
# ANNEX 6: ORGANIGRAMMES

## 6.1 Organizational structure of MAFRD



Structural Organigram, May 2003

### 6.2 Organizational structure of DRA



## **ANNEX 7: OVERVIEW OF 2003 BUDGET ALLOCATION TO PROGRAMMES/ENTITIES IN MAFRD**

### **1) Central Administration, Legal Office and Policy Unit**

The 2003 KCB Budget provides €576,341 for the Ministry's administration, legal office and policy unit to be used to develop the Ministry's presence in rural Kosovo and in under-represented areas. The Ministry operates field offices containing field units to carry out activities in the areas of plant and animal production, forestry, rural development and agricultural statistics development. To achieve better efficiency and effectiveness, the 2003 Kosovo Budget provides funds for additional vehicles, office equipment and supplies for the field office units. The Ministry is also running field offices in Serbian areas, in addition to the Mitrovica North office.

### **2) Plant Production Services**

A total of €113,392 (KCB) is planned for this programme. It is planned to improve productivity in agriculture through selecting, listing and labeling of high yielding varieties and promoting the production of quality seeds locally. It also sets the standards for optimum fertilizer and chemical use, monitors production levels, works in development of irrigation schemes and coordinates all actors involved in the production of fruits and vegetables.

### **3) Animal Production**

The Department of Animal Production has planned a total of €103,504 (KCB) for its activities that include improvement of quality breeds of livestock within Kosovo through artificial insemination and feed improvement schemes. In addition, it has planned to install a reproduction centre for poultry, bee farming and fish farming.

### **4) Forestry Department and Kosovo Forest Authority**

The Department of Forestry will be responsible for developing a regulatory framework for public and private forestry management by establishing an overall policy for the conservation of forests and forestland resources, developing a strategy for effective administration of forests and forestland, conservation of flora and fauna and developing a regulatory framework for the administration of forests and forestlands. The implementation of harvesting plans and public forest management will be under the responsibility of an Executive Agency - The Kosovo Forest Agency that will report directly to the Permanent Secretary or the Minister.

A total of €91,342 (KCB) is planned for the forestry sector of which the bulk of the budget (about 90 percent) will go to Kosovo Forest Authority: the executing agency while the rest (about 10 percent) will go to the Forestry Department.

With respect to external funding under the Public Investment Program, financial assistance of €620,000 is expected to come from donors, the main one being Sida.

### **5) Rural Development**

The overall goal of the rural development program is to improve the living and working conditions and position of the rural population, particularly marginalized groups including the rural poor and women.

The 2003 Kosovo Budget provides €137,903 for the Rural Development Programme primarily to finance the training of Rural Development Officers in the Ministry's Field Units and Municipalities, continue the started sustainable land use scheme, promoting rural finance and

micro-business schemes, guide and coordinate community organization building and continuing with the NGO coordination roles.

A challenge for the Ministry will be training and capacity building of the rural development officers to enable them to work closely with the Municipal Departments of Agriculture and to promote producers and rural organizations at the local level. The Ministry has identified the need for 30 municipal rural development officers to be funded directly through municipal budgets. The external funding component amounts to €240,000 that is expected to come from Sida and other sources.

#### 6) Agricultural Statistics and Data Management

A great deal of data collection, documentation and analysis work is planned to provide reliable data services that would ensure informed decision making and policy formulation. The capacity of Kosovan staff will be built through training and coaching together with introduction of appropriate methodologies using European standards. Geographical Information System and farm accountancy data network will be some of the tools that would be introduced to enable the availability of quality information for the whole Ministry and outside users.

The 2003 budget allocation for this programme is € 24,956 from Kosovo budget and €164,000 from Public Investment Programme through EAR funding.

#### 7) Advisory Services

Agricultural productivity levels are generally very low in Kosovo at about 50 percent of European standards. A great deal of effort is required to revamp the agricultural sector through introduction of selected technologies and improved varieties. This problem is compounded by the absence of advisory services to farmers. Fully private advisory services are not timely at the moment due to lack of capacity on the one hand and low level of demand from the part of the farmers for such services on the other hand. It is therefore planned to introduce an advisory service managed by central and local government in association with private advisers that could move progressively to a fully private system with full cost-recovery.

Training centers for municipal advisers, producer associations and farmers will be established. Professional trainers will be employed to train Kosovans who will in turn train the advisers and farmers. Each municipal adviser will be equipped to provide advice to farmers. The Ministry will carry out periodic field monitoring and technical backstopping. Private services providers will be trained and licensed by the Ministry and their work compensated by financial support, to be funded at the beginning by the Provisional Government with donor assistance and progressively by the Kosovo budget for the part not covered by cost recovery mechanisms.

A total of €2.65 million Public Investment Programme funding will come from EAR for 2003 while a matching fund of €97,440 will be from Kosovo budget. Negotiations are continuing with bilateral donors to obtain the necessary funding to set up not only the training, but a scheme for the implementation of Advisory Services associating private and public providers of services to farmers/rural producers.

8) Kosovo Institute of Agriculture

The Budget for 2003 includes €129,000 million for operating expenses for the Kosovo Institute of Agriculture (KIA). This is a major program activity within the Ministry. IAK was founded in 1947 to conduct scientific research and practical application of agricultural technologies.

For 2003, the Institute will scale up its research and development capability, provide technical analysis and testing services on a cost recovery basis and periodically publish information on standards and environmental threats. It is envisaged that the Institute will serve the Ministry through its innovative and scientific research results. The Institute will be associated with the training for Advisory Services and with the elaboration of leaflets for public awareness on technical issues. It is also planned that the Institute will generate up to €129,380 from technical services that it provides to farmers and other users. Its main functions are:

Information and Training; Analytical Laboratory; Nursery Production and Tissue Culture; Soil Analysis.

MAFRD is redefining the role of the Institute inside the Ministry and will approach donors for investments in order to have a better centre for services, particularly in soil analysis, seeds and fruit tree variety testing, genetic bank and food quality control.

9) Office of the Minister

The proposed budget for the Office of the Minister for the year 2003 is €134,400 broken down as follows:

Salaries and wages	44,400
Goods and Services	50,000
Capital Outlay	40,000

The proposed budget for the salaries and wages is intended for the salary of the Minister and his Political Advisers. The operating expenses of the Office of the Minister will be charged to Goods and Services while procurements of vehicles, computers and their accessories and other projects of the Minister will be charged to the Capital Outlay account.

**ANNEX 8: MAIN DONORS IN AGRICULTURE  
BY ACTIVITY (1999-2002)**

(in thousands euros)

<b>Donor</b>	<b>Subsector</b>	<b>Committed</b>
Arcobaleno	Other Agriculture (Non PRIP)	€59.35
Canada	Agribusiness Development	€8.96
Canada	Input and Farm development	€161.20
Denmark	Agribusiness Development	€90.53
European Union (EAR)	Agribusiness Development	€18,516.14
European Union (EAR)	Input and Farm development	€14,479.00
European Union (EAR)	Institutional Capacity Building	€265.00
European Union (EAR)	Irrigation	€1,832.00
European Union (EAR)	Other Agriculture (Non PRIP)	€1.53
Finland	Forestry	€1,020.00
France	Agribusiness Development	€0.00
France	Input and Farm development	€1,100.00
France	Institutional Capacity Building	€1,173.00
Germany	Agribusiness Development	€19.00
Italy	Agribusiness Development	€86.06
Italy	Institutional Capacity Building	€1,549.37
KCB	Forestry	€5.10
KCB	Irrigation	€765.00
Luxembourg	Input and Farm development	€93.60
Luxembourg	Other Agriculture (Non PRIP)	€444.76
Netherlands	Irrigation	€1,660.00
Norway	Forestry	€1,785.00
Other Governmental	Input and Farm development	€1,106.70
Other Governmental	Institutional Capacity Building	€1,479.00
Other Non-Governmental	Forestry	€4.96
Other Non-Governmental	Input and Farm development	€10.00
Other Non-Governmental	Irrigation	€36.32
Sweden	Forestry	€28.56
Sweden	Input and Farm development	€890.80

<b>Donor</b>	<b>Subsector</b>	<b>Committed</b>
Sweden	Institutional Capacity Building	€1,696.68
Switzerland	Agribusiness Development	€2,137.41
Switzerland	Institutional Capacity Building	€809.38
Switzerland	Other Agriculture (Non PRIP)	€1,268.00
United States	Agribusiness Development	€4,335.90
United States	Input and Farm development	€17.85
United States	Institutional Capacity Building	€107.00
United States	Irrigation	€61.20
United States	Other Agriculture (Non PRIP)	€2,040.00
UNTF	Input and Farm development	€51.00
World Bank	Input and Farm development	€9,898.00
World Bank	Institutional Capacity Building	€8,741.00
World Bank & Netherlands or CDF	Forestry	€43.57
World Bank & Netherlands or CDF	Irrigation	€146.85
<b>Total</b>		<b>€9,694.78</b>

Source: RIMS database, MFE

**ANNEX 9: AGRICULTURE AND RURAL DEVELOPMENT  
PUBLIC INVESTMENT PROGRAMME 2002-2004**

	2002	2003	2004
<b>MAFRD</b>			
Advisory Services	3	3	3
Agricultural Statistics And Policy Formulation	1.2	1.2	0.5
Agribusiness Development	9	9	9
Credit Support For Farmers	3	3	3
Irrigation Rehabilitation	2	2	2
Training And Assistance To Farmers And Professionals	1.3	1.2	1
Market Information System	1	1	1
Seed Regulation Support Project	0.5	0.2	0.2
Agricultural Information	0.5	0.5	0.5
Agricultural Surveys And Database Management	0.5	0.5	0.5
Dairy Processing And Marketing	1	1	1
Forestry Transformation, Industrialisation/Training	5	5	5
Fruit Development Program (Production, Processing, Marketing)	3	3	2
Vineyards Rehabilitation, Wine Processing And Marketing	2	2	2
Agro-tourism	0.5	0.5	0.5
Food Safety Control	0.5	0.5	0.5
Animal Production, Processing, Marketing	2	2	2
Crop Monitoring, Early Warning System	0.5	0.5	0.5
Rural Development Programme	3	3	3
Promotion Of Rural Organisations And Smes	1	1	1
Vegetables Development Program	2	2	2
Vocational Training In Agriculture	1	1	1
<b>Directorate Of Rural Affairs</b>			
Strengthening Of Veterinary Services	1.2	1.2	0.5
Kosovo Phytosanitary Border Service	0.5	0.5	0.5
<b>TOTAL</b>	<b>45.2</b>	<b>44.8</b>	<b>42.2</b>

## **ANNEX 10 :**

### **MEETING WITH DONORS ON AGRICULTURE AND RURAL DEVELOPMENT ORGANISED BY MFE AND MAFRD, PRISTINA, January 15, 2003**

#### **Address of H.E. Goran Bogdanovic to the donors meeting on agriculture.**

##### **Dear ladies and gentlemen**

It's a special honor and I feel great pleasure that I can greet you on behalf of the Ministry of Agriculture, Forestry and Rural Development and on behalf of myself.

I express pleasure that this meeting with the donors for agriculture is organized, because they've supported hitherto development of agriculture and with this meeting they persist in their good will to support the further development of agriculture.

Kosovo agriculture has significant resources in the primary production and the processing industry. Kosovo has 580 000 ha of agricultural land whereof 400 000 ha is for cultivation. With the rehabilitation of the irrigation hydro-systems Ibar-Lepenac, Radonjic and the old irrigation system in the region of Istok – Pec –Decani, an irrigation of over 70 000ha actual area would be provided.

Animal Husbandry as a primary production sector can be intensified relying on the areas under meadows and pastures that are around 280 000 ha, with the increase of livestock fund, because it's understanding that there are great needs for the related products.

Viticulture production has 9 000 ha and modern wine vaults. Significant production of grapes and wine is possible, so therefore revitalization of the vineyard plantations is needed, as well as rehabilitation of the production and exportation of wine, as at that time it was an important export business. It's necessary to enable the existing capacities of the food industry and tobacco processing, and implement their rightful privatization.

The main characteristic of Kosovo is underdeveloped economy and poverty. 60-65% of the population lives in the rural areas, and over 90% of the population is practicing agriculture acquiring incomes and emoluments in this way.

Ministry of Agriculture, Forestry and Rural Development has no financial means for a sustainable agricultural development. The assignments from the Kosovo Budget are very low and the agricultural sector received only 6% of all the donations.

Poor village households that have 3,2 ha of land in average, whereof 2,4 ha is arable soil, should be supported with adequate machinery, increase of livestock fund, and means for organizing the primary production. Rehabilitation of the dairy production, production of broilers, revival and construction of salmon types fishponds, rehabilitation of fruits and construction of plantations and green houses, financing management projects, reorganization of the forest enterprises, development of advisory service with advisors scheduled through the association of producer's and co-operations, additional education of the population, etc. is needed.

It is also necessary to continue with rural finance, by using the previous experiences of the NGO which acts with the support of French EAR, through a model of Co-operative Pawnshops and Credit Associations, Foundation of Economic Initiative in Kosovo (FEIK), Credit Guarantee Fund with the use of land as security, experiences of the credit initiatives ABU, International Associations and other type of donations by the European countries.

This is a way to increase the food balances in the inland production and to reduce the imports.

Dear participants of this meeting, once more I would like to greet you and ask you to support further development of agriculture, therefore resolving the main issues of the Ministry of Agriculture, Forestry and Rural Development work domain.

THANK YOU

## **ANNEX 11:**

### **MEETING WITH DONORS ON AGRICULTURE AND RURAL DEVELOPMENT ORGANISED BY MFE AND MAFRD, PRISTINA, January 15, 2003**

#### **Summary Of Projects Ideas**

##### **Introduction**

The Ministry of Agriculture Forestry and Rural Development had prepared in a participatory approach with all Technical Departments a summary of possible project ideas, in line with the Strategy for the development of the agriculture/rural economy to be published soon (Green BOOK), in line with the Program of Government of Kosovo, particularly with the investments programmed by the Ministry for the Mid-Term Expenditure Plan and with the EU Country program and Mid-Term Strategy. In some cases, the profiles are detailed including estimated duration and indicative costs. In other case, they are more project ideas, which need to be elaborated more. MAFRD had been always working closely with donors for project priority identification and Term of References definition. In this spirit, this summary of projects ideas is given to the donor community as "food for thought" in line with Agricultural sector strategic choices for short and medium term and MAFRD welcome donor support for feasibility studies, discussion with Technical departments and other stakeholders in order to contribute better to the development of agriculture and rural economy. The purpose also is to present to donors MAFRD agenda in order to promote eventual collaboration between different donors for a joint support to big projects and to secure more coherence in donor initiatives towards the agriculture/rural sector.

The presentation by the Ministry of project ideas do not mean that the Ministry consider it has to implement the different projects. Obviously, some could be implemented by MAFRD; others have to be implemented by different actors. The importance is not so much who implement the projects but to cover the needs for investments in the agricultural sector, in close collaboration between public and private investments in order to develop a competitive, income generating and more intensive employment agriculture in Kosovo. In some cases, initiatives will require a close coordination with other Ministries and with Reserved Powers (DRA, KTA etc). In all projects, there is a specific attention to gender balance and opportunities of all Kosovars.

In order to coordinate better the development of future project, to deliver a good reporting to donors and to monitor, MAFRD had recently established a new Project Coordination Section under the new Department of Policy, Agricultural Statistics and Project Coordination. Specific training will be done under ASPAUK (EAR) project on Project Cycle Management for the staff of the different Technical Department under the coordination of a Project Coordinator to be recruited in January 2003. Finally, a FAO Support Unit working within the Ministry to be funded by Luxemburg Cooperation should facilitate the elaboration of technical proposals in close collaboration with the Project Coordinator.

#### **1. Advisory Services**

The development of **Agricultural/Rural Advisory Services** is an urgent priority for Kosovo.

Now, staffs in the agriculture departments of the municipalities and Ministry Field Units (MFUs) are providing advices on specific request, but not in a systematic way. There are also a few agronomists and animal husbandry experts operating privately and informally. A few specialized

NGOs are giving support for the establishment of business plans, for specific products or for members of associations by branch of activity. The focus now should be on small and medium family farms. The Kosovo Veterinary Service had promoted the delivery of services by private veterinarians and technicians and the setting up of a professional order of Kosovo veterinarians.

The Advisory Services will take into account the transition period with many professionals working as civil servants in the ministry, municipalities, foreign or local NGOs and other trying to develop services with a free market approach. MAFRD intends to develop a public-private system, aiming progressively to achieve partial or total cost recovery for services according to the capacities of payment of different categories of farmers. The scheme should take into account the necessity to give advices to poor farmers and not only to those who will be able to pay for the services.

Answering to its strategic objective, MAFRD is considering a wide scope of advisory services, covering farm and non-farm activities in a chain sector approach where market and credit information are as important as technological practices for the primary production. Also, farm management, development of business plan, organization of service cooperatives and small and medium enterprises, specific advice on export possibilities, identification of economic opportunities at farm and village and municipality level are concerns of this proposed system.

Ultimately the advisory services should be a network of MAFRD-licensed private professionals whose time can be purchased by private farmers, producer associations, co-operatives, as well as by the municipal authorities or the State.

For the moment a first identification mission had been done with the support of the Capacity Building component of the WB/FAO EFRP project. A joint mission will be done at the beginning of February 2003 by a team of SIDA and EAR-ASPAAUK. Depending on the solution retained, funding necessity will be between 2 and 4 mio € to set up the system (coupons or other mechanisms) for a period of 3 years, beginning with a pilot phase. This project will be link with an EAR project to re-train professional staff in agriculture in order to facilitate technology transfer. Progressively the program will be partly self-financed by the payment of part of the services by farmers.

## **2. Development of rural finance facilities**

The access in good conditions to rural finance services is a key element in the development of agriculture and rural economy in general. The possibility to obtain short, medium and long-term loans is crucial, not only for production, but also for processing and distribution of products from rural area. The private sector, particularly banks should in an open market economy secure financing of operations under a regulatory framework to protect consumers and regulate the financial sector. In the actual transition period, there are obstacles to the development of rural finance as for the credit to other sectors of the economy.

For the moment, the main difficulty is to find good collaterals for loans in the rural area. Credit is given on a short-term basis, at a quite high interest rate and rarely for investments.

MAFRD proposal is to review ABU (EAR) programme in order to give loans to associations, and also to direct part of the credit at soft interest and grace payment to micro finance institutions having a good structure to cover rural area. At the same time, for medium term sustainability, savings should be link progressively to the attribution of micro finance loans. Eventually, a **rural development fund** should be created to support medium and long-term investments in the rural economy. The elaboration of a **regulatory framework** for micro finance institutions is considered a priority to secure sustainability of rural finance.

The role of the MAFRD is also to assess the division of responsibility between public and private sectors in the promotion of rural finance. In the public sector are the provision of a regulatory framework, and together with banks, support to training of credit officers and advisory services MAFRD could also provide and/or facilitate through NGOs the training of village level savings and credit groups, or individual private rural accountants. Different credit products and providers could be developed in order to cover the needs for rural finance. A potential role of technician in the future advisory services scheme could be to support individual farmers and producers associations in the elaboration of good proposals for funding. Already some NGOs are supporting farmers and processors in the elaboration of their business plan and could be associated to this advisory services scheme. Policies on rural finance will address the needs for short, medium and long-term credit for agribusiness, medium and small farmers. A particular attention will be dedicated to the development all over Kosovo of micro finance institution and to the possible set up of credit associations at village level non-only to receive credit but also to mobilize local resources through saving.

One possibility is to set up a **Credit Guarantee Fund** as a way of circumventing the present difficulty of using land as collateral, and partly because there is a natural aversion by Kosovan banks to investment in agriculture. These banks need to be drawn into agriculture gently and surely. Another of these is a Rural Development Fund as a way of using public funds for matching investment in certain sub-sectors, for example farming in hilly and remote areas. Donors assistance could permit the **capitalization of a CGF** as well as **technical assistance** to build institutional capacity, and sees ultimate ownership of the CGF as a group of private banks. Eventually, **credit lines** could be also given by donors to commercial bank to provide loans for agricultural projects.

### **3. Capacity Building (Technical, Organizational and Managerial) of the Ministry**

So far the capacity building of the Ministry has been on an ad-hoc basis, dictated by the interest of externally supported technical programs, which have been provided different levels of sectorial training. The Ministry, therefore, now needs to create an effective spirit of cooperation and dialogue both within the Ministry itself and with external partners, as well as the proactive capacity to prepare, manage and monitor the different programs and projects. This can only be done effectively, through a consistent medium term training and educational program.

Professional staff is performing many of the same tasks as the senior managers, except for the managerial and strategic planning of work. Through a common training, such as on project cycle management, senior managers and professionals will be able to “communicate” in the same “language”, with the additional advantage of motivating and preparing the future leadership. On the other side administrative and support staff needs training in basic management skills and organization of work.

The training package would include initial technical assistance for its preparation as well as earmarked funds for its implementation.

**Duration:** 2 years

**Cost:** €400.000

#### **4. Food control**

##### **Support to Legal office for elaboration of Food Control Legislation**

- a. A high Impact project/High profile project.
- b. Significant effect on Kosovo inhabitant's lifestyle.
- c. Needs Inter-ministerial Coordination.
- d. Will involve input from Prime Minister's Office.
- e. Will entail significant work:
  - (i) Various EU countries has implemented differing systems which will need evaluating to determine the best solution for Kosovo.
  - (ii) There will be political considerations to be addressed in determining the final solution.
  - (iii) Project coordinator will need to show strong leadership and possess significant prestige.
- f. Significant ramifications for eventual attainment of EU standards.

##### **Creation of Food Standard Agency**

The strategy is to support the creation of an interministerial entity considering that food quality control is an interministerial concern to be dealt with as a matter of urgency. Despite actual controls at the borders and boundaries, Kosovo market is still with too much imported products of questionable quality.

A joint FAO/WHO mission had been fielded in June 2001, integrated by experts from the Food Standard Agency of UK and the Food Safety Authority of Ireland. Another mission had been organized by FAO for the Establishment of a Single Food Control Agency for the Province of Kosovo.<sup>42</sup>

1. After the formation of the new Government, the contacts had been maintained between the Ministry of Health and the Ministry of Agriculture, Forestry and rural development in order to put in place a sustainable system for food control. In a joint letter from October 2, 2002, signed by Minister of Agriculture and Minister of Health, to the Prime Minister, a formal request had been made to create a temporary management Board on food quality control.

The Board will then be responsible to provide recommendation to the Ministry on policy matters relating to wide range food quality control measures to protect the public health from domestic and imported food. The aim is to secure the protection of public health by controlling food safety across the whole food chain.

This Management Board will supervise the establishment of an entity for food quality control. An Executive Committee integrated by Central Diagnostic Veterinary Laboratory, Central Laboratory for Food Control (IPH), Kosovo Veterinary Service, Sanitary inspectors of the Ministry of Health, Plant inspectors form MAFRD, Institute of Public Health, Kosovo Institute of Agriculture and Border/boundaries inspectors (DRA) will prepare procedures for the setting up of the future institution and prepare the regulatory framework to be submitted to the Assembly.

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<sup>42</sup> WHO, Report on Food Control in the Province of Kosovo, June 2001; FAO, Michael Cannon, Report on Identification Mission to Kosovo. Establishment of a Single Food Control Agency for the Province of Kosovo, 2001.

It is proposed to create an Executive Agency to fix the standards and directives for food quality control, working with a network of laboratories in Kosovo in order to secure protection of consumers and progressively the adoption of European standards. This Agency should be responsible of food quality from the farm to the table, working closely with existing institutions and with municipalities for the implementation of guidelines. In workshops during the WHO and FAO missions, the main following points had been agreed.

Support is needed from donors for the creation by Ministry of Health and Ministry of Agriculture of this Food Standard Agency. Preliminary contacts had been between Ministry of Health and EAR for such funding.

## **FORESTRY**

### **5. Forest management planning**

Stand-wise management planning has been greatly neglected for many years. For this reason there is an urgent need to train foresters in management planning and to introduce efficient tools for capturing, storing and presenting of data. Training will need to cover the entire chain, from collection of data in the field, registration and processing, the planning process and decision-making. The project should be based on the results and experience accumulated from the forest inventory and will constitute a natural continuation of this project. The project shall, in coordination with the Forest Sector Staff Development project (already in pipeline), focus on capacity building that will include on-the-job training, overseas training of key personnel, setting up of institutional structures and installation of appropriate planning software.

The expected duration is 1.5 – 2.0 years and the cost is in the range of EUR 300 000 – 400 000.

### **6. Compilation of a new law for hunting and fishing**

To comply with new and modern legislation in both former Yugoslavian Republics and other European countries the existing legislation has to be revised. Considering factors as recent political changes, re-definition of rights of utilizing lands and effects of an open economy issues as wildlife management, granting of hunting rights, care taking of endangered species, reporting requirements, rules of hunting, rules for acquiring weapons licenses, etc has to be revised. Based on the above situation the objective of this project, to be attached to the Sector of Non-Wood Products of KFA, would be to draft a new law on hunting and fishing.

- a. Promotion of a sporting interest in Kosovo.
- b. Protection of Natural Resource.
- c. Uncomplicated legislation.
- d. Will generate unpolitical general interest.
- e. Not contentious.
- f. Compliments Law on hunting that is being prepared by ASPAUK.
- h. Has an environmental impact.

The expected duration is three month and total cost is in the order of EUR 35 000 – 55 000.

## **7. Improved utilization of Non-Wood Products**

Values from forestlands of Non-Wood Products as mushrooms, berries, medical herbs, eco-tourism, hunting and fishing will play an increasingly important role in Kosovo and may contribute to as much as 20% of the total value of forest in Kosovo. The reasons are factors as poverty vis-à-vis many other countries, a rich flora and fauna and an increasing number of people that will require the various kinds of recreation facilities that forest can offer. Unemployment in rural areas is a major social problem and is contributing to rapid urbanization in Kosovo with a number of negative effects. Improved utilization and commercialisation of non-wood products could provide very useful sources of income to large numbers of people in rural areas. The project will be attached to the Sector of Non-Wood Products in KFA play an important role in building up the function and resources of this Sector and will include both some necessary study work and capacity building. The expected duration is about 1.5 year and the cost in the order of EUR 250 000.

## **8. National Park Study**

Management of National Parks is a source of conflicts in Kosovo. The reasons are factors as poor understanding of the concept of protection and its implications on various actors, confused roles and responsibilities for Park Management, unclear procedures in establishing parks and limited capability in management. To solve these problems, and potential source of conflicts, it is suggested to launch a project with the main objectives of setting criteria for establishing various kinds of protected areas, prescribe planning procedures, setting of standards and rules for park management. The project is suggested to be attached to MAFRD but has to involve other concerned Ministries, NGO's, etc. The expected duration is about three months and with a cost in the range of EUR 35 000 –55 000.

## **9. Reorganising Forest Industry**

Investments in forest industry have been uncoordinated, leading to over-investment and investments in less profitable areas. To help in a necessary privatisation and reorganization process, the wood-based industry should establish a professional forum (Kosovo Wood Industry Association). The objective of this Association will be to promote and protect the interests of private sawmills and other wood processing companies. Since there is also a need for technical support and training, the Association should also be actively involved in these matters.

Since it is anticipated that the private sector will (must) play an important future role in forestry and forest industry this group would need high attention from the government. Following the objectives and strategies outlined two main activities are suggested; establishment of a Forest Owner Association and a Wood Industry Association.

It is proposed to analyse the appropriateness of establishing an Association to support the private forestry in marketing of wood, technology development, ownership questions, lobbying, etc. Forest Owners Associations are established in most countries to represent and support private forestry. Models and systems are well developed, and support could vary from complete management undertakings to provision of services in specific cases or areas. A well functioning Association may, by coordinating wood supply from many small owners increase the value of the

wood to the benefit of both forest owners and wood consuming industry. Associations in other private sector areas have already been established in Kosovo, and it is recommended that the establishment of a Forest Owners Association should build on this accumulated experience. This project could permit to assess the opportunities for more value added wood processing (agglomerate panels, furniture etc.) for local market and export.

A preliminary study could permit to set up the program, fix its timeframe and costs. This first exploratory study should give the necessary information to promote private investments in the sector.

## **ANIMAL PRODUCTION**

### **10. Rehabilitation of the dairy sub sector (production, processing and marketing)**

#### **Project significance**

In Kosovo, agriculture is one of the most important sectors from point of view of economy and development. Currently, livelihood of around 60% of population depends on agriculture and livestock.

**Project ideas:** Project should be focused on providing services that will include a wide range of activities:

- Services oriented directly to increase production (machinery, equipment, credits, other inputs and capacity building) and
- Services for collection, processing and marketing.

**Education aspect:** project should encourage interventions in development of education system with intention to improve efficiency of production, income generation and employment opportunities.

**Current situation and possibilities for further development of the sub-sector:** It is evaluated that Kosovo has 577,000 ha of agricultural land, from which 28,000 ha are sown with forages, 78,000 ha are sown with maize that is mainly used for animal feed, 180,000 ha are hilly-mountain pasturages and 97,000 ha are plain pasturages.

Based on above-mentioned potentials it is possible to ascertain that Kosovo has the possibility to cover needs for the quality feed of the existing number of animals, but it is necessary to bear in mind that we may have an increase of number of animals, production potential and livestock production in general, especially dairy production.

Marketing and processing units are a connection link between milk producers in one-hand and milk consumers in the other hand. Thus, without a sufficient number of processing and marketing enterprises it is not possible to utilize existing resources, as are land, animals and rural population.

**Production capacities:** An insufficient number of 150,000 dairy cows and gravid heifers of local breeds that are characterized with a low production, and 8000 imported cows in first lactation, comparing to the imported and consumed quantities of milk.

**Overall goal:** Improved livelihood of the Kosovo farmers, dealing with milk production, through improvement of milk marketing.

**Objectives:** To establish sustainable milk processing and marketing system that will be economically sound, hygienic, contributing in production of high quality milk with intention to increase domestic production that is competitive to imported goods.

**Project objectives may be achieved through:**

- Improved organization and management of marketing.
- Improved production and processing techniques and technology.
- Linkage of processing units to the market.
- Standardization of procedures and products.

**Scope:** Project should operate in whole territory of the country. Regions having higher potential to develop the sub-sector will be a priority.

**Integration:** Project should have a special role in cooperation with, and integration of the minorities through milk production, collection and processing chain.

**Project should focus in the following segments:**

- 1) Import of 3,000 pregnant heifers.
- 2) 20 milk collection points should be included in the investments.
- 3) Milk transportation facilities (5 cistern vehicles).
- 4) Pasteurizators with additional equipment for the improvement of technological processes.
- 5) Cheese processing equipment (5 sets).
- 6) Tetra-pack packaging system (4 sets).

**Table 1. Project's evaluated cost and implementation dynamics :**

Dynamics	2003	2004
Cost	2,550,000	2,550,000
Total Cost		<b>5,100,000</b>

This overall program for the development of the dairy sector needs the support of different actors, public and private. Actually, SDC is supporting the organisation of processing plants and marketing. KBS-USAID included in its work plan the support to the dairy sector agribusiness. A joint effort public-private is the key for relaunching dairy sector activities in a competitive way.

## 11.Reactivation of Broiler Production

**Project Significance:** Within animal production sub-sector, poultry takes e significant position and it is the most developed one, especially egg production. But, broiler production currently is inexistent.

Department of Animal Production, as part of its development program for the period up to 2004, has included reactivation of broiler production intending to reactivate some of existing facilities, ensure supply of fresh chicken meat of high quality and utilization of production capacities and human resources in rural areas.

**Background:** Kosovo in years 1980 had a production of 12 million broilers/year or in other words 15.600 tons of chicken meat per year, and facilities, as are: slaughterhouses (Bec and Gjilan of a capacity of 18,000 chicken/day), incubators station (Gjilan, capacity: 7 million chicken /year) and 'parent' farms with a capacity of 90,000 parents, and a big number of fattening facilities.

**Project idea:** reactivation of the existing facilities, production of fresh meat for market needs, increase of farmers' incomes, decrease of import, equipment with new technologies, introduction

of new productive hybrids, etc. Farmers already have tradition for this type of production but it is necessary to focus in the adoption of modern forms of management and marketing.

Existing situation and opportunities for further development: it is evaluated that in Kosovo are imported around 25,000 tons of chicken meat and around 520 tons of old (amortized) chickens, what means that we have a consumption of 13 kg/capita. Based on the above and having in mind the technical and professional potential it is possible to conclude that this production has the chance to be successful.

Production capacities: based on the available data and analyses of the current state of facilities, it is possible to see that a certain number facilities of the parent farms are unused technically as a result of high scale of damages in equipment and infrastructure, but the same could be reactivated with investments in equipments and renovation through privatisation, donations, etc. While, current state of facilities for the fattening is in better condition, especially in private sector, waiting for investments and technological renewal. Support buildings, feed factories and slaughterhouse in Gjilan are rehabilitated and are ready to start with production.

Overall Goals: Supply of market with locally produced meat of good quality, utilization of existing capacities and establishment of new production capacities, increase of employment and farmers' incomes, and reduction of import.

Objectives: Supply of market with chicken meat of domestic production, utilization of production and processing capacities, reduction of the import, increase of farmer's incomes, human capacity building, improvement of the quality of products while taking care for production cost and competition.

**Project objectives that can be achieved:**

- Organization and management of existing and new capacities.
- Technological production improvement aiming to decrease the expenses.
- Use of productive hybrids.
- The closure of production cycle (from farm up to processing and marketing stage).
- Investment absorption (privatisation, donations, etc.).
- Producers and Processors lobby establishment.

**The scope:** The project will be placed in wide territory of Kosovo, especially in those regions that are dedicated and have potential for this culture production.

**Integration:** This project will integrate men production capacities in minority areas, as well.

**The project should be focused on these activities:**

- On parent equipment for 20.000 hens.
- On food for parents.
- On chicks for parents 20.000 hens.
- To reactivate incubators' station.
- On technological process for broiler fattening of 4.400.000 broilers (the calculations are carried out using existing capacities).

**Table 1. Planned expenditures and implementation dynamics**

Dynamics	2003	2004
Financial means	500.000	2.500.000
<b>Total</b>		<b>3.000.000</b>

## **12. Animal feed**

Development of new protein crops for animal feed industry. A possibility is to relaunch sunflower production and to introduce soybean production.

### **Food improvement through introduction of new crops –soybean.**

Production of this important crop for food and animal feed in Kosovo agriculture is not known, and it is mainly imported, therefore a pilot project on cultivating this crop could be based on the following factors:

- Need for its cultivation based on nutrition value
- Agro-climate and agro-pedologic in Kosovo for production of this crop
- It is highly profitable crop
- It provides a good basis in animal feed, and it is being reflected on feed quality in case of inability to be imported, etc.

### **Animal Feed Quality Legislation**

Also a law had to be prepared on animal feed

- a. Discrete Project.
- b. Define Standards.
- c. Propose Regulatory Framework.
- d. Implement Legislation.
- e. Easily measurable outcomes.
- f. Not Controversial.
- g. Significant impact in Rural Community.
  - (i) Better quality Husbandry.
  - (ii) Healthier livestock.
  - (iii) Higher quality animal products.

## **13. Capacity building for farmers and staff in animal production**

### **Importance of the project**

In the transition period through which Kosovo is going through, besides technical capacity building, human capacity building is required aiming to increase professional capacities for

facing the challenges of market economy and technical – technological and scientific inventions in the field of animal production.

### **Project idea**

Except direct investments in animal production, which are very much needed in this development period, this project should be focused on organizing workshops, study tours on advisory services for all stakeholders in animal production (staff, associations, farmers, etc.).

### **Objectives of the project**

Capacity building of farmers, associations and other stakeholders with objective to increase production and lower production cost, protection of animal and consumers' health and to increase farmers' incomes.

### **Project content**

1. Organizing trainings for farmers on husbandry, breeding and feeding practices. These trainings are planned to be organized in all livestock regions of Kosovo for all production directions especially dairy production and production of broilers which are priorities for Kosovo livestock development.
2. Organizing trainings for producer associations. Trainings would be conducted with animal breeders associations that in the future would be carrier of livestock development and will encourage establishment of new associations.
3. Participation of staff in local and international seminars for experience exchange.

### **Project participants – implementers**

MAFRD – Department of Animal Production, MFUs, Municipalities, farmers, associations, processors, etc.

### **Project implementation timeframe**

Trainings should be continuous according to requirements and development trends until rehabilitation period ends.

### **Scope of the project**

Project shall operate throughout Kosovo with all animal production stakeholders.

### **INTEGRATION**

Project will include minorities.

### **JUSTIFICATION OF HAVING THE PROJECT**

In the transition period through which Kosovo is undergoing where state was carrier of agriculture – livestock development (existence of state livestock farms, agricultural cooperatives, animal product processing plants) it is necessary, through this project, to indicate that state should play more monitoring and coordinating role for livestock activities, while farmers and their associations should be carriers of livestock development.

### **FUNDING**

International donors.

### **Investment suggestions**

Use of donations for farmers and staff capacity building

## **Project should be focused on the following segments**

1. Training of farmers
2. Organization of workshops with associations
3. Participation of staff in advisory within the country and abroad

**Table 1. Planned expenses for realizing the project**

Dynamics	2003	2004
Tools	10.000	5.000
Total		15.000

### **14. Support to Fish Ponds**

The Fishery has a long period traditional cultivation in Kosovo.

The Californian fish Trout was cultivated in Kosovo for the first time in 1965, in Istog.

The fish cultivation pond in Istog has these capacities:

- 103 tanks of different sizes.
- 5 artificial lakes of different sizes.
- 1 natural lake.
- 15 incubators.

The pond has parent fish for fish cultivation, technological process is carried out by employees.

- The real capacity of fish cultivation in the pond is around 1.500.000 fish.
- Actual production is around 650.000 fish and weight from 100 – 350 grams.
- The surface of this pond is around 3.5 ha and there exist extension possibilities.
- In Lipjan municipality exists a fish pond and the surface is around 80 ha, which actually is out of work, in this pond used to be cultivated CARP fish
- In northern Kosovo have existed two ponds, but at the moment we do not have information are they working or not.

Recently, private farmers are very keen to cultivate fish all over Kosovo, especially in Dukagjini Region.

Up to now have been constructed and are working nine (9) fishponds, and six (6) more are under construction, they have different capacities from 0.01 to 0.29 ha.

The average cost for construction of 100 m<sup>2</sup> or 0.01 ha is around 12-14.000 €, and the cultivation capacity for this surface is around 2.500-3.000 fish and weight from 50-100 grams, and yield from 800 – 1.200 kg.

Actual demands for fish meat are from 30.000 – 35.000t/monthly.

The fish food comes from import, usually from Denmark or Germany.

According to the information provided by pond owners, break even is great, whereas there is not problem for market placing.

## **15. Strengthening Apiculture in Kosovo**

- In the past in Kosovo existed around 150.000-180.000 hives, whereas now exist only around 45-50.000 hives.
- The climatic and cultivation conditions are so favourable and the quality of honey and other products is very good.
- A beehive cost around 70-75 €, if you add additional parts the price can reach around 115-120 €, for a hive, only.

It is very important to mention that products from apiculture are very healthy and are demanded in the internal and external market.

## **PLANT PRODUCTION**

### **16. Wine Industry Development Project**

The wine sector, in Kosovo, has a social and economic strategic value. The decline of the wine industry has been accelerated in the recent years. Reduction of the production, quality, poor management caused a drastic reduction of direct and indirect employment. Regional and International market requirements can be target supporting Ministry of Agriculture, Forestry and Rural Development.

The Kosovo wine industry is now in a state of crisis and needs urgent assistance to restructure production in accordance with market economy principles.

Since 1991 production and employment has been progressively reduced, particularly in the socially owned enterprises.

In July 2001 ABU, the EAR funded bank, provided some financing to the wine industry in the hope of revitalizing the operations.

UNDP, with financial support from Regione Lazio, is implementing a project to assess the potential of the sector and provide the Ministry of Agriculture, Forestry and Rural Development with a wine industry rehabilitation plan, policy guidelines, legal and regulations framework guidelines, application and control system rehabilitation proposal.

A three years Development Project should be financed to assist the MAFRD in providing the required assistance to the wine industry in Kosovo. In particular, to assist in rehabilitating the institutional educational, application and control system according the policy guidelines; in providing technical assistance, training and financial services to the selected wineries and grape growers according market requirements and sustainable criteria; in utilizing the available financial system.

A Regional Agriculture Development Agency is the natural evolution of the project structure at the end of the project implementation.

The estimated project budget is EURO 2 million for three years

#### **Support to Legal Office for elaboration of a Wine Industry Legislation**

- a. Builds on Current UNDP-SWIK program.
- b. Preliminary work already completed.
- c. Finalization of Legislation.
- d. Provides significant assistance to specific emerging industry.
- e. Specialized and discrete project.

## **17. Crop monitoring, assessment and early warning**

In this area coordinated effort will be exerted to coordinate data collection and field crop monitoring at municipal level. The purpose of this exercise will be to provide information on the current state of food and agriculture, provide early warning system for policy makers and the market. Handbook for crop monitoring for use by directorates of agriculture in the municipalities will be prepared so that consistent methodological approach is used to generate reliable and consistent data. Besides, crop monitoring will be used to identify any outbreak of pests and provide timely advice to producers and input providers.

Database for crop monitoring will be developed and suitable forecasting models used. Investment will be required to equip this unit. Training of one staff at Ministry level is actually covered by ASPAUK project (EAR). A complementary support could be needed to set-up a good system Kosovo-wide. ASPAUK (EAR) will later present a detailed proposal and costing on the issue.

## **18. Support to Legal Office for the elaboration of a Seedling Law**

- a. Specialized legislative requirement.
- b. Added control of agricultural inputs.
- c. Integrates with current Draft Seed Law.
- d. Not complicated but specialist legislation.
- e. Provides better protection to Agricultural Industry.
- f. Will help to stabilize Market.
- g. Legislation can be easily implemented.

## **19. Development of water user associations and promotion of value-added crops in irrigated areas**

Assistance is needed for the strengthening of the new Regulatory Office that will assist the establishment, training and monitoring of Water Users Associations (WUAs). WUAs will be important links to seed growers associations, horticultural producers associations and others.

EAR KIRP project is doing the physical rehabilitation of canals and the reorganisation of the Irrigation Providers in collaboration with KTA. 5 pilot WUAs had been organised by the implementing agency DHV. Other are set up by CARE.

In line with the MAFRD strategy of diversification and intensification of crops with more value-added for the market, a project to support the set-up of water user associations and to give them advisory services on cost-effective small irrigation practices at the field level will be beneficiary for employment creation and income generation. Also it should permit to offer better quality food products for consumption in the Kosovo market.

For this operation some Euro 300,000 for three years is required.

## **20. Fruit rehabilitation programme**

The objective is to encourage fruit production and productivity in Kosovo.

- (i) Establishment of orchards (100 ha) @10,000/Ha for three years  
Euro 10,000 x 100 = 1,000,000
- (ii) Establishment of 10 greenhouses for soft fruits. @10,000/Greenhouse (500 square meters) Euro 100,000
- (iii) Building of 2 modern nurseries for seedlings ( Euro 30,000)
- (iv) Building of cold storage facilities for fruits in two areas. One in the Dukajini Area (Gjakove, Prizren, Rahovec, Suhareka Municipalities) and another one in Anamora area (Viti, Gnjilane, Kamenica, Ferizaj Municipalities). One cold storage cost Euro 1 million for 5000 square meters storage.

The duration of project two to three years and the estimated costs are **Euro 3,130,000**

## **21. Strengthening of the Commercial Seed Sector (Euro 1,465,000)**

The objective is to strengthening of the commercial seed industry by encouraging domestic multiplication of high quality seeds by seed growers associations by providing (a) investment and working capital to Klina Seed Cleaning enterprise (Euro 200,000), (b) technical assistance in capacity building (Euro 665,000) and I input credit schemes for contract seed growers (Euro 600,000).

### **Assistance to Kline Seed Cleaning (Dardania) Enterprise**

The broad objective of the project will be to provide broad range of assistance that will catalyse the enterprise and make it a commercially sustainable entity and provide market and increased and stable income to contract seed growers. The specific objectives that the project will be the following: (a) to develop and train staff in the design of business plan for Dardania; (b) to provide capital investment for the computerization of account system and upgrading the quality control laboratory; (c) to provide working capital for small contract growers to bring more land into cultivation for seed production. (e) to provide technical assistance in the form of international experts: business system specialist, seed processing specialist, cereal agronomist/farm mechanization, training specialist and short term specialists (Euro 665,000), (f) to facilitate sources of pre-basic or basic seed to be able to continually renew the seed production cycle for Dardania. The benefits are (i) the service that Dardania offers will be upgraded to meet modern quality standards, ii) contract growers will also benefit because they will obtain production credit to increase land under seed and will have market outlet and better income and increased employment opportunities in the rural sector, (iii) all the seed production and seed processing enterprises would benefit from substantial investment in fixed capital and working capital investment, (iv) Kosovo will increasingly satisfy the domestic demand in a very short period of time and save imports of seeds from abroad.

**Purchase of two mobile seed cleaners (Euro 60,000).**

One time purchase.

**Phytopathology laboratory (Euro 15,000).** One year project.

**Storage facility for Seed Potatoes (Euro 500,000).**

For storage capacity of 2500 square meters. One year project.

## RURAL DEVELOPMENT

### 22. Community Development: Preventing Migration of population from rural to urban areas (Village revitalization)

- Lately it is evident that there was enormous uncontrolled migration from rural to urban areas, especially from the hilly – mountain areas. This is due to the lack of rural infrastructure, unemployment, lack of qualitative investments, which through different micro-businesses, would increase intensive agricultural productivity, through diversification in crop pattern (eco-products), and animal production and would facilitate establishment of small processing plants for agricultural products.
- Expected output:
  - Increase of incomes from agricultural production;
  - Stimulation of new agricultural products;
  - Reactivation of migrated villages where is kept the property right and security of people living in those areas;
  - Employment generation through different forms of activation of agricultural productivity;
  - Duration term (Pilot project) depending on covered specifics on continuous basis;
  - Project value depends on project's extend – cannot be defined.

<b>PROJECT IDEA</b>	
<b>GENERAL PROJECT OBJECTIVE:</b>	
<b>COMMUNITY DEVELOPMENT – preventing migration of rural population in urban areas</b>	
<b>SPECIFIC OBJECTIVES</b>	<b>EXPECTED OUTPUTS</b>
<ul style="list-style-type: none"> <li>- Changed and improved agriculture structure</li> <li>- Transformation from extensive to intensive production</li> </ul>	<ul style="list-style-type: none"> <li>- Increased incomes from agricultural production</li> <li>- Incentive new agriculture production, industrial, Soya, sunflower, etc.</li> </ul>
<ul style="list-style-type: none"> <li>- Rural micro-business support</li> <li>- Support to processing of forest fruits</li> <li>- Encouraging development of traditional rural vocation</li> <li>- Promotion and development of rural tourism</li> </ul>	<ul style="list-style-type: none"> <li>- Employment generation</li> <li>- Improvement of livelihood of rural population especially women</li> </ul>
<ul style="list-style-type: none"> <li>- Improvement of rural infrastructure and spatial planning</li> <li>- Environmental protection – building sewerage systems</li> <li>- Preserving cultural and architectonic heritage</li> <li>- New markets and better services</li> </ul>	<ul style="list-style-type: none"> <li>- Providing better conditions, environment and services for inhabitants of rural areas</li> </ul>
<ul style="list-style-type: none"> <li>- Promotion of interest of rural population – assistance on self-development.</li> <li>- Promotion of cultural and social activities</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness on self initiative</li> <li>- Collaboration and consortium in implementing every project and activity</li> </ul>

### 23. Rural Micro-businesses support

Possibilities that would support micro-businesses include:

- Support in collection, cultivation and processing of products and forest fruits (non-wood products), aromatic herbs, curative and non-curative plants.
- Encouraging development of traditional rural areas.
- New markets and better services.
- Environmental protection and rural tourism.

### 24. Capacity building in field of rural development

<b>Proposal for capacity building in the field of rural development</b>				
<b>Justification:</b> Rural development is a new concept especially in Kosovo meaning that our experiences in this direction are insufficient considering our education in Kosovo that in the past did not offer much technical skills in the field of agriculture. Therefore for successful work and in order to achieve identified objectives in rural development, we have seen as reasonable for our local staff of MAFRD to attend studies abroad. Beside technical skills in the field of agriculture based on our opinions there are shortages in project design, planning and evaluation, strategic approach and promotion of rural development policies. Rural development is organizing its work in this field and studies in this field are necessary for rural development in Kosovo.				
Sustainable land use	Rural finances and micro-businesses/employment generation	Gender and development	Development of rural organizations	NGO coordination and monitoring of their projects

## STRENGTHENING OF THE KOSOVO INSTITUTE OF AGRICULTURE

### 25. Land/Soil Classification and pedological laboratory

The capacity to provide soil analyses and classification is practically non-existent at present. Moreover there is an absolute need to update the pedological classification of Kosovo soils, considering that the latest pedological study has been done in 1975. These are essential for soil standardization, for land use planning, for environmental protection and for the technical packages to be prepared for the different agricultural crops. There is therefore a need to create this know-how in Kosovo, in order to provide a constant backstopping, as well as practical support to the education activities. In order to regain this expertise at KIA, a specific medium term project is needed, with the following aspects:

- Complementation of the laboratory equipment already received.
- Specialized training of the relevant staff, including a young technician and an assistant.
- Pilot testing on a limited number of plots Kosovo-wide.
- Technical assistance for the start-up and implementation of the program.

**Duration:** 3 years

**Budget:** € 1 million

## **26 Agricultural water quality indexing**

Water quality and availability is becoming a problem, and its impact on the agricultural sector is high. There is a need to create the capacity to establish the different parameters to be taken into consideration for the relevant regulations and to create an efficient monitoring and sanctioning capacity.

The project would include:

- Field tests and monitoring by KIA.
- Establishment of a coordinated inter-ministerial network
- Equipment and technical advice.

**Duration:** 6 months

**Cost:** €300.000

## **27 Research Farm Management**

The Kosovo Institute of Agriculture has more than 160 Hectars of arable land. The Farm might become the self-sustainable support for any technical and educational activity, including in the economical farm management aspect.

Technical assistance and some equipment is required in order to organize and start-up the model farm, according to modern standards.

**Duration:** 6 months

**Cost:** €400.000