

# europaean magazine

## AGRICULTURE





# agriculture

## INTRODUCTION

The process of European Integration of Kosovo is on the top of our political and development agenda. It shall be a big challenge for politicians to open up doors which are constantly refusing to be open thus start with the process of integration of the country, and prove we have the capacities to deal the challenges in our way towards Europe. This shall be a long and difficult process at all its different stages, yet again even more challenging for the political establishments and our state administration.

Apart from the road ahead of us with different stages of preparing the country to full membership, we need to prepare our development potentials adoptable to a new market - EU market - which is governed with some other more advanced values from the ones benchmarking our development processes.

In this edition of European Magazine we have come up with more information on one of the most prominent areas of Kosovo economy, which in the same time represents one of the biggest development challenges - the agriculture. It is by no coincidence that this edition is dedicated to agriculture. We consider a large number of future developments in Kosovo economy shall be related to agriculture itself, not because how poorly it stands today but because agriculture is perceived as an unused opportunity to catch up with social and economic development in general.

On the other hand we believe it is about time to see what the current developments in EU in this area are. What is well known to us is the fact that this dynamic sector dominates the economic developments in the majority of the member states, and that this area is

consistently being regulated based on agreements between the countries within EU, to reach progress in the sector and set some rules of conduct to facilitate mutual cooperation. Infrequently, we see local and regional powerful associations in strikes and efforts to obtain some preveledges and lift obstructions before European farmers. We had such movements of Kosovo farmers asking for solution to their problems but there were very few doors where they could knock on to ask for solutions. Our market remains closed and unregulated. And this is so, not always due to faults from our side. Frankly speaking we are in a ghetto with little possibilities to trespass our national borders and go to the region, let alone to European markets.

I heard someone referring to the agriculture as 'the biggest roofless factory'. Even though this sector in Kosovo is being endangered by illegal land occupation, decreasing water potentials, lack of infrastructure to support and maintain farmers' initiatives, lack of state initiatives to support farmers, unfavorable banking loans and low state budget, it should consist the most competitive branch in our economy. Many 'roofed factories' unjustly get more support than this "roofless big factory". European Integration would boost more opportunities for our agriculture but for this, we been to be prepared in advance, as entering into a new and competitive market would prior require a well consolidated offer and good knowledge of the rules of the game, so that we can act well in this big market of roofless factories.

*Luan Shllaku*  
Executive Director  
Kosovo Foundation for Open Society

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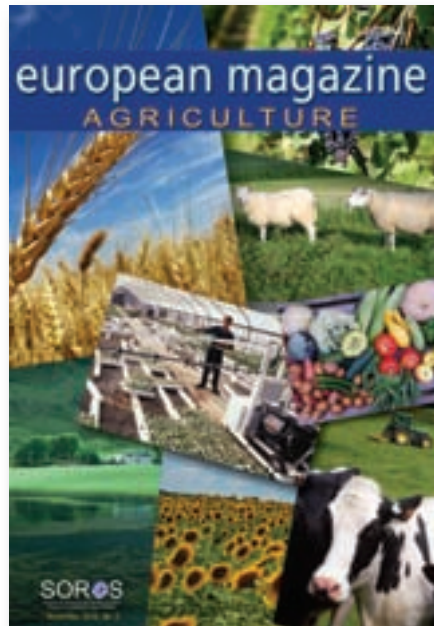
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## COOPERATION AND COORDI- NATION AS THE NECESSITIES OF THE TIME

Blerand Stavileci



Kosovo, a small country in a good geographic position, belongs to the group of countries undergoing through a social and political transition. To us this means we have to overcome a rather complicated, turbulent and dynamic environment that requires an adequate management. This development phase for Kosovo is full of changes; but the progress is subordinate not only from the existing economic structures in different villages and regions of Kosovo, but it also depends on conceptual strategies set in line with EU policies. Hence the economic policies in this time vacuum, involving all the forms, measures and mechanisms, are directed towards the support of the production factors to achieve sustainable development.

Though in these circumstances, both economy and agriculture are considered to be the two main areas that provide Kosovo with realistic and quick opportunities to reduce poverty and unemployment, the farmers and the population in the rural zones continue to live as traditional farmers and regard agriculture and farming as a way of living rather than a business.

Creating a pro-business environment has been a priority: liberalization of economy and privatization of agriculture in particular, privatization of lands and other assets of former agricultural coops were just some of the actions that aimed at ensuring new conditions for more effective and sustainable development.

To achieve this, it is necessary to involve all stake holders in agricultural and agro industrial development, such as: farmers, agribusinesses, civil society agencies and other interest groups. It is of utmost importance to increase the level of cooperation and coordination between internal actors as well as full implementation of processes.

In the frame of new developments, the communication, coordination and exchange of information flow are being improved between the Ministry of Agriculture and international partners. This communication is enhancing not only in the area of programs, but also in operational-implementation aspect ensuring consistent support to agriculture through development projects and time-to-time donations and injecting critical areas of agriculture which have were left aside for a relatively long period.

International agricultural development trends provide opportunities for essential changes in our agricultural sector. Kosovo has, in good will, signed Memorandums of Understanding with different countries in the region and abroad such as Albania, Croatia, Slovenia, Italy, Turkey etc. aiming at further development of bilateral relations and activities in the area of agriculture, agro industry and rural development.

Modern economic development emphasizes inter-dependency between the local and global economy leaving no space for autarkic elements. Nevertheless the developments between structural changes influence the determining factors of comparative advantages, that





is the position of the local economy versus other economies.

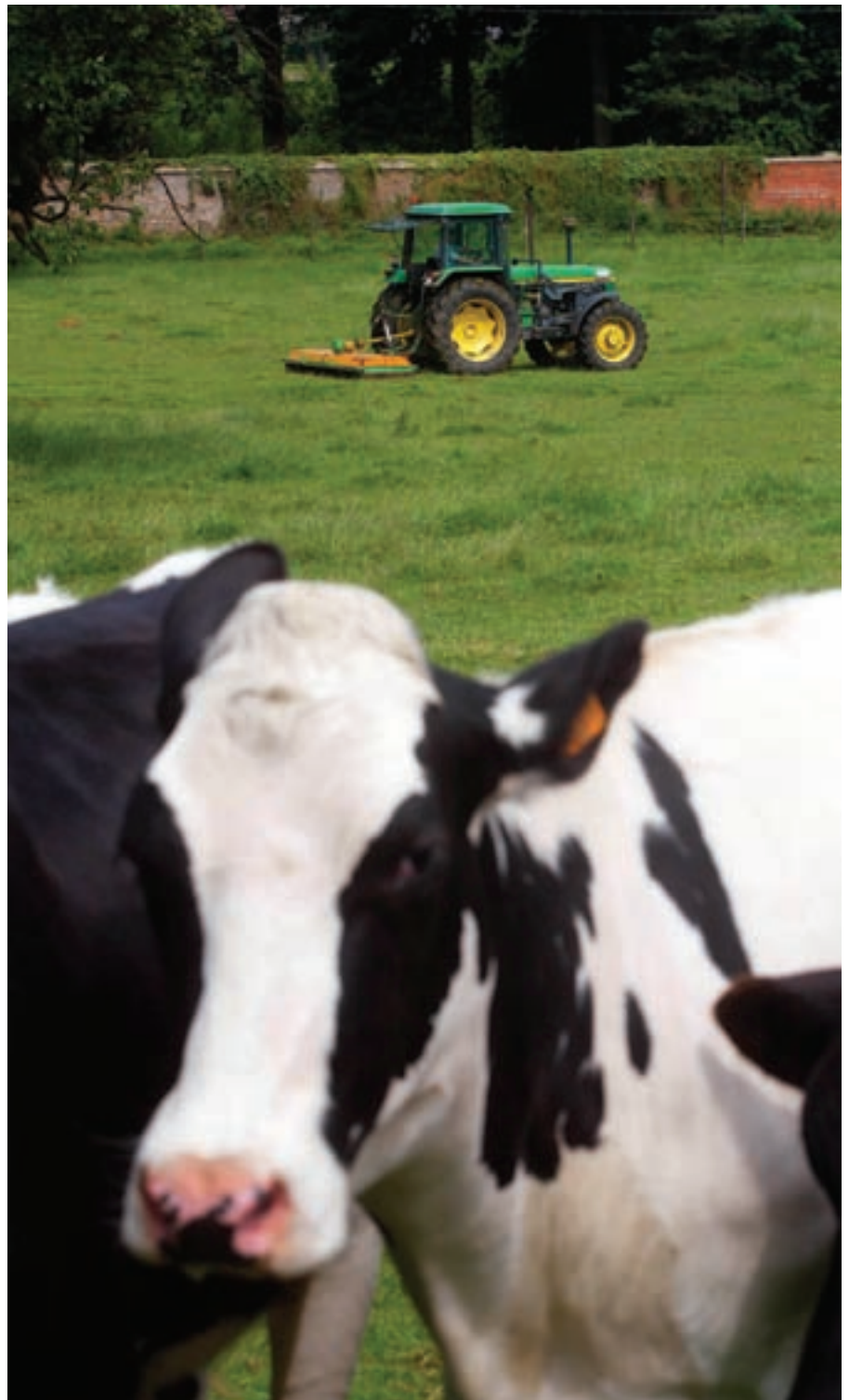
In a broader sense, in addition to export/import, economic development impacts the area of exchange of new technologies, experiences, organizational methodologies in production. It also represents one of the features of the current economy in its local frame and its relation to the global ones.

Proper cooperation is an important mechanism for sooner European integration and sustainable development. Through institutionalization of our relationships via international means of cooperation, we are committed to create conditions for foreign investments in Kosovo economy, as these investments represent the backbone of economic development in our country.

Kosovo is heading towards European Union: in coordination with the assistance from EU countries, Kosovo is implementing respective strategies in agricultural sectors where it may progress quickly. Strategies which are both, in compliance to different sectors to reach a synergy between development components as well as the EU recommendations and requirements to absorb and make solid use of funds.

In terms of challenges in development, Kosovo environment does not differ much from other countries in the region. The differences lay in transitional processes in Kosovo in terms of structural-organizational transformation as well as property transformation. In other words we need few more years to create necessary structures able to absorb higher levels of financial assistances.

Agricultural and economic development of a country depends on various factors, internal and external, but the most important factor remains the human factor; his will, capacity and engagement. Establishing a favorable environment for new ideas and initiatives, respectively establishing a system that supports, encourages and motivates people to undertake concrete steps in agriculture is the essence of the social relationships to develop entrepreneurship



mentality – that sort of system is still lacking. We need to engage in providing better conditions and motivate entrepreneurs to involve in production, as well as raise public awareness about the importance of agriculture to boost economic development in Kosovo.

In this frame, economic development will be achieved through affirmation of market economy based on private and state property, exercising correctional

role in joining development trends in European countries through proper coordination and cooperation with international partners. Kosovo is in the right track reach the progress, and mutual cooperation shall enhance further in the future.

*(the author is the Minister of Agriculture, Forestry and Rural Development in the Government of Kosovo)*

## AGRICULTURAL AND ENVIRONMENTAL MEASURES TO PRESERVE BIODIVERSITY AND RURAL VIEW

Hysni Nura



Agriculture and Forestry play an important role in the national/rural economy and social life in Kosovo. Currently, this sector contributes with one fourth of Kosovo GDP, employing two thirds of the overall population. (based on the data on PZHRB 2007-2013)

Rural development policies and European Fund for Agricultural and Rural Development are defined based on the rural development regulation. All EU member states have drafted their respective national strategies of rural development plans. Such a strategy is approved by the MAFRD and adopted by Kosovo Government, too.

Agricultural and Rural Development Plan 2009-2013 (recently updated) is also based on the Regulation of the Council for Rural Development Support 2007-13 (Regulation of Council 1698/2005). One of the four pillars of this regulative Frame is the improvement of the environment and village through land management support (including here the actions related to Nature 2000).

Regarding European partnership, Kosovo should implement its short term and mid term planned priorities which should improve planning, managing and use of agricultural and forestry land, paying attention to environment protection through agro-environmental measures. Agro-environmental measure applicable in EU countries through various schemes, are the main tools to achieve environmental objectives in Joint Agricultural Policies (JAP). Pursuant to the Regulation on Rural De-

velopment, the measures are mandatory covering 20 per cent of the land area of EU member states.

These measures began to be implemented in Europe in 1980, initially by some member states to be later extended to other EU countries as well. These measures are different but they are based on at least one or two common objectives:

1. Reducing environmental risk
2. Preservation of nature and cultivated landscapes

Referring to these objectives, the arable land in Kosovo should be cultivated by reducing

The use of fertilizers and other chemical means for plant protection to normal level, cultivating integrated agriculture, development of organic agriculture, preservation of agricultural landscapes and protection of biodiversity.

In terms of protection of biodiversity there are some special agro-technical measures that need to be supported in the future such as the rotation of agricultural crops which is traditionally practiced by our farmers having positive effects in land quality, water quantity and quality as well as prevention of erosion.

All the abovementioned agro technical measures have a great impact in preservation of biodiversity; along side there should also be a preservation of the traditional agricultural landscape that would positively impact protection of villages and rural landscape in Kosovo.

The aforementioned shall be achieved through implementation of agro-environmental programs supporting farmers through support schemes lead by a legal frame. This is the practice in EU member states and this should same be done in Kosovo to preserve the rural landscape.

The participation of farmers in the agro-environmental programs should be voluntarily and the payments should be justified by implementing the practices of common "good farming~ whereby farmers are free to develop a sustainable environment in the rural zones where they live. Agro-environmental measures should be projected in the way as to encourage farmers to protect the environment by ensuring them payments in compensation to their engagements in agro environment.

Some of the conditions emerging from the implementation of measures in some countries that either joined EU or are the candidate countries, they all should in their environment protection programs include: preservation of features, preservation of agricultural, rural and crop landscape.

Due to this, some measure should be undertaken before hand, such as: reduction of agricultural negative impact in environment, including here the prevention of land erosion in groves and vineyards, rotation of agricultural crops, maintenance of mountain pastures, meadows, native livestock races, plant varieties etc. Equally important is the maintenance of legally protected zones as well.





Agro-environmental measure may be drafted both at national and local level, depending on the priorities and specificities set by the Government respectively by the Kosovo Agro-environmental program. Bearing in mind the specificities of our environment this truly helps in achieving the environment protection objective. Within EU too, the agro-environmental measure differ from country to country. For successful implementation of these measures, the awareness raising amongst farmers and citizens through training programs and drafting of environment protection schemes to protection and development of biodiversity in Kosovo, is of fundamental importance. In general terms, agro-environmental measure should focus on agricultural

traditional practices in order to protect nature.

Kosovo is in the right path to comply with European agenda, taking note of priorities and actions emerging from the European Partnership Action Plan. There is a set of actions in this plan required by European Commission to be met by our institutions in the frame of mutually agreed deadlines. Some actions and priorities should be met, especially those impacting the protection of environment and biodiversity by drafting new legislation and reviewing of old legislation in line with "Acquis communautaire"

To facilitate accessibility to EU funds, our institutions (MAFRD and MESP) should draft agro-environmental pro-

gram based on the joint EU agricultural policies. This program should among others include additional measure impacting food production, labeling and marketing, focusing on its quality, geographic origin, traditional aspect, integrated production etc.

Access to structural EU funds will take time taking in account the status of potential candidate (access to two IPA components). Nevertheless such a program is a reasonable necessity that would increase the readiness to absorb EU funds for implementation of measures impacting protection of the environment and the biodiversity in general.

*(The author holds a master degree in agro-environmental sciences)*

## THE ROLE OF THE EU'S RURAL DEVELOPMENT POLICY FOR RURAL COMMUNITIES

Laurent Van Depoele



Since the end of the 80's the awareness raised in the European Commission that if one should keep rural areas as a fundamental part of the European model of society, a multitude of economic and social activities in those areas had to be promoted beyond agriculture and forestry in order to contribute to sustainable development. Rural areas may be described as territorial entities with a coherent economic and social structure of diversified economic activities and may include villages, small cities and regional centres.<sup>1</sup>

Rural development is a territorial, not a sectoral issue (see J. Bryden in *"Europe, villes et territoires"*, Conference on Spatial and Urban Development, Lille, 2/3 November, 2000).

While agriculture remains the primary land use, the significance of agriculture as a source of employment (6% in EU-27) and as a percentage of the national economy steadily declines. Rurality is therefore no longer synonymous to agriculture.

Net population growth has been in urban places, while in rural areas the decline in farm population, has in many cases been offset by an increase in rural people who are not engaged in agriculture, and in some places not engaged in any economic activity at all (in-migration of retirees). Therefore, the shift in the demographic structure of the rural population (ageing) not always reflects the growth of non-farm em-

ployment opportunities in the manufacturing and service sector.

As long as agriculture was the dominant rural industry, support to agriculture was provided also in the expectation that enhancing the sector would in turn create direct and indirect employment effects that would benefit the rural population. Since agriculture is no longer the engine of economic development in rural areas the rural development policy needs a strong, direct focus on enhancing employment in off-farm and non-farm activities.

While there are many threats, there are also new opportunities for rural areas. For many of these economic activities, such as tourism, food production and forestry, rural areas remain dependent on natural resources and a healthy natural environment. Growing environmental concerns on the part of the population could also bring new opportunities to the countryside. If we want to preserve a high diversity of plant and animal species, we must not only set aside rural areas for natural parks and biosphere reserves, but also develop viable economic solutions for the population living there. Rural areas might also benefit from the growing need to develop renewable energy sources, from wind and solar parks, to bio-mass production.

Natural and cultural heritage of rural areas should also be a major objective of rural development policy. Historic sites, cultural and social

traditions, cultivated landscapes, wildlife and flora, recreational areas, eco-systems, settlement patterns, are all elements which can not be transferred or recreated elsewhere and are considered by OECD<sup>2</sup> as rural amenities. Some of these amenities are marketable, but most may be considered as public goods, which are provided by some rural inhabitants but used mainly by urban people.

Rural development is a multi-dimensional and multi-sectoral process. It not only includes the ongoing changes in agriculture and forestry, but also the developments in rural industry. The changes in Europe's economy from materials- and production-based industry, to information- and knowledge-based services will bring new business to the countryside. Many jobs are becoming location-independent. In some parts of the EU, we see already the introduction of "new" economy, such as micro-business, software business and high-tech production sites. This kind of off-farm activities are extremely important for the new Member States in the full process of the restructuring of their agricultural sector.

So far, rural development policy, not always in synergy with regional development policy, did not succeed to bring about uniform growth in all rural areas of the EU. The aims and means of rural development policy

<sup>1</sup> Ida J. Terluin, Rural regions in the EU, 2001

<sup>2</sup> OECD, The contribution of amenities to rural development, Paris, 1994.





are insufficiently linked with regional policy, the programmes are too close to agriculture and there is a lack of awareness of the stakeholders

Local actors, which means the population at large, including economic and social interest groups and representatives of public and private stakeholders participating in the decision-making about the strategy and in the selection of the priorities of the appropriate rural development measures to be pursued in their local area and co-financed by the EU, is a top priority of the *"bottom-up Leader approach"*. LEADER, (which is the French abbreviation for "Links between actions of rural development") was launched in 1991 as a complement to the EU's rural development policy and aims inter alia at an area based local development which allows actions to be tailored more precisely to the real local needs.

Partnership is another priority. Policy should be implemented by a partnership between public and private organisations and civil society, in line with the principle of subsidiarity, implying that each policy action will be implemented by the level of governance or the group of actors which is best qualified to carry it out.

If a locally-designed programme is to be able to respond effectively to local and regional needs, it requires to be drawn up by the partnership through a full dialogue between the rural stakeholders, including the local and other levels of governance, and this dialogue needs to continue through the programme's subsequent implementation, monitoring and evaluation. Partnerships have great possibilities to learn from each other through networking and exchange of best practices.

This "Leader approach" has generated results which have gone far beyond those which could have been achieved by central policy-makers acting alone. It has shown the importance for rural development of a territorial approach, of the participation of local actors and of the formation of networks between them. It has been instrumental in bringing a local and territorial identity, or dimension, to local development strategies, thus reinforcing the coherence of development projects and magnifying the effects of synergy. Areas which were formerly anonymous have become "unique" with their own strong identity. Placing an element of "local identity" at the core of a territorial strategy

has made it possible for unused, neglected or even forgotten resources to regain their economic and social value. This has given rise to unique products resulting from unusual

Combinations of different elements and sectors. Good examples are the "Village of Bread" in Belgium and the "route du vin" in France, but there are many more.

Participation has enabled local actors to "imagine" a future for their rural area – to build a consensus around a "vision" for their socio-economic development- and this, in turn, has created opportunities for previously under-represented groups to play a role. For example, it is remarkable to note the strong participation of women in local action groups. Also, it has become clear that the decline of certain areas, even where it is well-advanced, is never terminal because local players make it possible to explore new avenues of development.

*(Laurent Van Depoele, Prof. em. Institute for International and European Policy, Catholic University of Leuven (Belgium), Former Director Rural Development in the European Commission)*

## GRANT AND SUBSIDIES IN SUPPORT OF RURAL AND AGRICULTURAL DEVELOPMENT

Xhevat Lushi



### General Situation

Kosovo agriculture is characterized with small farms, small agricultural area per capita, fragmented lands and poor production per area unit. The sector of agriculture consists 25% of total production in Kosovo, 25-30% of general employment, mainly in non formal sector and around 16% of total export value. Around 60 per cent of the population in Kosovo lives in rural areas.

Agriculture plays an important role in providing employment opportunities and generating incomes for the people living in rural areas. Sustainable rural development in general, and agricultural development in particular will be important factor for improvement of the quality of life for the people living in rural zones through promotion of agricultural and non-agricultural activities, with special regard to diversification of activities in rural zones.

Ministry of Agriculture, Forestry and Rural Development has during these last three years been contributing tremendously to the establishment of favorable conditions for rural and agricultural development. Developments in agriculture are crucial for economic short term and mid term economic growth of the rural zones.

Kosovo with its pre-accession statute, benefits from component 1 and 2 of IPA instrument in frame of EU assistance program to the Western Balkan. Kosovo shall benefit from other three components when it gets to the candidate statute.

### Challenges in the development of agriculture

Agriculture and rural development in Kosovo face big challenges to sustainable economic development, generation of jobs and providing welfare to the citizens. Kosovo rural zones possess high potential natural resources for sustainable rural and agricultural development.

Kosovo has been losing its old markets, and after 1999 the agricultural households have, due to the war consequences and lack of favorable loans for investments been experiencing unfair competition by imported agricultural products from other countries.

Poor use of new technologies, use of low quality inputs and the lack of proper farms management are the main factors impacting negatively the production per agricultural are in comparison to other countries.

Therefore it is crucial to increase investments in extending the areas with groves, vineyards, glasshouses, as well as invest in new technologies to pave the way to new sustainable development perspective and modernize the sector of agriculture.

Based on MAFRD's assessments Kosovo covers the needs for wheat production up to 60 per cent, and the other part is imported from other countries. Milk production in Kosovo based on the official data during 2008 the import reached up to 43.6 million kg or in the value of 30 million Euros. Data from the Customs Service show

that Kosovo imports high amounts of fruits and vegetables. With regard to European partnership, MAFRD has identified short and mid term priorities to improve competitiveness of agriculture and agro-processing and consequently improving use of lands and forestry, as well as environmental protection and compliance of agriculture to EU standards.

### Institutional development progress

MAFRD has undertaken concrete steps in developing relevant infrastructure for the implementation of projects and programs for sustainable development of agriculture and rural residences in Kosovo. Agricultural and Rural Development Plan 2009–2013 has been drafted introducing the steps Kosovo needs to take to restructure its agro-rural sector and meet with the EU pre-accession and accession requirements. MAFRD in order to implement this plan has made a considerable progress in institutional development by establishing Managing Authority which is responsible for the implementation of ARDP 2009-13 and designing of agriculture and rural development support programs; it has also establish a Monitoring Committee composed of the stake holders in the agricultural development which is responsible for monitoring the implementation of ARDP 2009-13; it has also issued secondary legislation for the implementation of the Law on Agriculture and Rural Development; drafting the investment grant program and other regulations





for direct payments (subsidies); established the Payments Unit responsible for the management of funds for the implementation of investments grants funds program and direct payments. All these institutional developments of MAFRD are based on program principles of IPARD with accession candidate in EU implement.

### Agricultural policies

MAFRD agriculture policies are focused on the support of corn sector, milk production and horticulture, support of pilot- project from rural communities.

During 2010 MAFRD continued with concrete steps in implementing ADRP 2009-13, priority is set on the measure II of the plan which deals with the re-

structuring of agro-rural sector including here land consolidation and vineyards registry.

MAFRD continued to implement the investment grant program for horticulture sector through offering farmers investments grants for the implementation of projects for construction of new groves, high standards green houses, construction of vineyards, as well as grants for agricultural technology improvements to purchase new equipments.

Apart from horticulture, investment grants program include sub-measure for milk production sector, agriculture households may implement projects to facilitate production, improve quality and hygiene of milk production.

MAFRD has also supported initiatives

of the rural community to implement local development strategies drafted by the local action groups; provided grants for investments, projects addressing local rural development priorities and cooperation projects; regional development framing the rural tourism development.

MAFRD provides subsidies (direct payments) to low animal sector (sheep and goats), cows sector (milk production) and supports corn producers.

MAFRD has established close cooperation with all parties, including here the municipal agriculture departments in the Republic of Kosovo, producers associations and other associations, to draft investment grant programs, regulations for direct payment and implementation of projects. In this regard



MAFRD has signed memorandums of understanding with the stake holders involved in the processes at all stages starting from the policy making to policy implementation.

This support has positively impacted the orientation of farmers towards higher quality production, implementation of new practices based on EU standards for agricultural production and capacity building for sustainable farm management.

Hence, the farmers are left with the responsibility to identify the priorities and advantages that would enable them farm consolidation and competitiveness in local and regional market. Investment grants aim at increase of farmers' incomes, improvement of competitiveness of agriculture households

and agro-processors and substitution of import goods with local products

Despite the budget increase during the last three years in MAFRD, it still remains to be the lowest when compared to other countries in the region, what consequently make our famers the least supported ones and unequal with other regional producers in the local and regional market.

Recent developments such as: establishment of payment unit, drafting of programs and regulations to support rapid development of agriculture, raises the necessity for a higher budget for MAFRD to support and cover all sub-sector in agriculture through subsidies and/or investments grants; complete the necessary infrastructure to manage grants and subsidies, respec-

tively it requires new staff to manage the expenditures laid for agricultural and rural development.

In conclusion, the progress reached during the last two years in terms of institutional development enable MAFRD to enforce its newly established structures through training and education of staff, enforcement of control system, timely accreditation of these structures would thus enable absorbing capacities of financial assistances, specially those coming from pre-structural funds for rural development (IPA Component 5) that will be made available to Kosovo as a future candidate country.

*(The author is an agriculture engineer and advisor to MAFRD)*





## TAPPING OPPORTUNITIES IN AGRICULTURE: KOSOVO'S STRATEGIC MIX OF HORTICULTURE CROPS

Hema Chugh, John Mennel dhe Heidi Shiao



### Introduction

Kosovo has real opportunities to improve competitiveness in the agribusiness sector. In addition to the country's reasonably abundant water resources, fertile soil, and continental climate, farmers can take advantage of a longer growing season that starts approximately 30 days earlier than in northern Europe. Kosovo's proximity to regional markets and the European Union (EU) increases the potential for exports—a maximum of one to two days are required to deliver goods to all major terminal markets in Europe. Finally, Kosovo has the available workforce to improve productivity of cultivated crops from current levels of 0.9 cropping intensity and a yield of 20 tons per hectare.

In order to tap these opportunities in agriculture, a critical question must be answered: what is the strategic mix of crops that will enable the country to improve productivity, increase exports and raise employment levels? In February 2010, the US Agency for International Development (USAID) Mission in Kosovo commissioned Booz Allen Hamilton to help answer this question. In addition to assessing constraints in the agribusiness sector in the areas of smallholder farmer potential, demand-driven export strategies, infrastructure, transportation, regulations and trade, a team developed a supply-demand model that identified a "diversified crop mix" for Kosovo. Starting with an initial list of 167 crops, a six step

process was used to filter and select the top ten strategic agricultural commodities based on an assessment of natural resource feasibility, production value, economic attractiveness, economic feasibility, and production and marketing chain considerations. "Strategic" was defined as crops with greater ease of production, lower investment requirements, higher yield, higher market value, high market demand, and significant job creation potential, which can result from more labor intensive crops or downstream processing opportunities. The output of the analysis resulted in a diversified crop mix that includes flower bulbs, lettuce/chicory, asparagus, apples, table grapes, cucumbers/gherkins, saffron, currants/gooseberries, cranberries, and kiwi. However, the recommendations were not designed for farmers to immediately shift production to only these crops; rather, farmers in Kosovo should consider the opportunities that may arise from integrating additional commodities in their current production systems. Each of the top ten crops and some of the reasons that make them "strategic" are described below.

### Top Ten Strategic Crops and Justification

*Flower bulb* production is attractive for Kosovo because bulbs can be grown in open fields or semi-covered fields using a simple, plastic rain cover, requiring minimal initial investment. Because flower bulbs can be harvested as early

as the first year, farmers realize an almost immediate return on investment. Requiring cultivation and harvesting by hand, production is highly labor intensive. Depending on the variety, bulbs can be stored for up to six months with cold chain or modified atmosphere facilities, which helps farmers receive maximum market value. Many bulb varieties command top prices, such as zantedeschia (a type of lily) which typically sells for 0.80-1 Euro/bulb. Demand for bulbs has increased in recent years in Eastern European countries such as Bulgaria, Hungary, Romania and Russia, signifying regional market potential for Kosovo. The Netherlands, United Kingdom, and France continue to be the largest importers of flower bulbs in the European Union, with each country importing 7% of total import volume worldwide in 2008.

The western part of Kosovo known as Dukagjini is the best area to grow *lettuce/chicory* given milder temperatures and higher rainfall. This crop can also be highly labor intensive, requiring more than 500 hours per hectare per year for cultivation and harvest and given the reliance on workers instead of machines to select, package, and label products. Procedures to maintain quality control are minimal and can be readily met as higher quality products may vary in size, as long as there are no discernible defects. Target exports markets could include Canada, Germany and the United Kingdom, which were the top lettuce importers in 2008,

comprising 19%, 18% and 17% of world imports respectively.

Farmers can harvest *asparagus* as early as the second year from initial planting, with additional annual harvests for up to 20 years. While green asparagus can be sold at 5 to 6 Euros/kg in the early spring, EU consumers' preference for white asparagus enables farmers to earn two to three times more due to limited supply and higher production costs of the variety. In addition, white asparagus is generally canned or jarred, presenting an opportunity for downstream processing that can generate additional jobs. As consumers demand fresh, small/medium shoots, with no bruises, suppliers must develop a reputation of selling superior quality produce. To enter this market and compete successfully, Kosovo must meet GlobalGAP certification and Hazard Analysis and Critical Control Points (HACCP) requirements and must ensure labs for pesticide testing have EU Pesticide Residue certification.

Strong international demand for fresh *apples*, local import levels, and Kosovo's production characteristics present a strategic opportunity for apple sector. From 2005-2008, worldwide demand for fresh apple imports grew 5% while Central and Eastern European countries increased apple imports 18% on average and up to 72% in some cases (e.g. Lithuania). In Kosovo, imported apples predominately from Macedonia represented 11.9% of total agriculture imports in 2008. Particularly in Dukagjini, Kosovo benefits from soil and climate conditions that are ideal for growing apple fruit trees. By planting new varieties such as Empire, Limelight, and Scrumptious, local farmers have recently achieved an average yield of 35-45 tons per hectare, which is significantly higher than traditional varieties. In addition, new varieties can be stored up to nine months with appropriate cold storage facilities, helping farmers maximize income potential. According to conservative estimates from local apple experts, apple



production is expected to grow at least 5-10% per year over the next five years as additional land is dedicated to apple production and more high-yield, higher value varieties are cultivated.

Lasting up to 25 years once planted, *table grapes* are another strategic crop for Kosovo. Farmers can begin to recoup their initial investments as early

as the second year when the first fruits are harvested. Currently, table grape production occurs in the Gjakova and Prizren regions. However, Kosovo must achieve quality standards to penetrate the regional market and realize export potential. Consumers prefer table grapes that have no cracked berries, stem browning, shriveling, sunburn or



insect damage. Due to these higher quality requirements at the point of sale, it is essential that table grapes are cultivated and harvested by hand. With comparatively cheaper labor costs, Kosovo farmers can differentiate themselves in the market by producing high quality grapes for lower prices.

The main types of *cucumbers* are fresh salad cucumbers and pickling cucumbers called *gherkins*. While farmers in Kosovo are currently cultivating some cucumbers/gherkins, minimal knowledge would be required to introduce new growing techniques and varieties to ensure maximum yield, quality, and value is obtained. For example, while a conventional jar of gherkins sells for 0.79 Euros, specialty varieties like Spreewald gherkins from Germany command higher prices, approximately 0.99 Euros a jar. Production in Kosovo can create job opportunities in the agribusiness sector, since gherkins have to be hand-picked and require extensive processing. The largest global importers of cucumbers/gherkins, Germany, the United States and the United Kingdom comprised 26%, 19% and 8% of world imports respectively in 2008, and represent potential markets for producers. However, Kosovo's entry into the export market will require producers to meet quality and safety certifications, including HACCP certification, US FDA certification, ISO 9001 certification, and International Food Standard certification.

At approximately 16 million Euros/ton, *saffron* is by far the highest value crop of the top ten strategic crops identified for Kosovo. Italy, the United States, United Arab Emirates, and France represented the largest importers worldwide in 2008. Saffron cultivation requires warmer climates with strong sunlight and well-watered soils with high organic content. Saffron's robust quality and ability to tolerate temperatures as low as 10sovo. The Dukagjini area meets all of these production requirements for saffron given its high solar radiation, sufficient rainfall, and

better access to irrigation. Saffron can be harvested during the first year of cultivation and is an extremely labor-intensive crop, as more than 80% of production, harvesting, drying, and packaging must be done by hand. The highest quality saffron boasts a deep red color, intense flavor, and fresh aroma. Since flowers are harvested and immediately processed inside the farm, saffron does not require refrigeration and has a very low perishability. *Currants/gooseberries and cranberries* can thrive both in the Dukajini and mountainous climates in Kosovo. In fact, these berries are among the few crops that actually grow well in the mountainous climate, with its cooler temperatures and shorter growing seasons. Requiring similar production processes and techniques, currants/gooseberries and cranberries are very simple crops that require minimal training and investment to produce top quality, export-ready crops. Both crops produce fruit as early as the second year and can be harvested for up to 20 years. While quality standards are readily obtainable, fruit that does not meet necessary quality levels can be processed. Processed currants/gooseberries are generally hand-picked once they are a full-size, providing additional employment opportunities for Kosovo. Currants/gooseberries and cranberries are usually not plagued by parasites, thereby eliminating the need for residual testing and increasing the likelihood of farmers meeting quality standards prior to exporting. Poland and Ukraine are among the top importers of currants / gooseberries in Europe and represent potential regional markets for Kosovo. Fresh, red currants are the most common variety found in the European market while black currants are mostly used for processing (juice, jam). Although global demand for cranberries has grown, the simultaneous decrease in suppliers has led to significant price increases. In 2007, for example, frozen

berries sold at levels above \$1.50/pound and concentrate sold at levels between \$80 and \$100+/gallon. There is a general misperception that *kiwi* can only be grown in tropical areas. In reality, kiwi has very similar production and packaging infrastructure requirements as table grapes. Some farmers in Kosovo have already started to cultivate kiwi for good reason. Dukajini provides the perfect climate for kiwi production with its longer growing season, milder temperatures, and higher rainfall. This higher-yielding crop produces fruit for up to 25 years and has a storage capacity of up to eight months with cold chain facilities. Also, the top four importers of kiwi worldwide are right in Kosovo's backyard. Specifically, Belgium, Germany, Spain, and Netherlands make up 12%, 9%, 9%, and 5% of kiwi imports respectively.

## Conclusion

While integrating the "strategic" commodities into current production systems can improve competitiveness of the agribusiness sector, success will also be dependent on accompanying initiatives at the farmer-level, such as strengthening extension services and improving association / cooperative capacity and effectiveness. Government can further support introduction of the new commodities by developing policies, regulations and programs that encourage the private sector to communicate the value of strategic crops to farmers and agribusiness owners, establish test plots and provide cost-share grants, insurance, and loans for producers of new crops. In addition, local counterparts must focus their efforts on achieving quality standards since Kosovo will be required to adhere to all EU quality regulations on production, sorting, grading, packaging, and labeling by 2014. However, the opportunity to make significant advances in Kosovo's agribusiness sector is real, and now is the time to seize it.

## THE IMPORTANCE OF RURAL ADVISORY SERVICES AND INFORMATION ON AGRICULTURE

Fatmir Selimi



Kosovo is a country where agriculture is essential for its economic development. This is a common truth and very few would think otherwise. Currently Kosovo potentials lay in agriculture, in short term and mid term. Whereas in long run Kosovo needs to invest in human resources, in educating its youth so to ensure local expertise and avoid dependence on foreign agriculture experts.

Though Kosovo majority population is young, their participation in sector development is small. Yet again despite the large number of educated people there are few experts in specific fields. When I say few, I mean few that are knowledgeable in practical work; otherwise there are many graduated experts. Part of the responsibility bears Kosovo educational system: the level of education in rural zones is lower than in urban zones, and the number of students to attend agriculture high school or university is very small.

In the past, Kosovo agriculture was production oriented, today its needs to be market-oriented as the market has changed. Kosovo farmer possesses good skills, but yet again he needs consultancy and advices as the market requests and technologies are changing daily. MAFRD has for the benefit of better information of farmers and their capacity building initiated advisory services operational directly on the field. The objective of establishing rural consultancy services is to have MAFRD

closer to farmers and provide advices and quality information on developing Kosovo agriculture in general.

### Rural Advisory Services – MAFRD RAS

Rural Advisory Services is part of the Department for Rural Development in the Ministry of Agriculture, Forestry and Rural Development (MAFRD). In the central office there are four experts of agriculture (head of RAS office, training expert, information expert and evaluation and monitoring experts).

MAFRD has 5 regional offices (Prizren, Pejë/Pec, Prishtinë/a, Gjiilan/Gnjilane, Mitrovicë/a), two sub-regional offices, in Gjakova/Djakovica and Ferizaj/Uroševac (with less activities) and one regional office for Mitrovica North in Zvečan/Zvecane which does not function. In each of the five regions there is one expert/advisor for rural development, except Gjiilan/Gnjilane where there are two experts, one of them for minorities.

At the beginning for all 30 municipalities there were one expert each certified by the European Agency for Reconstruction for advisory services. Decentralization process which resulted in having more municipalities there are in total 35 municipal advisor and 6 regional advisors attending the project activities of RAS.

Advisory services are an important factor in developing agriculture in Kosovo. MAFRD itself is a new ministry which

managed for a short period of time to develop good Rural Advisory Services (RAS) with the support of EAR to MAFRD to establish advisory services through SASS project SASS (Strengthening Agricultural Support Services). This and other following projects SASS2 and the project Rural Advisory Services (RAS) during 2003 - 2006 have been proved to be the right decision of EAR as only by providing practical and qualitative advices to farmers we may expect to raise their competitiveness with other farmers in the region and in the European Union.

Around 75 local experts have been trained and certified by SASS project in different topics such as: farm management, data collection, marketing and other rural development topics. And now it is these experts who are professionally capable of providing services and advises to the community upon their requests for needs. During this time RAS has together with agriculture and rural development experts created a database. In 2008 and 2009 MAFRD has engaged NGOs and local consulting companies to offer advisory services in the field and empower RAS.

In addition to public advisory services, there are occasional services provided by the Institute of Agriculture in Pejë/Pec. The Faculty of Agriculture in Prishtina provides advices through training of future agronomists, and other engagements in training activities facilitated by internationally run proj-





ects. An important part in the chain are also the suppliers of inputs, plant producers, private vets and a small number of private consultants for the preparation of grant proposals and business plans.

We can also state that there is an extensive presence of advisors in the field; municipal and regional officers are present in the field cooperating closely with the farmers in quality raising of local products. Direct meetings with farmers are the best way to ensure necessary information to the rural community for the development of agribusiness.

Main means of communication with farmers are Radio and TV, other means apart from direct contacts of municipal and specialized advisors with the farmers are less important. Both farmers and advisors prefer communication through

TV as a communication tool, they regard it as an expensive yet the best mean of communication.

Radio programs and other booklets are good source of information to the farmers, but are less frequently used.

### Recommendations

It is about time to redirect and amend the curricula in the agriculture high schools and in the Faculty of Agriculture. More importance should be given to practical skills and business management of farms. Emphasis should be laid on courses such as: marketing, management, entrepreneurship planning, IT, food safety, nutrition and agro-environment.

It is essential to improve the communication between the stakeholders and develop an advisory strategy in

Kosovo wide. Coordination between the municipality, region and MAFRD should also be empowered.

Improvement of advisors skills to support farmers in their application for projects and grants, as well as in specific topics (marketing, economy, environment protection, land issues etc) is also necessary; regular training should be provided based on farmers demand and agenda rather than just being based on RAS experts. Women and other communities should also participate in these training programs either as trainees or trainers.

To mobilize advisors is rather important as the main work they do is related to the work on the field. There are various problems with mobilization as many municipalities lack vehicles to conduct active work on the field with

farmers. To improve this there needs to be an increase of budgets in the departments for agriculture in respective municipalities and ensure infrastructure and necessary equipment for the work of advisors.

Farmers should gain practical knowledge and be motivated through quality advises and different grants provided by MAFRD by various donors. Training and regional visits for farmers are also essential to increase their interest for regular participation in these activities.

One of the crucial points for improvement is the flow of information to the farmers through TV programs so to outreach to a greater numbers of farmers. Establishing a local or regional library would help avoid double publications, store and make available necessary farmers' literature.

Working in groups, associations or coops should continue to build upon their development potentials. On the other hand we need to develop private advisory services as well, through local consulting, input suppliers, plant producers and private advisors in order to improve the quality of the services through these channels. Supermarkets can play an important role in improving farmers' marketing activities of their agricultural products.

Kosovo is a small country, a small market; therefore more information for regional market in addition to the local one is also needed. There is also a lack of specialists in different fields, especially with post-harvest activities, marketing and processing technologies and techniques of agriculture production. The possibilities to engage regional experts and exchange of experiences should also be considered.

Rural advisory services is a strong mechanism of MAFRD to pass informa-

tion to the farmers: information on laws and their implementation, implementation of agriculture policies, assist in selection of farmers for grants, advise farmers on best agriculture practices, ensure market information as inform Kosovo farmers on EU standards and requirements in order to be better prepared in the common regional and European market.

To get the results, its Kosovo Government that needs to think how to support this sector with financial means and in practice and/or develop RAS mechanisms to assist general development of agriculture in Kosovo.

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# WHY IS SUBSISTENCE FARMING PERSISTING IN KOSOVO?

Sophia Davidova  
dhe Laure Latruffe



## 1. Introduction

During the period of transition to a market economy in Central and Eastern Europe, as well as in the countries of the former Soviet Union, subsistence farming has played an important function of social safety net and has contributed to food security of rural poor (e.g. Werheim and Wobst, 2005). But its persistence in several transition countries, including Kosovo, has puzzled many economists, as one of the objectives of transition was to create a market-oriented agriculture (Kostov and Lingard, 2002). Transforming Kosovo's agricultural households into more commercialised farm operations would help generate income in rural areas and as a result would contribute to rural development. It is therefore important to design public policies that ensure the prevalence of subsistence farming is only a temporary phenomenon.

## 2. Causes of subsistence farming

The issue of subsistence farming has attracted a great deal of studies, particularly in relation to developing countries, with the widely held belief that such type of farming constrains agricultural growth and rural society's welfare (e.g. Renkow et al., 2004; Barrett, 2008). Observations that subsistence farming has expanded during the transition period have led the economic research to focus on factor and product market imperfections. Although some studies agree that the expansion of subsistence farming is partly due to macroeconomic instability and a high general

economic risk, several authors underline that transaction costs and imperfect markets are crucial determinants (e.g. Kostov and Lingard, 2004; Mathijs and Noev, 2004; Balint and Wobst, 2006). Market failures are indeed exacerbated in the context of transition from a planned to a market economy. Under the pure central planning, the downstream and upstream markets were almost inexistent as these sectors were integrated within State trusts.

Imperfections on the output market are thus common during the transition. Agricultural households may have restricted access to output market due to an underdeveloped downstream sector (lack of developed wholesale markets and agro-processing companies), and thus have to incur high search costs for customers and transportation costs to open-markets, as well as rental costs of market stalls (e.g. Kostov and Lingard, 2002; Lerman, 2004). Input market failures may also be widespread in transitional countries and act as barriers to commercialisation. For example, Balint and Wobst (2006) stress the need to transport seasonal workers and to travel to purchase intermediate inputs for Romanian farmers. In Kosovo, Beilock (2005) provides anecdotal evidence of expensive bus tickets between a village and Prishtina.

Transaction costs faced by farmers limit their access to inputs and outputs markets (e.g. Zaibet and Dunn, 1998; Winter-Nelson and Temu, 2005; Alene et al., 2008; Holloway et al., 2008). Transaction costs can be fixed or proportional (Key et al., 2000). Fixed

transaction costs affect the decision to participate or not in the market transactions. By contrast, proportional transaction costs influence both the participation decision and the volume traded. Fixed transaction costs include searching (for a market, for a customer), negotiating, screening and enforcing costs, while proportional transaction costs relate to transportation and information (Key et al., 2000).

## 3. Subsistence in the Kosovo agricultural sector

Kosovo is a small country with total area of 1.1 million hectares (ha), out of which 53% is agricultural land. It has high density of population and as a result a small agricultural land area per inhabitant (0.24 ha), and a small arable area per household (Riinvest, 2005). Following the privatisation of the socially-owned enterprises, 86% of agricultural land is privately owned and is operated by family farms; the remaining is still under the ownership of producer cooperatives (1%) and socially-owned enterprises (13%) (UNMIK, 2003). Agriculture accounts for 25% of gross domestic product (GDP) and between 25 and 35% of employment (World Bank and SOK, 2007). Although covering 60% of the population, rural areas in Kosovo do not contribute much to the economic growth. One of the reasons for this situation is that agriculture is stagnating because most of the farms produce for self-consumption. According to Beilock (2005), more than three quarters of rural

households do not market any of their agricultural production, and 80% of Kosovo's agricultural production is self-consumed. Lingard (2003) underlines that massive imports are thus required for meeting the urban demand, particularly of wheat, milk and dairy products.

The extent of subsistence farming is illustrated here with data from the Agricultural Household Survey (AHS) carried out at the end of 2005 in Kosovo (SOK, 2006). The useable records of 4,187 agricultural households indicate that households farm a small Utilised Agricultural Area (UAA) of 2.4 ha on average. Households almost do not use external factors of production: only 1.8% of the total labour is hired and 4.6% of the UAA is rented from private landowners or from the State. This suggests that agricultural households are not integrated in the factor markets. Moreover, the sample shows a low level of integration in the output markets. As presented in Table 1, the share of the output sold in the total value of output is also low, 13.5%, while 83.7% are used for

Share of total output sold	13.5
Share of total output used for household needs or on-farm, including:	83.7
used for household needs	38.1
used on-farm (animal feed)	45.6
Share of grains sold	6.4
Share of fruit and vegetables sold	12.5
Share of fodder crops sold	11.7

Table 1: Use of agricultural output (%); averages of the agricultural household sample surveyed in the Agricultural Household Survey (AHS) of 2005 (SOK, 2006)

human consumption or for animal feed and around 3% are wasted. To the extent that output sold is concerned, it has a slightly higher share in fruit and vegetables, and forage crops, than grains.

Two articles have investigated the reasons behind the persistence of low sales of agricultural production in Kosovo. Both use survey data from the AHS in 2005. Latruffe et al. (2009) have investigated the potential reasons behind the persistence of subsistence farming in Kosovo. Using an econo-

metric regression of the share of total output sold by the farm household, the authors show that low land availability and relatively poor physical infrastructure are strong impediments to commercialisation of agriculture in Kosovo. Sauer et al. (2010) have estimated with the help of three econometric models the determinants of the household's decision to leave some agricultural land fallow. As shown in Table 2, data of the 2005 AHS reveal that although Kosovo farmers may leave some land fallow due to the feeling of a general lack of security, the main factors for leaving land idle, indicated by the respondents, are economic problems such as costly access to inputs or the lack of funds to purchase equipment. The econometric results confirm that the strongest impact on the decision to leave land uncultivated had two of the economic reasons: the lack of equipment and of inputs. Thus, it seems that costly access to inputs or liquidity constraints, as found in Romania (Sauer and Balint 2008) or in developing countries (e.g. Ravnborg and Rubiano 2001), are major determinants of land left fallow by Kosovo smallholders. Particularly, land fragmentation (number of plots), and the small total land area are factors that increase the share of land left fallow. On the other hand, income and yield enhancing activities and technologies, e.g. farms specialisation, mechanisation and irrigation decrease the share of land left uncultivated. This supports the conclusion that under im-







perfect markets, households who hit the production factor constraints will not utilise the land in full and once again points out towards market imperfections in Kosovo.

## 5. Conclusion

Economic and institutional factors seem to be the main determinants of fallow land and subsistence farming in Kosovo. Farmers' perceptions that agriculture is a low profit activity and their difficulty to access inputs are the major constraints to full land utilization and output sale. Increasing incentives to farmers by improving market institutions up- and downstream is one measure that could help improve profitability and decrease the impediments to commercial farming. The problem of lack of liquidity to cover production costs is recurrent in transition countries, in particular due to the limited access to credit. The situation is known to the policy-makers in Kosovo. In their mid-term policy agenda (2004-2008) they define subsistence and semi-subsistence farms as a target group for

support and suggest the introduction of tax concessions on inputs and equipment (UNMIK, 2003). It is also necessary to improve the land institutions required for a more active land market and land consolidation.

Such policy recommendations regarding credit and land markets have often been advocated in developing countries, in the view of exiting from the subsistence/semi-subsistence poverty trap (see Barrett, 2008). Whether they can be applied to Kosovo is however an open question. Most of the rural households in the region receive remittances from relatives abroad (Beilock, 2005; Sklias and Roukanas, 2007). This support from the diaspora may partly explain why rural households in Kosovo have not developed more aggressively towards a transition from semi-subsistence to more commercial holders aiming to maximise their cash farm receipts.

Crop rotation	2
Lack of inputs	23
Lack of labour	14
Lack of equipment	11
Low economic profitability	34
Land mines	1
Lack of security	9
Other reasons	6

Table 2: Reasons for leaving some land fallow; shares of plots left fallow (%) in the agricultural household sample surveyed in the Agricultural Household Survey (AHS) of 2005 (SOK, 2006)

## WHEAT PRODUCTION SHOULD BE A PRIORITY IN ECONOMIC DEVELOPMENT

Dr.sc. Imer Rusinovci



*Wheat production in the past was a significant source of economic development of our country. This well structured production coincides with country's healthy economy. It is due to this fact that investments need to be far higher. Institutional support and proper loans in wheat production are crucial for the development of strategic production. In EU countries wheat and wheat-based products ensure 800 calories per person (24.75 per cent of daily energy is provided by wheat and its products), respectively 24.9 g proteins/daily per person (out of 26% of daily consumed proteins). Similar values are found in other country where wheat too ensures 23 per cent of daily consumption of proteins, whereas in developing countries the value is dropped to 20 per cent.*

During this year large world wheat producers faced bad weather conditions. This caused a global crisis in wheat production. The situation in some countries in the world is alarming and the wheat price increased causing higher bread price. The online stock-markets show that wheat price become the highest during the last two years.

The world trend in wheat production for the last 20 years (1988-2008) is as follows: 500 millions tons of wheat were produced in 1988, 562 million tons in 1998, whereas in 2008 a total of 676 million tons wheat were produced. In the same period Kosovo records a decreasing trend of wheat production.

The Government Role during food

crises is timely "forecasting and prevention". Governmental daily speeches are filled with sentences such as: "our economy is exposed to and suffers from international market changes", "this price crisis found us with no rehabilitation system put in place for this negative effect", "this decision derives from powerful countries leaving us with no possibility to defend" etc. So in many cases we only reflect the wrong syndrome of being a small country and reiterate the lack of capacities and skills to build effective executive state mechanisms.

Agriculture in Kosovo is the most discriminated sector in terms of budget allocation, agriculture gets less than 1,0 per cent of the state budget despite the fact that agriculture makes 20 per cent of total production. Meantime trade deficit in Kosovo is 1 to 4, food production 1 to 9, agro-food production 1 to 12. Hence to import food production on yearly basis Kosovo spends more than half of its state budget. We are currently dealing with a slight increase of the price of breads which impacts the family budgets, buying powers and inflation. We cannot therefore, agree with the excuses coming from the Government such as "we cannot go against world market trends", "we are an open economy and cannot impact the developments" etc. Unfair agriculture policies, lack of incentives, low level of machinery, low productivity and lack of cooperation between the farmers and scientific institutions, poor production standards and low competitiveness, are among the factors

impeding a sustainable wheat production in Kosovo. These are the reasons behind having incapable farms in internal market and consequently high scale of wheat import.

How did this situation happen and no one foreseen it nor prevented it?. If we are to conduct a "screening" of many reports and recommendations coming from specialized institutions, if we analyze the debates and the undertaken policies in the developed countries, if we are to read the conclusions of numerous international conferences and panels held, there are at least 4-5 years since the bells toll for the upcoming increase of wheat price. For instance "food models and food products demand in the world are largely increasing overriding the offer itself..."

"China and India consume more and more animal proteins, which brings the increase of the world demand for corn as animal stock food", "USA and EU are in the process of reviewing their agriculture policies", "energy crisis in USA and EU compels into greater production of ethanol and other bio-carburant from wheat, maize, soya etc. And consequently we expect an increase in prices of these products for the next 10-15 years" etc.

So "bells" have been tolling for quite a while now. The problem is with the specialized 'ears' to listen, and efficient institutions to translate the indicators into forecasting and preventing policies, which unfortunately are either weak or formal, or absent.

Countries with functional institutions are undertaking concrete projects and



policies to change wheat technology, seeds quality, food and nutrition models and policies, introducing new techniques of sustainable development, modify regulatory systems, etc to advance in all aspects that would bring positive impact in securing food. Meanwhile, Kosovo behaves as if all these are happening far away from us, and even if it does impact us, we have nothing to do about it "if we bear consequences we admit we have no power as we are a small country".

For successful implementation of agriculture policies for wheat production and good function of agriculture market is necessary to establish effective and responsible authorities, similar to the countries in the East where proper conditions were set to efficiently implement agricultural policies.

In the past years the wheat price in our market economy was controlled by spontaneous market mechanisms. Limit subsidies for wheat, increase of com-

petition in foreign markets, cut in connections between villages and processing industries, price liberalization are associated with poor incomes from wheat production.

In such circumstances, with the instability of agriculture markets developed ineffectively and disorderly, it is essential to establish mechanisms which orientate and protect wheat production by regulating agriculture market. To serve to this purpose an establishment of directorate of agriculture market would be beneficent. The objective of this directorate would be the stabilization of markets for strategic products to protect the incomes from agriculture. The experience from other countries shows how the directorate manages the state food reserves as well. Agriculture market directorate may enjoy high autonomy to intervene in agriculture markets and efficient implementation of agricultural policies in this direction. Main activities of the di-

rectorate would be related to the interventions in the market through executive tools, by supporting and regulating the demand and the offer instead of using administrative tools alone. On the basis of agriculture policies the season production may well be regulated including here also the "minimum price" for wheat production to stabilize the market. The main tasks in such a situation would be as below:

- Interventions in purchasing strategic products (wheat) to store them and sell them in internal market to stabilize the wheat price.
- Accumulation of wheat reserves and state reserves management, the amount of which may be determined by duly taken government decision.
- Support to wheat trade companies through loan guaranties and other purchase, storing and distribution guaranties in the local market.
- Problem analysis and forecasting re-



lated to agriculture products markets.

- Data collection, drafting proposals and undertaking initiatives for the development of market infrastructure and continuous improvement of agricultural
- Respective of needs and circumstances, the agriculture market directorate may conduct other functions related to trading agricultural inputs and outputs.

The change in approach towards agriculture in general and the production of wheat in particular should be concept-based as below:

- Wheat production for the needs of the country should be a priority in economic sustainable growth and development through regulatory policies and state support.
- Agriculture policies for wheat production should eliminate all obstacles and barriers.
- There can possibly not be any sustainable agriculture development without final resolution of sufficient corn production issue.
- Ensuring food for our country is number one priority for economic development.
- State support to encourage wheat production should be more serious.
- Subsidy model should not be fictional and client-like. It must undergo real change by providing subsidies per product unit (for every kg of wheat)
- The purpose of agriculture policies in wheat production should be to ensure a competitive cost with other regional countries. (its standardization)
- Wheat production system should be viewed as a whole, and the interventions should be carried out in all production regions.
- Incentives for farmers should be concentrated in wheat production primarily, without leaving aside the food chain.
- Establishing a special fund for loan guaranties and tax discount for wheat agro-processing businesses for employment.
- Encourage agro-food chain methodologies in wheat production, pro-



cessing and trade by setting the image and the features of life product (bread) by increasing this the value and the sustainability of wheat in the market that would result in the productivity of agriculture system in general.

- Government priorities in the development of the country must apply for

wheat production.

- Employment in wheat business farms should be the core of governmental policies in rural zones, as these zones are also suffering from poverty.

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# IRRIGATION IN KOSOVO

Prof. dr. Bashkim  
Kabashi



The territory of the Republic of Kosovo is divided into two agro-ecological zones based on climate, land and flora. The western part –Dukagjin region – makes 43% of the total area and it belongs to Drin i Bardhe basin (with its branches) with an annual average temperature of 12 grades Celsius and the lowest temperature - 20°C, in January and February and the highest 35 grades Celsius, during July. Annual rains volumes for the region are, 770 mm, with 300 mm during the six month of vegetation period (April-September) or 40% of the total. During the summer three months (June, July and August), the average rains reach 140 mm.

There are medium annual rains volume in the eastern part of Kosovo territory with up to 260 mm during vegetation, and an average temperature of 10 grades Celsius.

Effective amounts of rains in both eastern and western side are approximately 75 %. Irrigation is necessary during April/May to September.

Frequent lack of humidity for many plants such as lucerne, maize, groves and beet makes irrigation a necessity from nine to ten years.

Vegetable are impossible to grow without irrigation. If we assume a total effectiveness of water use on the field to be 100%, the total net requests for irrigation are 150 mm per year for wheat (during dry springs); up to 300-350 mm for groves, maize and potatoes; 400 mm for lucerne, veg-

etables and other. Increase of production of irrigated plants is 2.5 to 3 times.

## Irrigation development

There is a rather old irrigation system in the Republic of Kosovo dating back for centuries. Outdated irrigation systems are located in the western part in Kosovo. Water supply runs through irrigation systems from rivers and springs. Due to the height and the free fall forces the water reaches to the areas for irrigation.

Till World War I all channels were soil shores and much later many of the channel shores were constructed on concrete. Nevertheless water losses were more 50%.

Irrigation in the region has been practiced for centuries now. Some of the systems are antique, as simple methods are used to direct the river water to the channel systems.

After the World War II, respectively after 1957, new irrigation systems began to be constructed in the Eastern and Western part of Kosovo till 80s last century including an irrigation area 50.000. The largest are "Ibër-Lepenci" with 20.000 ha, and „Radoniqi" in the western part with 10.000 ha. In both of them irrigation was in form of sprinkles. This shows that during that time Kosovo had 80.000 ha under irrigation or around 20 per cent of arable land. Land Consolidation in this region begun in 1983 including the areas in irrigation sys-

tem. The process lasted till 1988 when it was forced to terminate due to political reasons, with 35.000 ha consolidated lands.

In the 80s irrigated land area decreased for 70.000 ha. It had insured considerable increase in agriculture production through irrigated plants, generating incomes for 35.000 families respectively 240.000 inhabitants. Based on production, the processing industry of the agriculture products begun to develop.

Among irrigated culture crops: maize often grown together with white beans, potatoes and vegetables (tomato, watermelon, melon etc). Lucerne is an important crop that requires irrigation. Lucerne is a quality source food for cattle in Kosovo. Before 1990, around 40% of the irrigated area was used for winter wheat and maize which is cultivated during rainy seasons (autumn/spring/beginning of summer), with no additional irrigation except during very dry springs. In the same areas after the harvest there are other secondary crops grown serving mainly for cattle food: maize, soya etc which after silage would serve as quality food during winter, other late vegetables.

During the period 1991 and 1999 the irrigated land area decreases dramatically: out of 70.000 ha only 20.000 ha were irrigated. The reasons of this fall were the negative impact of the former Milosevic's regime. During the regime almost all Albanian workers

employed in social sector of production were expelled from their jobs, including here the irrigation system companies, and their infrastructures destroyed: hydraulics, processing factories, regional markets, production etc.

During these 10 years (1990-1999), and even more intensively after the war in 1999 irrigation system and agriculture production in the villages were non-functional and nobody took any measures to stop the damages being caused to the irrigation system. Other constituting parts of the system were also totally destroyed such as: channels, water establishments, pumps etc.

In 2000, only the older system that had irrigated 20.000 ha was being used in the old regional systems.

In May 2001, European Agency for Reconstruction financed the rehabilitation project for irrigation system in whole Kosovo, in order to recover the damaged infrastructure (11.5 millions euro). During phase I (18 months) the objective of this project was to undertake rehabilitating measure in objects in the area 20.000 ha under irrigation. Assuming the funds would have been available for the later stages of the project by end of 2005 and beginning of 2006 the rehabilitated irrigation infrastructure would be used for an area of 51.413 ha.

In addition of technical recovery of irrigation systems, the project has to do also with restructuring of the former six SOEs for irrigation (reconstruction of buildings and directorates, equipments and other administrative infrastructure etc.).

Considerable efforts are made in institutional capacity building of the six irrigation companies which are now currently in charge of systems management.

EAR project aimed at establishing users' associations (WUA), ensure information for their companies to serve to a better and rational use of water and irrigation and increase the agri-

culture production among water users (WUA).

DAFRD should take the legal and oversight role.

In June 2001, Dutch Humanitarian Agency (DRA) was involved in one year project implementation for the rehabilitation system (Drini i Bardhe network and plum) in irrigation for Peja region. The objective of the proj-

ect is the rehabilitation of two irrigation schemes that would eventually cover 8.600 ha of irrigated land. Other activities were related to environment, technical and socio-economic as well as institutional aspects.

The six aforementioned companies through these programs have joined and established three Regional Irrigation Companies (RIC).







- RIC "Drini i Bardhë" located in Pejë (includes system of Istog, Peja/Pec and De an/i),
- RIC "Radoniqi"/Dukagjin Region located in Gjakovë/Djakova, includes the territories of Radoniqi system and Prizrenit, and
- RIC "Ibër-Lepenci" located in Prishtinë/a.

### Water Supply

Up to the seventies the water supply was drawn by the existing river flows. Later due to the increase of demand, it was necessary to accumulate yearly waters of several rivers especially as during summer the water level in rivers drops to minimum. Therefore as during the summer season when there is greater demand and need (irrigation,, daily industrial water use etc) the amounts of river waters do not fulfill the users' needs. The only possibility thus remains to accumulate annual rains into new accumulations. Up to 1980 six accumulation center-reservoirs have been built: Ujmani, Batllava, Badovci, Livoçi, Radoniqi and Prilepnica.

Yet again to satisfy the future demand for water (drinking water for the population, industry, agriculture etc) the only way to ensure sufficient amounts would be through creating new accumulations. For this purpose the most important points would be: Dragaçina in Suharekë, Sllupi in Deçan, Ponošeci in Gjakovë, Drele in Pejë, Reçani in Prizren, Lepenci in Shtime, Dobrosheci in Drenicë, Ajnovci, Makriishi, Livoçi and Zhegra in Gjiilan,

Tankosiqi in Tankosiq.

Researches are being done to find out the possibilities to create new smaller accumulations from smaller rivers of rainfalls where 400 out of 1.000 of them would partially supply these locations with water.

Each irrigation system has its own specific supplying capacity (hydro module). Major differences are recorded among these systems as e.g 0.43 /s/ha ("Ibër-Lepenci") up to 1.1 /s/ha ("Radoniqi"), largely depending on the type of the systems, age and location. Specific supply level for the traditional system in Dugagjini region varies from 0.24 (old systems with 24 hours non stop scheduled irrigation) 0,6 /s/ha to 1.1 /s/ha. ("Radoniqi" projected according to the French model <ala demand>).

### Diagnostic scheme

A diagnostic scheme has been proposed to water use which served for analysis base. The table shows a review of structured data and information in planning level. A conceptual drawing of the diagnostic scheme is introduced in Figure 1.

In the center of the scheme you see the matrix based on a non linear program. The upper row cells contain names of agricultural crops such as wheat, maize, potatoes with land irri-

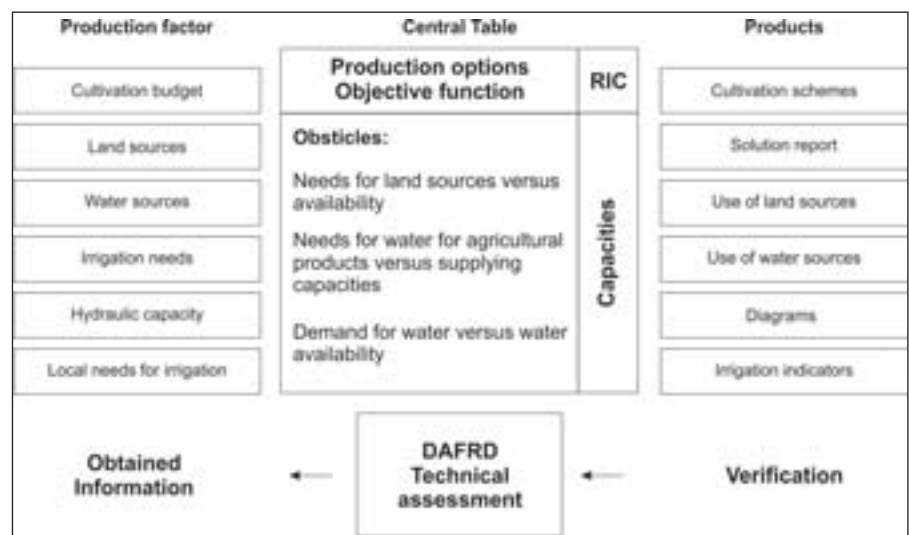


Figure 1: Diagnostic scheme of water use

gation of sprinkle system. The bottom line contains cells that can be regulated based on software optimizing procedures.

In general, the scheme has been used to assess and analyze better use of land and water sources followed with a specific objective function.

The proposed solution of this function may encounter several obstacles, and an important pre-condition would be the availability of sufficient qualitative data.

In this case, the main four groups of obstacles are taken account of, such as: the needs for land sources versus availability; demand for irrigation of products versus hydraulic supplying capacities, demand for water (irrigation, internal use etc) versus water source availability; state level cultivation schemes and production forecasts.

Water balances and accounts provide the basis for political recommendations in order to improve the productivity of water use. The main disadvantage in using the diagnostic scheme would be if it is used by any inexperienced user that would draw to mistaken conclusions and interpretation. Experienced and professional users in diagramming or Excel applications may be trained on applying this method.

The only possibility of ensuring sufficient water for all levels remains the possibility of creating six new accumulations in sizes 550.3 million m<sup>3</sup>. For the future period new accumulations with new annual flaws are foreseen (28 accumulations) with a total of accumulated water amount of 425.3 million m<sup>3</sup>.

In Kosovo territory a total of 170.000 - 200.000 ha irrigable area is identified. That is why within land areas under existing irrigation systems (around 68.700 ha), the water demand is: 65.000 x 3.500 (4.000) m<sup>3</sup>/ha = 227.5 million m<sup>3</sup>/vit (260 million) m<sup>3</sup>/vit.

### KOSOVO WATER DEMAND – PRESENT AND FUTURE

(Taking into account the irrigation of 170.000 ha, increase of the number of population with 15% per year and the industrial development demands along with other environmental needs)

Users	Present needs (year 2010) (106 m <sup>3</sup> /year)	Needs in future perspective (Year - 2050 ) (106 m <sup>3</sup> /year)
Population	146,00	322,64
Agriculture	245,00	665,00
Industry	137,04	442,50
Others	5,30	14,90
Total:	533,34	1.445,04*

(Approximate assessments by the author)

Consisting 40 % of the total flowing water in Kosovo.

The above table shows that agriculture is the main water consumer in Kosovo.

An important aspect is that the information on growth are based on irrigation, markets, management and expenditures are incompatible. This needs to be improved immediately.

Strategies to overcome the current situation should be focused on the increasing demand for water and supply management options, in order to achieve effective use of water in irrigation systems. Strategies should be set beyond technical rehabilitation of infrastructure to lower the losses during supply.

Nevertheless, a high level of inclusion of farmers during the proposed interventions is of paramount precondition for an effective distribution of water and control systems. Preferably the inclusion of farmers should be based in irrigation management units.

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## EU PRE-ACCESSION EXPERIENCES ON THE FIELD OF AGRICULTURE IN SLOVENIA

Brina Korinshek



It is no doubt that agriculture is very important sector. On one side because it guarantees the food and other products necessary for living and on the other hand preserve countryside. Europe has stressed importance of agriculture from very beginning through Common Agriculture Policy (CAP). Considering that facts and necessity to protect the environment and consumers for quality food produced and processed CAP with Fishery at the time of Slovenia accession to EU presented nearly 47% of all EU legislation (*acquis communautaire*). In all decades of EU development, CAP funds present the biggest share of Community budget. Due to its vulnerability agriculture sector should be supported to fulfill the expectations of the civil society. Harmonization of legal bases and negotiations for agriculture funds is one of the most demanding chapters for the accession to EU.

But to be ready for the adoption of mass of EU legal acts and to establish procedure for payments EU introduced from the year 2000 pre-accession aid for agriculture and rural development. In the case of 10 countries entering EU in 2004 this aid was called SAPARD and after that period candidate countries are prepared for the same purpose through IPARD.

### Preparation for EU membership

All process of Slovenian agriculture preparation for the EU accession was strategically managed and conducted

as a project with high governmental priority. From the distance I may say that our leaders as we, officials, started in the year 1998 from the nearly same level of knowledge of *acquis communautaire* (EU legal bases) and functioning of EU institutions. Steps that we had taken were very fast and there was no time to correct the mistakes. For a project of screening EU and national legislation, institutional building and negotiation for full membership we had in fact five years. Without strong governmental support we will never make all process for EU membership so efficiently and in addition prepared SAPARD program already in 2000 and in 2001 accredited SAPARD Agency. Target was EU entering date so there was no time and place to balance different political approach.

Status of candidate country Slovenia fulfilled in 1997 and in March 1998 we started with the negotiation process. On the governmental level "high" strategic group of 13 experts for the negotiations was nominated, two of them were agricultural experts. With the nomination of two negotiators for agriculture government gave to this sector adequate position. Government also recognizes importance of pre-accession program for agriculture and rural development, sectors that are very important for the Brussels funds absorption. Further more that funds are the first that come from Brussels to the country based on multi-annual program.

Officials at the Ministry of agriculture, forestry and Food (MAFF) benefited harmonized action of member of the negotiation team from academic area and one from the side of the politician. Our colleague from academic area supported our work with excellent knowledge of Common Agricultural Policy. Second leader negotiator for agriculture started at the MAFF as state secretary from the year 1997 (for agriculture and EU affairs) and between 2000 and 2004 he led MAFF as the minister for agriculture. With stimulating working environment, strong ministry leadership support self initiative of officials was growing impressively. Beside enthusiastic work and knowledge for the successful negotiation stable political environment was very important.

Negotiations started with the screening of existing legislation with the demands of the *acquis communautaire*. At the same time institutional building or upgrading existing institution was carried out. On the bases of harmonised legislation and adequate institutions capacities we were able to step in the political part of negotiation. That final step we can understand as proving specific situation in different sectors of agriculture for the recognition of the need for grants and in some cases to abolish certain provisions of the *acquis communautaire* that were not applicable in our environment or to introduce transitional period to implement necessary changes.

### Coordination of EU Affairs

The beginning of coordinative work for the EU accession started in January 1998. Before that period employees at the Ministry of Agriculture, Forestry and Food (MAFF) already prepared reports on different part of agricultural sectors legislation. But state secretary for EU Affairs organized in 1998 small group, in the beginning we were 4 employees, to coordinate all preparation for the screening procedures, negotiation and institutional building. In translation we were somehow technical support for other experts that were fulfilling their activities inside the chapters Agriculture and Fishery, with important part of legislation of other chapters (Trade, Customs, Regional Development, International Agreements).

During 1998 all relevant *Acquis* (cca. 42.000 regulations) was distributed among the employees of the MAFF. With the short deadlines responsible MAFF employees were obliged to study carefully the regulations, measure design, and implementation of provisions and in several cases sanctioning system. In fact in that time we did not have as much as we should need legal experts among the MAFF employees. It was difficult situation but with the careful planning for the adoption of new national laws or sub legal acts legal experts were included in all subjects.

For the close checking of the national legal bases and implementing institutions Commission organized several bilateral meetings. Before each meeting we organized at home two or sometimes more trainings (workshop simulating the real meeting with the Commission) with person in charge for the field of work and all relevant experts for specific topic. That means not only MAFF but also experts from the economy and research, stakeholders, social partners and non governmental organization followed our process of verifying how current structure is in line with EU demands and how the missing points will be arranged from the legal

bases till the implementation process. Our preparatory work was always followed by the representative of special Governmental Office for EU affairs that was in charge to coordinate ministries actions on governmental level and inevitable our two members of the "high" governmental negotiation team. So we travel each time in Brussels in large group but all members of delegations had their own duties. Detailed minutes from these meetings were widely spread at the MAFF and external experts.

With gaining important knowledge in the first two years of work initial group of EU coordination department stated to grow. EU Affairs Department ended the preaccession period with 13 employees. From the year 1998 we took over the coordination of Slovenian participation in other international organizations (WTO, FAO, later on also OECD) and different interest groups or EU initiatives. After the Accession Agreement was concluded in 2003 and project of translation of the legal acts was ended, EU Affairs Department started with preparation of MAFF for the functioning in the EU institutions. In EU membership environment we needed again to coordinate MAFF delegates for the function as state spokesman's for more than 100 working groups of the Council and committees in the Commission. The most demanding task of the EU Affairs Department is to keep minister and cabinet always prepared for several occasions and to keep the continuation of EU functioning at every change of the minister and cabinet. It is very dangerous to lose the historic memory so new coming minister should always think about retaining the EU coordination in appropriate level. After the presidency period in 2008 and last reorganization of the MAFF in the current year number of employees at EU Coordination and International Affairs Service is stabile with 10 employees.

In the thirteen years period of EU affairs coordination at MAFF so called EU

collegiums was main body to keep the link between each employee and the politician(s) – state secretary and directors of relevant internal units. EU collegiums should be understood as technical functioning of the ministry in EU environment. Only EU topics connected with leading policy questions or important payments issues are rising to the minister level.

### Reorganization of the ministry was is constant process

Number of employees increased from the year 1997 but all expansion was planned carefully.

The goal of first reorganization was to increase efficiency in all areas with different organization of work and to have the right people in the right place to effectively meet EU requirements. To complete these goals the analysis of the situation and inventory of working places and organizational scheme were conducted. In the beginning of 1998 core MAFF had "only" 99 employees, advisory unit only 9 employees and veterinary administration and agriculture inspectorate each with 121 employees. Mobilization of 83 new employees in 1999 and beginning of 2000 increased efficiency of work with filling the gaps in organization units formed by products (CAP measures or schemes), new units that were established for analysis, EU and international affairs and information systems for agriculture.

Second reorganization was done in 2003 with main purpose to prepare MAFF for functioning in the EU membership environment. Again analysis of working processes and organizational structures was conducted respecting functional analysis and already rationalization of working processes. The biggest increase of employees was attached to the veterinary administration (final number 318) and Agency for Agriculture Markets and Rural Development (134 new employees), ministry with the bodies in the structure had little more than 800 employees.





Reorganization is constant process. Mostly new tasks are added to the structure what engage employees from existing structure.

### SAPARD experiences

After many evaluations of the SAPARD period all experts noted same conclusions – the biggest success was the establishment of payment authorities. Also first experience with multi-annual programming and introducing EU accepted standards and criteria are important. But for the measure designing candidate countries mostly have some experiences with national policies planning. So the introducing proper procedures for payment are somehow the biggest challenge.

We can evaluate the benefits of SAPARD program in Slovenia from

three perspectives.

At the state level good exercise for the compliance of EU rules and requirements (programming, implementation, managing, monitoring) was conducted, institutions were established and both simulated the membership administration capacity. Arrangements for the pre-accession program in agriculture and rural development may serve as a model for other EU funds in the future. At the policy level SAPARD stimulated strategic planning as effective way to reach the political goals, realized harmonization of legal framework and last but not least through close collaboration with stakeholders, social partners and NGOs policy awareness increased. The SAPARD funds also had a positive impact on improved quality of life in rural areas and raised awareness of en-

vironment protection. Additionally, with the promotion and information campaigns general public awareness on EU approach was achieved.

At beneficiary level beside general mobilization for development of the sector, main observation was that they started with target planning of investments because co-financing of the project is obligatory.

SAPARD program positively affected the growth of production and gross income on farms and contributed to the improved competitiveness and export of food processing industry. Meeting EU standards (environmental, health, hygiene, animal welfare, working environment) was targeted horizontal goal of the SAPARD period. Without compliance to EU standards trade inside common European market is not possible.



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