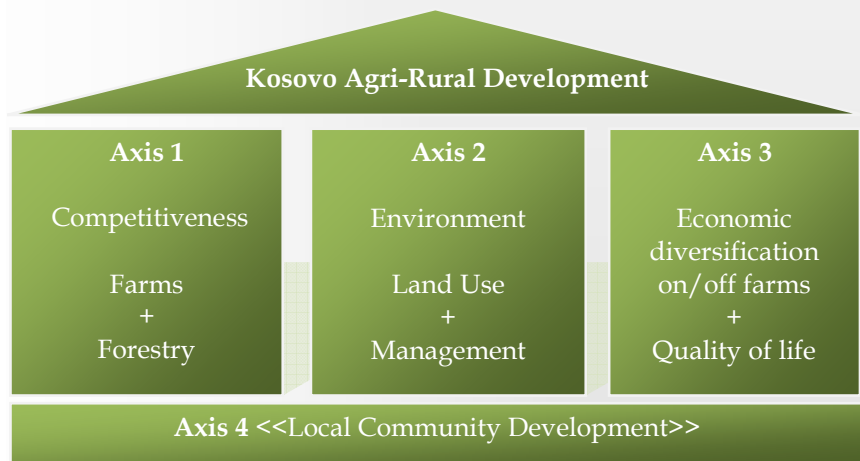




Republika e Kosovës- Republika Kosova-Republic of Kosovo

Ministria e Bujqësisë, Pylltarisë dhe Zhvillimit Rural
Ministarstvo Poljoprivrede, Šumarstva i Ruralnog Razvoja
Ministry of Agriculture, Forestry and Rural Development



National Agriculture Programme financed by National Budgetes/Donors

EU assistance to help align the agri-rural sector with EU objectives

Agriculture and Rural Development Plan 2009- 13

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Republika e Kosovës
Republika Kosova-Republic of Kosovo
Qeveria -Vlada-Government

Ministria e Bujqësisë, Pylltarisë dhe Zhvillimit Rural
Ministarstvo Poljoprivrede, Šumarstva i Ruralnog Razvoja
Ministry of Agriculture, Forestry and Rural Development

Zyra e Ministrit/ Kancelarija Ministra/ Minister's Office

I am pleased to be able to introduce you to Kosovo's Agriculture and Rural Development Plan for 2009-13. It builds on the earlier document for 2007-13 that was approved by Government in April 2007.

ARDP 2009-13 is ambitious. It details many of the steps that Kosovo has to take to restructure its agri-rural sector, in order that it can meet the obligations it will face as a pre-candidate and candidate country, and subsequently as a member of the EU.

In reading this document, nobody should be in any doubt about what the Kosovars want both for and from their agri-rural sector in the medium term. Further, in implementing ARDP 2009-13, Kosovo is in the vanguard of stimulating positive and sustainable change in the Western Balkans' region of Europe.

ARDP 2009-13 is focused on helping Government to achieve its agri-rural objectives. In addition, it should help to create a sense amongst Kosovo's rural population that the EU accession and integration process has something positive to offer them.

ARDP 2009-13 is not a new „box of tricks“, in that government and donors have been implementing the eight measures to varying degrees in Kosovo's municipalities since 1 January 2007. What ARDP 2009-13 does is to create an updatable, medium term planning framework for development of Kosovo's agri-rural sector that:

- links ARDP 2009-13 with important national planning activities e.g. the Medium Term Expenditure Framework;
- identifies a policy framework (matrix) that links on a rational and consistent basis domestic actions, (including import substitution and export strategies for selected commodities), with priority donor-funded projects related to the Plan's eight measures;

- addresses the present domestic financial situation, and helps government to target better its National Agriculture Programme funded through the National Budget;
- helps Kosovo's agri-rural sector to prepare for candidacy and the complex EU pre-accession phase;
- identifies the administrative and legal capacity building (including Twinning and TAIEX) that is required in the key institutions responsible for implementing ARDP 2009-13;
- outlines possible areas of cross-border and regional development cooperation, in order to increase access to markets, as well as facilitate dialogue and reconciliation; and
- takes into consideration the need to support local communities, as well as cross-cutting issues such as ethnicity, gender, youth, migration and the agro-environment.

Finally, it will take Kosovo some years to put in place the necessary structures to be able to absorb large levels of financial assistance, particularly pre-accession structural funds for rural development (available under Component 5 of IPA) that will become available once Kosovo has become a candidate country. The purpose of this update of ARDP is to provide a framework of actions that MAFRD will undertake during 2009-13 in the agri-enviro-rural sector, in order to help Kosovo become such a candidate.

Yours sincerely,

Idriz Vehapi
Minister of Agriculture
MAFRD

26 November 2009
Pristina

Executive Summary

1. Preface

Kosovo's Agriculture and Rural Development Plan for 2007-13 was approved by Government on 4 April 2007. Since then, world financial conditions have changed significantly. Kosovo became an independent country on 17 February 2008. And, the Government has confirmed that Kosovo's future is as a member of the EU.

Following comments received from the European Commission at the STM agri-rural sector meeting held in Brussels on 27-28 October 2008¹ and the STM meeting held in Prishtina during 23-24 June 2009, the Ministry of Agriculture, Forestry and Rural Development (MAFRD) - the Managing Authority responsible for implementing the Plan² - has taken the opportunity to update key parts of ARDP 2007-13 for the period 2009-13³.

The key elements of ARDP 2007-13⁴, and the updates to the Plan that have been made for 2009-13, are summarised below.

¹ As well as remarks made in the associated Peer Assessment Mission.

² The initial document was prepared by the competent national authority (MAFRD) in consultation with local economic/social partners and other stakeholders. Municipalities, businesses and civil society took part in the process of elaborating priorities and actions selected for implementation in Kosovo's agri-rural sector during 2007-13. ARDP 2007-13 was discussed with the European Commission (EC) and other donors.

³ Supported by a two-year EC-funded project (Institutional Support to MAFRD): this followed on from the EC-funded Agricultural Master Plan for Kosovo that helped the ministry to produce ARDP 2007-13.

⁴ ARDP 2007-13 was the first step for Kosovo to learn the techniques of EU-style development planning, with close consultation among different levels of government and social partners that will build up the institutions needed to manage the use of EU structural funds in the future. ARDP 2007-13 was prepared to approximate EC Guidelines. The reason for doing this was that Kosovo expects to progress from being a potential candidate to achieving candidate country status for EU membership. When that happens, it will be required to comply with EC regulations for accessing pre-accession structural funds that will be available under the IPARD programme i.e. component 5 of IPA (which is available for candidate countries). It made sense, therefore, for Kosovo to get into the rhythm today of preparing an ARDP that will meet EC requirements tomorrow. Further, it sent a message to the EC that Kosovo understands increasingly what its obligations will be in seeking to join the EU, and align itself with the EU's four axes of rural development strategy for 2007-13: (competitiveness; environment and sustainable land use; quality of rural life and rural diversification; and community-based local development strategies). Further, as has been seen in the twelve recent accession countries, the EU will be the main donor to provide financial support for Kosovo. It therefore made sense to produce ARDP 2007-13 in a format that the EC recognizes and feels comfortable with, as well as can use as the basis for allocating its scarce resources to help Kosovo facilitate sector restructuring and undertake pre-accession activities.

ARDP 2007-13 was prepared as a rolling document that can be modified annually in the light of new and better data, as well as to suit new European circumstances e.g. the enlargement process speeds up/slow down/takes a different direction, or the domestic financial position becomes weaker/stronger. However, the medium term planning scenario assumed in the document was a pragmatic (but uncertain) one: and that is that Kosovo will join the EU on 1 January 2021. Such a scenario assumes four accession phases for Kosovo:

Phase	Period	Purpose
Warm-up	2005-6	Learning about accession (completed)
Ready	2007-13	Preparing for candidate country status (under implementation)
Steady	2014-20	Candidate country
Go	2021 >>>	Accession

2. Summary of ARDP 2007-13

ARDP 2007-13 reviewed in **Chapter 1** the agri-rural development context of Kosovo. It provided a general description of the sector, analysed urban and rural disparities, as well as reviewed disparities between Kosovo and the EU. It also looked at less favoured areas in Kosovo.

From this analysis of the existing situation, detailed actions were identified in **Chapter 2** to allow Kosovo to build on existing strengths, overcome weaknesses, take advantage of available opportunities, and mitigate against identified threats. The actions were integrated into ARDP 2007-13 in the form of:

- a general strategy for agricultural and rural development;
- a series of donor-funded projects in support of:
 - eight key measures to promote the private sector; and
 - key public sector institutions at central and municipal levels responsible for setting the policy, legislative and regulatory framework under which the private sector must operate and can develop profitably;
- a National Agriculture Programme (NAP) funded through the Kosovo Budget (KB) to complement donor funding;
- a complementary policy framework/matrix⁵;
- a legislative and administrative framework for implementing ARDP 2007-13, backed up by a programme of Twinning and TAIEX;
- a programme of cross-border and regional development activities; and
- detailed sub-sector strategies for key commodities underpinned by (a) donor and national funding, as well as (b) the policy, legal and administrative framework.

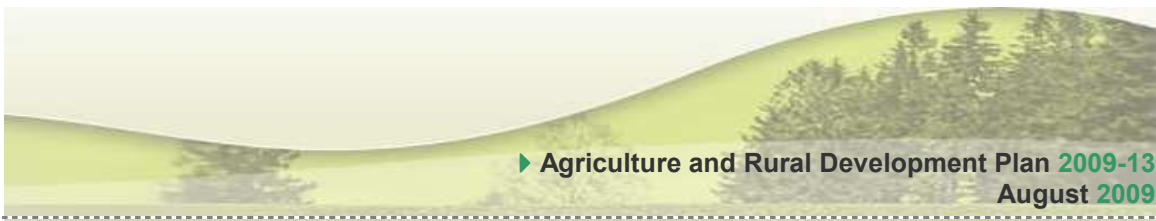
ARDP 2007-13 identified general objectives for agri-rural development in Kosovo. They were:

- additional income for farmers and rural dwellers, leading to improved living standards and working conditions in rural areas

The scenario outlined in ARDP 2007-13 was based on assumptions related to the EC's draft regulation for the Instrument of Pre-Accession Assistance (IPA) (29 September 2004) that set out the EU's assumptions and planning for the Western Balkans.

Kosovo's Draft Development Strategy and Plan (KDSP) for 2007-13 formed the basis for ARDP 2007-13, in that it lay down a medium term framework of policies and structures for promoting cohesion and development across all sectors. The macroeconomic framework that underpinned KDSP, and thus ARDP 2007-13, emphasised that, in order to achieve an efficient scale of production, Kosovo must sell to international markets. Whilst the economy was projected to continue its import-dependency, the capacity to finance imports, (under the assumption of decreasing donor support and an unchanged level of remittances), was assumed to depend on both the value of exports and foreign direct investment (FDI). Whilst the small size of Kosovo's internal market is not conducive to FDI, foreign investors could be attracted by prospects for export. This fact underlines the necessity for growth in the longer term to be export led. ARDP 2007-13 was designed to reflect this assumption.

⁵ Kosovo has to accept that it is increasingly a policy taker. This reflects the fact that Kosovo wishes to join the EU. In doing so, it must accept, approximate and enforce the *acquis communautaire* e.g. CAP and related policies, as a condition for entry.



- improved competitiveness and efficiency of primary agricultural production, in order to achieve import substitution and take advantage of export markets;
- improved processing and marketing of agricultural and forestry products, through increased efficiency and competitiveness;
- improved on-farm/in-factory quality and hygiene standards;
- sustainable rural development and improved quality of life (including infrastructure) through promotion of farming and other economic activities that are in harmony with the environment;
- creation of employment opportunities in rural areas, particularly through rural diversification; and
- alignment of Kosovo's agriculture with that of the EU.

The general strategy for achieving ARDP 2007-13 objectives was to:

1. undertake actions to overcome the bottlenecks holding back sustainable rural development in Kosovo; and
2. start aligning Kosovo's rural sector with the four axes of current EU rural development strategy, which are:
 - Axis 1 - Competitiveness
 - Axis 2 - Environment and improved land use
 - Axis 3 - Rural diversification and quality of rural life
 - Axis 4 - Community-based local development strategies

To achieve this twin strategic approach, eight sustainable agri-rural development measures were identified on which to concentrate financial, policy, legal, administrative and human resources during 2007-13. They were:

Axis 1 Competitiveness

- Development of vocational training to meet rural needs (**Measure 1**)
- Restructuring physical potential in the agri-rural sector (**Measure 2**)
- Managing water resources for agriculture (**Measure 3**)
- Improving the processing and marketing of agricultural products (**Measure 4**)

Axis 2 Environment and improved land use

- Improving natural resource management (**Measure 5**)

Axis 3 Rural diversification and quality of rural life

- Farm diversification and alternative activities in rural areas (**Measure 6**)
- Improvement of rural infrastructure and maintenance of rural heritage (**Measure 7**)

Axis 4 Community-based local development strategies

- Support for local community development strategies (**Measure 8**)

Sub-sector strategies, objectives and scenarios for 2013 were reviewed, and specific support activities identified. Funding and the implementation of ARDP 2007-13 were examined, along with the geographic scope and expected impact of the Plan.

An early version of ARDP 2007-13 was subjected to an ex-ante appraisal during 11-21 September 2006. This was summarised in **Chapter 3**. The full evaluation report was annexed to the Plan. All the evaluator's proposals for improving ARDP 2007-13 were taken into account in the final draft of the Plan.

Specific actions for each of the eight measures of ARDP 2007-13 were identified in **Chapter 4**.

The national legislation that applied to ARDP 2007-13 was reviewed in **Chapter 5**, including an overview of general provisions applicable to public funding, and the specific national legislation applicable to the Plan.

The eligibility of beneficiaries to access funding under ARDP 2007-13 was reviewed in **Chapter 6**, and general selection criteria were identified.

An outline financial plan for ARDP 2007-13 was identified in **Chapter 7**. It made clear that the final cost would depend on several factors e.g. the timing of the implementation of the eight measures (and related institutional support), the availability and type of donor and government funding, the rate of growth in the economy, and the capacity locally to absorb donor assistance.

Management administration and the conditions for implementing ARDP 2007-13 were reviewed in **Chapter 8**.

Details for monitoring and evaluating Plan implementation were reviewed in **Chapter 9**, including the formation of a Monitoring Committee.

General provisions were reviewed in **Chapter 10**. These covered: conclusions of consultations with social, economic and environmental partners; links between ARDP 2007-13 and the common agriculture policy, EU rural development strategy, the instrument for pre-accession assistance (IPA) 2007-13, and the European Partnership; and the compatibility of ARDP 2007-13 with Kosovo's Draft National Development Strategy for 2007-13.

A series of fifteen detailed Annexes were attached to ARDP 2007-13 that provided supporting evidence and guidance for the future. They covered:

1. a review of less favoured areas at municipality level;
2. a comparison of Kosovo and EU data;
3. priority projects for 2007-9, (and related Notes);

4. a detailed policy matrix for 2007-9;
5. the legislative and administrative consequences of ARDP 2007-13;
6. a proposed twinning programme for 2007-13;
7. a possible programme of cross-border and regional development;
8. a review of how to take advantage of free trade agreement possibilities;
9. MAFRD activities related to a review of commodity competitiveness;
10. the feasibility of implementing ARDP 2007-13 in key commodity sectors;
11. an example of impact indicators;
12. a summary of Municipality activities by the eight Measures;
13. the conclusions and recommendations made during the ex-ante evaluation;
14. an example of a technical measure sheet; and
15. definitions of evaluation criteria for ARDP 2007-13.

The material in the Annexes was designed to be updated annually as new and/or better quality data became available, and as new ideas and revised priorities emerged during implementation of ARDP 2007-13.

3. Key updates for ARDP 2009-13

There has been no fundamental change to the broad thrust of ARDP 2007-13 since it was approved by government in April 2007. However, it has been sharpened to focus on four of the original eight measures.

This section summarises the **key updates** in the Plan's 10 Chapters that apply for 2009-13.

Chapter 1 - Rural development context

Sector data have not been updated, as there has been no fundamental change in the situation in the sector. ARDP 2009-13 updates information on urban and rural disparities, less favoured areas in Kosovo, disparities between Kosovo and the EU, and the sector SWOT analysis.

Chapter 2 - Strategy, objectives and priorities

The national and rural development objectives hierarchy has been updated. Actions identified in ARDP 2007-13 to allow Kosovo to build on existing strengths, overcome weaknesses, take advantage of available opportunities, and mitigate against identified threats remain the same in ARDP 2009-13, as does the general strategy for agricultural and rural development. The detailed sub-sector strategies for key commodities that are underpinned by donor and national funding, as well as by the Plan's policy, legal and administrative framework, remain the same. The National Agriculture Programme (NAP) (funded through the Kosovo Budget - KB) that will complement donor funding has also been updated, as has the programme of cross-border and regional development activities. The anticipated impact of the Plan has been updated.

Chapter 3 - Prior appraisal of ARDP 2007-13

The prior appraisal of ARDP 2007-13 has not been repeated for the 2009-13 update.

Chapter 4 - Measures

Specific actions for each of the eight key measures of ARDP 2007-13 have been retained in 2009-13. Donor-funded projects in support of (a) the eight measures, and (b) the key public sector institutions at central and municipal levels that are responsible for setting the policy, legislative and regulatory framework under which the private sector must operate and can develop profitably, have been updated, as has the proposed Twinning and TAIEX programme.

Chapter 5 - National legislation applicable

The national legislation that applies to ARDP 2009-13 has been updated, including an overview of general provisions applicable to public funding, and the specific national legislation that applies to the Plan.

Chapter 6 - Eligibility of beneficiaries

The eligibility of beneficiaries to access funding under ARDP 2009-13 has been updated, and the general selection criteria have been identified.

Chapter 7 - Financial plan

A financial plan for ARDP 2009-13 in the region of 200 million euro over 5 years has been identified, to be co-financed by government, municipalities, the private sector and donors. (As in ARDP 2007-13), the final cost will depend on the timing of the implementation of the eight measures (and related institutional support), the availability and type of donor and government funding, the rate of growth in the economy, and the capacity locally to absorb donor assistance.

Chapter 8 - Administration and conditions of implementation

Management administration and the conditions for implementing ARDP 2009-13 have been updated. The Managing Authority and the Grant Management Committee are now operational.

Chapter 9 - Monitoring and evaluation

The Monitoring Committee responsible for monitoring and evaluating the implementation of ARDP 2009-13 is now operational.

Chapter 10 – General provisions

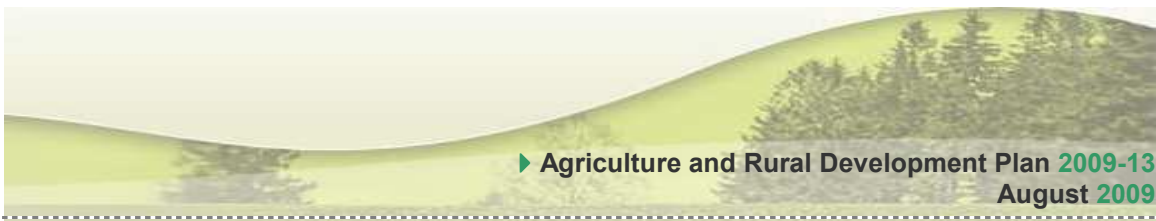
The general provisions have not been updated.

Whilst the eight priority measures continue to address the problems in Kosovo's agri-rural sector, at the same time as align Kosovo with EU rural development strategy, they are not all being implemented at the same time, at the same speed, by the same institution(s), under the same conditions, or with the same type of funding instrument.

Concerning priorities, these are linked in 2009-13 (as in 2007-13) to available financial resources and implementation capacity. Domestic financial resources are still limited. Further, absorptive capacity continues to be weak, and is still dependent on outside technical assistance, (though less so than in 2007).

MAFRD emphasised at the 16th STM meeting in June 2009 in Pristina that the immediate challenges in 2009-11 are to address the short and medium-term priorities of the European Partnership for Kosovo's agri-rural sector, (including forestry and fisheries). These include the following actions:

1. Implement secondary legislation related to the approved Food Law (**Done**);
2. Use the Kosovo Food and Veterinary Agency to reorganise relevant institutions to implement this law i.e. establish an unique organisation of central, municipal and border inspectors (phytosanitary, sanitary and veterinary) (**Done**);
3. Approve the draft Law on Agriculture and Rural Development (**Done**) and related secondary legislation (**Under preparation**);
4. Create (a) MAFRD as the Managing Authority, (b) a Monitoring Committee for ARDP, and (c) a Grant Management Committee as the fore-runner of the Paying Agency (to be named the Kosovo Rural Development Agency) (**Done**);
5. Agree criteria for the selection of 2009 KB grant beneficiaries (**Done**);
6. Create an inter-ministerial working group to formulate a strategy to upgrade agro-processors to European standards, based on an EC check list (**Scheduled for Q4, 2009**);
7. Address major constraints related to incomplete land consolidation and the unregulated use of agricultural land for commercial building purposes (**Under implementation**); and
8. Focus implementation of ARDP 2009-13 on the following priorities (**Underway**):
 - a. restructuring the agricultural sector, including providing grants for farmers, plus implementing land consolidation (**Measure 2**);
 - b. supporting irrigation, particularly tertiary irrigation, as well as irrigation providers and water users' associations (**Measure 3**);
 - c. modernising agro-food establishments that have high potential for export and import substitution (**Measure 4**); and



- d. implementing local community development strategies based on the principles of LEADER+ (**Measure 8**)⁶.

Outlining the immediate priorities for 2009-11 does not mean that work will stop on implementing the Plan's four other key measures to improve: vocational training to meet rural needs (**Measure 1**); natural resource management, environment and land use (**Measure 5**); rural diversification (**Measure 6**); and economic, social and cultural infrastructure in rural areas (**Measure 7**). Neither will work stop on continuing to build administrative and human capacity at central and municipality levels in the organisations that will support implementation of ARDP 2009-13 (and then ARDP 2014-20). All these activities will be progressed in line with the availability of funds (domestic and donor) and increased absorptive capacity.

A critical and continuing priority is the need to increase farmers' and processors' access to commercial credit available through banks and micro-finance institutions. This requires actions and a NAP (funded through KB) to help local financial institutions manage better the risks involved in lending to farmers and food processors. This requires continuing donor-funded technical assistance to support farmers and Producers' Groups to adopt best practice technologies suitable for conditions in Kosovo, (with advice being given by the Rural Advisory Service, NGOs and food processors). It also requires consolidation of agricultural land, as well as the creation of a realistic land market, so that land can be used as collateral for commercial loans.

⁶ Particularly getting rural economic operators to organise themselves more efficiently into public/private/3rd sector Local Action Groups (made up of the administration, businesses and Civil Society), Producers' Associations and Cooperatives.

Chapter 1

Rural Development Context

1.1 Rural development context

ARDP 2007-13 gave a detailed description of Kosovo's agri-rural sector and its geographical characteristics. It outlined the structure of Kosovo's farming sector, as well as its food processing industry. The forestry and pasture resources were documented, along with the agro-environmental situation. Services to agriculture, land reform and privatisation were documented. Information on minorities, gender and migration was outlined. Investment in agriculture was discussed. All of this information are not update for ARDP 2009-13: (but, see **Section B.4** below).

1.2 Objectives of ARDP 2009-13

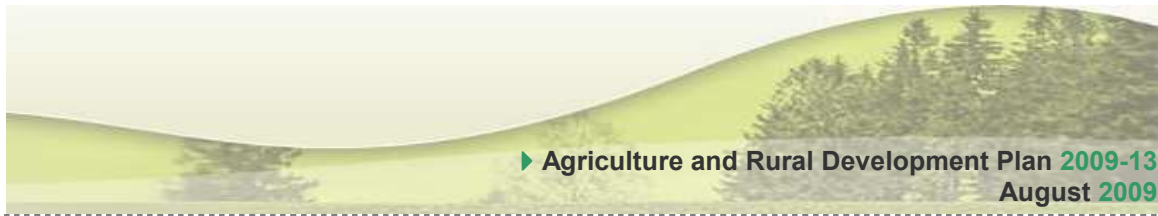
The major objective of ARDP 2009-13 is to provide a framework that will help Kosovo to:

- A. restructure its agri-rural sector in line with that of the EU, so that it can fulfill its obligations in this sector when it become a member of the EU; and
- B. improve the standard of living of its rural population in Kosovo, (including reducing poverty, where it exists): this means narrowing urban and rural disparities, providing increasing support to less favoured areas, and narrowing disparities between Kosovo and the EU.

These issues are discussed briefly below.

A. Restructuring the agri-rural sector in line with that of the EU

ARDP 2009-13 creates a medium term planning framework for development of Kosovo's agri-rural sector. It takes into account: the current and changing nature of the EU's Common Agriculture Policy (CAP), the 4 Axes of the EU's Rural Development strategy for 2007-13, (competitiveness; environment and sustainable land use; quality of life and rural diversification; and community-based local development strategies); the EU's Instrument for Pre-Accession Assistance (IPA) for the Western Balkans; and the European Partnership.



Concerning CAP, this has undergone several reforms in the EU in recent years to deal with the problems of production surpluses, market imbalance, financial burden and pressure on the environment⁷.

The latest reform of the CAP accentuates efforts to reduce support prices, and apply environmentally friendly production methods. In the light of both further liberalisation of the world food market, and recent enlargement of the EU, support prices have been further reduced (15% for cereals and 20% for beef) to align with world market prices. Environmental protection requirements for agricultural production have been further strengthened.

In that perspective, the main objectives of the latest CAP are to promote⁸:

- a competitive agricultural sector without excessive subsidy, while at the same time ensuring a fair standard of living for the agricultural community;
- safe production methods capable of supplying quality products;
- vibrant, rural communities capable of generating employment and opportunities;
- environmentally sustainable agricultural production that preserves natural resources and natural heritage;
- a simple and transparent decision-making process involving stakeholders at central, regional, municipality and community levels; and
- a clear connection between public support for agriculture and the economic, social and environmental benefits that are produced by it.

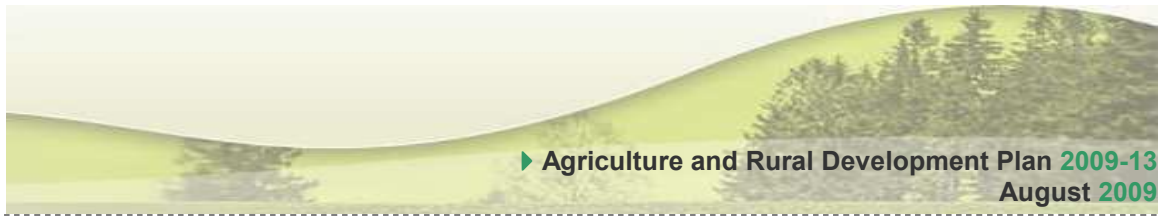
Each of the eight measures identified in ARDP 2009-13 fulfils at least one objective of the latest CAP reform.

All measures relate to the CAP management mechanisms and administrative structures (i.e. monitor agricultural markets, and implement structural and rural development measures).

At the same time, the European Commission r programme targets institution-building related to requirements to reinforce the CAP management mechanism and administrative structures.

⁷ The 2008/9 CAP “Health Check” was a fine-tuning on the ways to calculate the entitlements for single farm payment and the decision to continue the simplified area payment scheme for the new member states. All these are small changes in the 2003 CAP implementation, but are not relevant to Kosovo at the present time. The idea of the Health Check was to tidy up some provisions which were not well thought out in the 2003 reform. They could not proceed with more important changes as they had to stay within the budgetary framework. If there will be important changes relevant to Kosovo, they might relate to the post-2013 CAP. They are not known yet.

⁸ Cf. fact-sheet from DG VI (www.europa.eu.int/comm/dg06/publi/fact/policy/index_en.htm).



Concerning the EU dimension of rural development policy (i.e. the *second pillar*), this has been taken into consideration in ARDP 2009-13. This is important because such policy:

- accompanies and complements current and further CAP reforms, and ensures coherence with the instruments and the policies of the *first pillar* (market policy); and
- contributes to other EU policy priorities such as sustainable management of natural resources, innovation and competitiveness in rural areas, as well as economic and social cohesion.

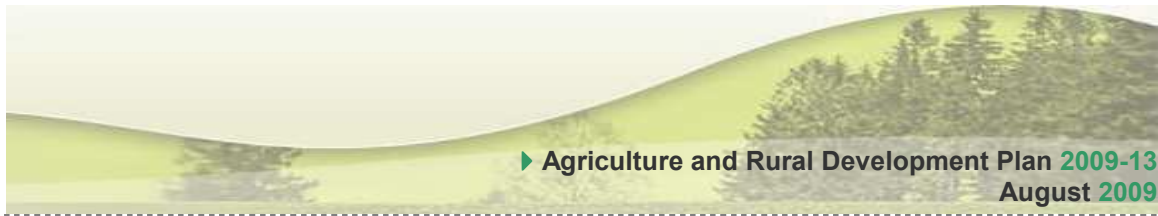
ARDP 2009-13 strategy has taken into account the European Agriculture Fund for Rural Development (EAFRD) **Council Regulation on support for rural development for 2007-13** (Council Regulation 1698/2005). This regulatory framework for rural development plans notes four major axes for future European rural development policy for 2007-13. They are:

1. increasing the competitiveness of the agricultural sector through support for restructuring;
2. enhancing the environment and countryside through support for land management, (including rural development actions related to Natura 2000 sites);
3. enhancing the quality of life in rural areas, and promoting diversification of economic activities through measures that target the farm sector and other rural actors; and
4. integrating the LEADER+ bottom-up approach to preparation of local development strategies.

Concerning the EU's current assistance for the Western Balkans, Kosovo as a pre-candidate country is eligible to benefit from Components 1 and 2 of the Instrument for Pre-Accession Assistance (IPA). Kosovo expects to benefit from the other 3 components, once it becomes a candidate country.

Concerning the European Partnership, this emphasises the need for Kosovo to adopt short and medium term priorities that will:

- improve the competitiveness of agriculture and the agro-processing sector;
 - improve planning, management and use of agricultural and forest land, as well as the environment;
 - harmonise with the *acquis communautaire* and EU standards; and
 - narrow the gap between Kosovo and the rest of Europe.
-



B. Improving the standard of living of the rural population

B.1 Rural-Urban Disparities

ARDP 2007-13 provided data that showed Kosovo's rural area is poorer than its urban counterpart.

Income from agriculture is around 10% of overall incomes of rural families. Most income for rural families comes from family members who are employed and receive salaries, supplemented by income from family members working abroad.

Whilst rural and urban families share the characteristic that income from abroad and assistance from relatives within Kosovo is important, the difference is that all support is higher in rural areas, with the exception of non-agricultural incomes and salaries. Better employment opportunities offer higher employment incomes for urban families, compared to rural families. Small farms in the subsistence sector do not meet the majority of family needs. It is estimated that rural families fulfil only 70% of their household needs from agricultural production.

Data suggest that around 75% of rural families spend less than 300 euros per month, reflecting a higher level of poverty in rural areas when compared to urban areas.

B.2 Less Favoured Areas

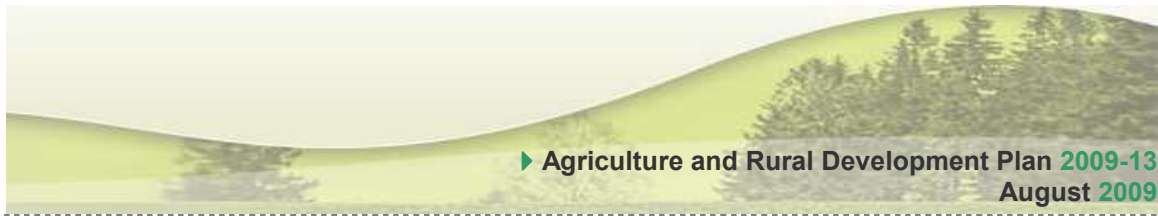
The World Bank's Poverty Assessment of Kosovo⁹ said that 37% of the population is classified as "poor", living on less than €1.42 per day, with 15% below the extreme (food) poverty line of €0.93 per day.

However, income poverty is not spread evenly across all households and individuals. Children, the elderly, female-headed households, the disabled, ethnic minorities, the unemployed and precarious job holders are most at risk. In particular, joblessness is an important cause of income poverty, as labour is usually the only valuable asset of the poor. Poverty in Kosovo is shallow, meaning that the poor are close to the thresholds that classify them as such¹⁰.

Poverty is multi-dimensional. Alongside income poverty, education and health conditions need to be improved. There are positive signs: for example, the gross primary enrollment rate was just over 95% in 2003, and illiteracy 0.5% among children and

⁹ 27 September 2005: material taken from: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/KOSOVOEXTN/0,,contentMDK:20665819~menuPK:297788~pagePK:141137~piPK:141127~theSitePK:297770,00.html>.

¹⁰ Findings are based on the 2002 Household Budget Survey from the Statistical Office of Kosovo.



youth. This compares to an adult population where only half have completed primary education, and 6% are illiterate. Early child care (pre-school) is extremely limited, and enrolment rates drop substantially at secondary school. There is a persistent gender gap in terms of education. The quality of education still remains a problem.

With insufficient space and classrooms (particularly in urban areas), children do not have a full-day's education. Many schools operate on 3-4 shifts per day. In health, outcomes are among the worst in South East Europe. Infant mortality rates (18-44 per 1,000) are the highest in the region, and inadequate nutrition is a persistent problem. Tuberculosis and disability are major issues.

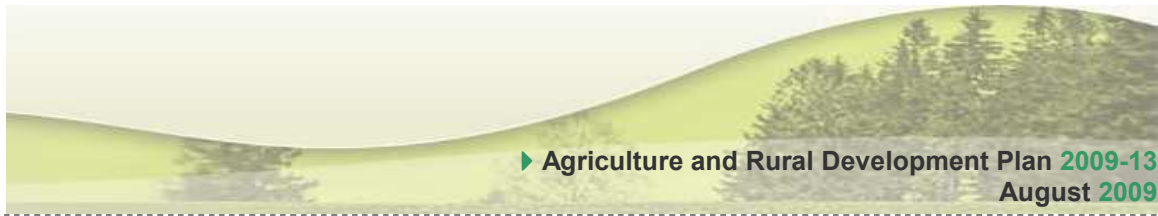
Environmental pollution and contamination is widespread, and represents a serious hazard to health. Contamination of soil and foodstuff by heavy metal, particularly in Northern Kosovo, is a cause for concern. Environmental problems mainly come from outdated mining practices, industrial infrastructure that ignored the impact on the environment, poor housing conditions, a low quality of basic infrastructure services, and weak environmental management systems.

Poverty is not distributed equally between the 30 municipalities for which data are available, or within a given municipality. Some areas of Kosovo are less favoured¹¹ than others, particularly in municipalities that have either disadvantaged and remote mountainous areas, and/or where there is both poor economic/social infrastructure, and/or where there are very limited employment opportunities. Using MAFRD's assessment, as well as the Human Development Index, the Human Poverty Index-1 and the Human Poverty Index-2, this suggests that less favoured areas are to be found in (but not confined to) the following municipalities¹²: Dragash, Novo Brdo and Malishevo, as well as Leposaviq, Zubin Potok, Podujeva, Malishevo, Skenderaj, Theranda, Glllogovc and Klina: see **Annex 1**.

The focus in Kosovo during 2007-9 on developing local action groups to develop local development strategies (based on the principles of LEADER+) should help poorer municipalities to identify priority actions that will help to lift them out of poverty. Grant funding during 2010-11 (available through IPA 2009) should help to facilitate the implementation of such actions.

¹¹ Less favoured areas (LFAs) are defined in Articles 13-21 of COUNCIL REGULATION (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations (EUR-Lex - 31999R1257 - EN.htm). Less-favoured areas include: mountain areas characterised by considerable limitation of the possibilities for using the land and an appreciable increase in the cost of working it; areas that are in danger of abandonment of land-use and where the conservation of the countryside is necessary; and can include other areas affected by specific handicaps, in which farming should be continued, where necessary and subject to certain conditions, in order to conserve or improve the environment, maintain the countryside and preserve the tourist potential of the area, (or to protect the coastline).

¹² This assessment will be updated regularly by MAFRD's Policy Development Department. Further, as tasks of the **Managing Authority** (see **Chapter 8**) include undertaking baseline surveys of rural areas in 2010 and 2014, these will pay special attention to the impact of ARDP 2009-13 on rural households in less favoured areas.



B.3 Analysis of Disparities with the European Union

An attempt has been made to contrast the situation today in Kosovo with that in the EU. Data comparing Kosovo with the EU-15 and EU-25, as well as with Bulgaria and Romania, are given below¹³. The analysis of disparities suggests that it will take considerable time to close the gap between living conditions in Kosovo and the rest of Europe.

B.4 Data limitations

A major problem currently is that available economic and social data concerning conditions in urban and rural areas of Kosovo are seriously out of date. This limits the extent to which it is possible to assess and compare urban/rural poverty, as well as determine how to improve the standard of living of the rural population, reduce poverty, narrow urban and rural disparities, and provide increased support to less favoured areas. Further, estimated disparities between Kosovo and the EU are indicative.

It is for this reason that MAFRD (as the **Managing Authority** responsible for implementing ARDP 2009-13) plans to out-source to local institutions in 2010 (see **Chapter 8**) to:

1. undertake a baseline survey that will provide improved and current data on urban/rural economic and social conditions: this survey will be repeated at the start of 2014 to assess the impact of implementing the eight measures included under ARDP 2009-13; and
2. update the detailed description of Kosovo's agri-rural sector given in ARDP 2007-13: this will cover changes since 2007 in the structure of Kosovo's farming sector, its food processing industry, the forestry and pasture resources, the agro-environmental situation, the services to agriculture, land reform and privatisation, information on minorities, gender and migration, as well as investment in agriculture.

¹³ These will be updated annually by MAFRD's Policy Development Department, including the situation in countries of the Western Balkans.

Table 1.1: Comparison of Kosovo and EU Data

	Indicators, 2006	Units	EU15	EU25	Bulgaria	Romania	Kosovo
	Basic data (DRAFT)						
1	Area	thousand sq. km	3,234	3,976	111.0	238.4	10.9
2	Population	Millions	389.5	463.6	7,719	21.7	2.1
	National accounts						
3	Gross domestic product	EUR 1000 Million		11,622,716	25,238	97,718	3,093
4	GDP per capita (PPS)	EU 27 = 100	112.1	103.9	36.7	38.8	1,521
5	Growth rate of GDP at constant prices	(UnitX1)	2.9	3.1	6.3	7.9	3.0
6	Employment growth (2006)	(% over previous year)	1.6	1.6	3.3	2.8	-
7	Labour productivity growth	(UnitX1)	1.44	1.44	2.88	4.93	-
8	Unit labour cost growth (2006)	(UnitX1)	- 0.7	- 0.9	- 3.8	1.8	-
9	Labour productivity, PPS	GDP PPE: EU27 = 100	110.4	103.8	34.8	39.1	-
10	Agriculture (share of total GVA)	(UnitX1)	1.8	1.8	8.5	8.8	19
11	Industry (share of total GVA)	(UnitX1)	20.3	20.2	24.1	27.5	10
12	Construction (share of total GVA)	(UnitX1)	6.4	6.2	6.8	8.4	-
13	Services (share of total GVA)	(UnitX1)	71.5	71.8	60.6	55.2	65
14	Final consumption expenditure	share of GDP		78.6	87	85.5	147
15	Final consumption expenditure household and NPISH	share of GDP		57.8	70.4	68.9	93.5
16	Final consumption expenditure, Gg	share of GDP		20.8	16.6	16.6	47.2
	Inflation rate						
17	CPI growth	relative to previous year	2.2	2.2	7.4	6.6	0.7
18	FDI	1000 million euro					340
	Public finance						
19	General government deficit/surplus	% of GDP	- 1.3		3.0	- 2.2	
	Financial indicators						
20	Money supply M1	million euro					
21	Money supply M2	million euro					1270.7
22	Total credits by MFI to total residents	million euro					
23	Lending Interest rates per annum						13.37
24	Deposit interest rate						2.97
	External trade						
25	Trade balance	million euro	- 69.2	- 105.8	- 3,677	- 14,896	- 1259
26	Value of exports	million euro (1000)	1,173.0	1,070.8	11,748	25,850	249
27	Value of imports	million euro			15,425	40,746	1508
28	Exports to EU 25	share of total exports					28.4
29	Imports to EU 25	share of total imports					34.7

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Indicators, 2006		Units					
Basic data (DRAFT)							
30	Export of food, drinks and tobacco	billion euro	EU15	EU25	Bulgaria	Romania	Kosovo
31	Export of food, drinks and tobacco	% of total export		59,018		1,178	0.05
32	Import of food, drinks and tobacco	billion euro		2.3		1.5	9
33	Import of food, drinks and tobacco	% of total import		67,404		380	0.2
				4.6		3.2	29
Demography							
34	Natural growth rate						12.7
35	Infant mortality	per 1000 live births	4.3	4.6	11.6	16.8	12
36	Life expectancy at birth male	years	76.6	75.6	68.9	67.7	67
37	Life expectancy at birth female	years	82.2	81.7	76.0	75.1	71
38	Population density	per sq. km					195
39	Population by age class	% of total population 0-14	16.3	16.4	13.8	15.9	33
40	Population by age class	% of total population 15-24	12.2	12.7	13.7	15.5	19
41	Population by age class	% of total population 25-49	36.6	36.6	35.4	36.9	36
42	Population by age class	% of total population 50-64	17.9	17.9	19.9	17.0	6
43	Population by age class	% of total population 65-79	12.8	12.5	14.0	12.3	6
44	Population of less than 15 years	thousand					
45	Population of 65 years and more	thousand	18.2	17.6	17.8	14.8	
46	Total fertility rate	Number of children					
Labour market							
47	Economic activity rate (15-64)						
48	Employment rate (15-64)	(%) 2005	65.2	63.8	55.8	57.6	26.5
49	Unemployment rate	(%) 2005	7.9	7.1	10.1	7.7	41.4
50	Agriculture, forestry and fishing	share of total employment	72.6	70.3	51.8		15
51	Industry	share of total employment	23.7	24.7	27.6		10.4
52	Construction	share of total employment	3.7	5.0	20.6		9.5
53	Services	share of total employment					16.9
Social cohesion							
54	Inequality of income distribution	ratio of top quintile to lowest quintile					
Standard of living							
55	Number of passenger cars / population	per 1000 (2004)	495	463	314	149	
56	Number of main telephone lines(fixed)/population	per 1000					
57	Number of subscriptions to cellular mobile telephone services/population	per 1000					300
Infrastructure							
58	Density of railway network(lines in operation),Kosovo-length- km	per 100 km2	4.6	5.0	3.9	4.8	430

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Indicators, 2006		Units					
Basic data (DRAFT)							
59	Length of motorways, Kosovo, asphalted roads-km						
60	Industry and agriculture Industrial production volume index (2000=100)						
61	Agriculture production volume indices of goods and services at producer prices (previous year 100)						
	Innovation and research						
62	Spending on human resources (public expenditure on education)						16.4
63	Gross domestic expenditure on research & development	2.0	1.9	0.5	0.4		
64	Percentage of households who have internet access at home (16-74)						
	Environment						
65	Total greenhouse gases emission, CO equivalent 1990-100	98.3	92.0	50.0	53.9		
66	Share of renewable energy in electricity consumption		12.4				2
67	Road freight transport as a share of total inland freight transport (modal split of freight transport)	79.2	76.5	66.9	66.7		
	Rural indicators						
68	Rural areas						90
69	Population in rural areas						60
70	Population density in all areas						195
71	Gross value added of agriculture						625
72	Gross value added in agriculture						
73	Subsidies on products						
74	Agricultural employment		5.9	8.1	30.6		14.6
75	Labour force in agriculture	6290	9804	792	2700		
	Agricultural structures data						
76	Utilised agricultural area	130,547	164,051	10,863	22,998		570
77	Forest land		177				464
78	Utilised agriculture area			47.8	62		53
79	Arable land			28.5	39.1		31
80	Permanent grassland			17.3	20.4		14
81	Permanent crops			1.7	1.8		0.3
82	Cereals			5,532	15,759		200
83	Wheat						0.274
84	Barley						0.014

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Indicators, 2006		Units					
Basic data (DRAFT)			EU15	EU25	Bulgaria	Romania	Kosovo
85	Potatoes				386	4016	0.088
86	Grain maize	million tones					0.143
	Vegetables, harvested area	1000ha					17.33
87	Fruit trees, harvested area	1000ha					4.924
88	Slaughtering of bovines	million tones					
89	Slaughtering of pigs	million tones					
90	Production of cow milk	million tones	119.8	142.02	1.29	4.97	0.96
	Agricultural yields						
91	Wheat	tonnes per hectare (common wheat)	6.57	5.76	3.14	2.75	3.9
92	Barley	tonnes per hectare	4.53	4.14	2.94	2.33	2.5
93	Grain maize	tonnes per hectare	8.61	7.86	4.53	3.62	3.9
94	Potatoes	tonnes per hectare	35.1	26.9	15.8	14.4	23
95	Milk yields	kg per cow	6,661	6,359	3,710	3,036	1,800
	Structure of utilised agricultural area						
96	Final agricultural output	million EUR					
97	Crop products	million EUR					
98	Livestock products	million EUR					20.27
99	Crop products	% of agriculture output					
100	Animal products	% of agriculture output					
101	Average farm size	hectare					2.2
	Public finance						
102	Expenditure on social protection	per capita PPS					
103	Expenditure on social protection	% of GDP (2006)	28.3	28.0			122.6
104	Total household consumption expenditure	% of GDP (2004)	56.8	56.9		66.9	19.3
105	Total public expenditure on education	% of GDP	4.9	4.9	3.9	3.4	16.4
106	Energy price	EUR / kwh					0.063
							0.086
107	Environment protection expenditure	% of GDP					0.1
108	Internet access for households	percent					

Sources: Key figures on Europe, 2006; EuroStata, EU-25 Agriculture Statistics, 2004; Kosovo in Figures, 2004; Rinnvest, Kosovo Rural Development, 2004; AHS 2005, Pasqyra e shpenzimeve MEF 2006, SOK, CBAK 2006, IMF Reports, UNMIK Economic Unit Reports 2006.

Table 1.2: Comparison of Kosovo and EU Data – New Indicators

New Indicators, 2008		Units						
1	Total government revenue	Euro/Inhabitant	EU15	EU27	Bulgaria	Romania	Kosovo	
2	Total government	% of GDP	12,137	11,171	1548	1598	713	
	Total government expenditure by COFOG functions		45.5	44.9	48.8	33.1	31.4	
3	Social protection	% GDP	19.3	18.7	13.0	10.8	19.3	
4	Education	% GDP	5.0	5.2	4.2	4.1	16.4	
5	Health	% GDP	6.5	6.4	4.2	5.8	10.7	
6	Environment protection	% GDP	0.7	0.7	0.8	0.2	0.1	
7	Public order and safety	% GDP	1.6	1.8	2.9	2.4	7.8	
8	General public services	% GDP	7.0	6.5	5.1	3.4	23.7	
9	Total general government revenue	Million Euro	3,851.83	5,236.911	9,942	32,230	1113	
10	Main components of general Gov. Revenue	Million Euro						
10	Taxes (Kosovo - Custom tax and Tax inside)	Million Euro	2,337.70	3,350.454	7,113	24,139	620.47	
11	Social contributions (Kosovo - Non tax contributions)	Million Euro	1,354.50	1,673.219	2,500	12,927	63.79	
12	Property Income (Kosovo – Municipality taxes)	Million Euro	85,889	122,203	414	1,168	27.75	
	Main types of tax revenues of general government and EU institutions							
13	VAT	% GDP	6.8	7.0	12.4	7.9	15	
14	Taxes on Income	% GDP	11.6	12.3	6.3	5.8	20	
15	Social contribution	% GDP	15.4	13.7	8.7	10.4	10	
16	Taxes on consumption	% GDP	10.8	11.1	18.9	12.0	-	
17	Implicit tax rate	% GDP	19.4	19.9	25.9	17.7	-	
18	% of total taxation	% GDP	26.7	27.8	54.8	41.9	-	
19	Taxes on labour	% GDP	20.7	19.6	10.0	10.9	-	
20	Utilized agricultural area per holding	Ha		11.9	5.1	3.3	2.2	

Sources: Eurostat (<http://epp.eurostat.ec.eu.int>), Key figures in Europe, 2007, and EU-25 Agriculture Statistics 2006

1.3 Bottlenecks

In order to restructure the agri-rural sector in line with that of the EU, and improve the standard of living of the rural population in Kosovo, key bottlenecks remain to be eliminated in both the rural sector in general, and the agriculture sector in particular.

Kosovo's rural development context continues to be much the same in 2009 as it was in 2007. Key bottlenecks that continue to apply to **the rural sector generally** include:

1. weak rural infrastructure: poor (though improving) roads, limited access to drinking water and poor disposal of waste, limited telephone, electricity and IT facilities;
2. limited access to mountain areas: underdeveloped, poor access to infrastructure and pastureland in less favoured areas;
3. unaffordable commercial bank and micro-finance credit;
4. limited domestic investment in agricultural production and processing;
5. food quality and control not in place;
6. limited application of new technologies and modern business skills;
7. poor irrigation system, and limited in coverage and technology;
8. improper land use, and limited land consolidation;
9. limited use of soil analysis;
10. limited marketing and small number of collection points for all commodities;
11. limited numbers of producers' associations, and lack of regulations;
12. limited support for gender, youth, ethnic minority, community and agro-environmental issues;
13. inadequate rural advisory services, and lack of consistency in technical messages disseminated;
14. incomplete SOE privatisation; and
15. weak public administration at central and municipal levels.

Concerning **the agriculture sector in particular**, the following key bottlenecks continue to exist:

1. low level of efficiency and use of outdated farm technologies;
2. small average farm size and fragmented agricultural production;
3. low quality of agricultural produce;
4. processing of agricultural products is fragmented, characterised by over-capacity and the need to improve quality, food safety and environmental requirements;
5. low average rural household disposable income;
6. over-dependence on agriculture as the main source of income in rural areas;
7. future investments in agriculture will decrease employment/income opportunities in rural areas;
8. low standard of living in rural areas, in terms of physical and social infrastructure;

9. low level of education among farmers;
10. ageing of the farming and rural population;
11. intensification of agriculture will impact negatively on the environment;
12. insufficient attention is being given to sustainable forest management;
13. unregulated building on agricultural land; and
14. lack of protection at the border against cheap imports.

These bottlenecks will be overcome by identifying and implementing a programme of specific actions that will allow Kosovo to build on existing strengths, overcome weaknesses, take advantage of available opportunities and mitigate against identified threats.

1.4 Strengths, Weaknesses, Opportunities and Threats

In preparing ARDP 2007-13, consultations were held with key MAFRD policy makers and donors, as well as with more than 250 municipality/local level operators in the regions of Pristina, Peje, Prizren, Gjilan and Mitrovice, of which 40% were municipality staff, and 60% were farmers, agro-processors, input suppliers, micro-finance institutions, NGOs, consumers and other representatives of civil society. This process of partnership with key stakeholders at both central and local levels led to the identification of a detailed SWOT analysis for Kosovo's agri-rural sector that was included in ARDP 2007-13.

This analysis has been updated by MAFRD staff for 2009-13.

1.4.1 Strengths and Weaknesses - Internal (including relevant indicators: data taken from ARDP 2007-13)

STRENGTHS	WEAKNESSES
Agriculture <ul style="list-style-type: none"> ➤ Agricultural sector is important for national economy in terms of both production and employment ➤ Small farms often part-time: additional income sources from all productive family members, which helps to manage the risk of low income from a single source ➤ Dairy farms are important to Kosovo and contribute about €132 million to GDP, half the total value of the total agricultural production ➤ Good availability of irrigation water 	<ul style="list-style-type: none"> ➤ Unfavourable farm structure: many small plots (8 on average) and small farms (2.5 ha.) ➤ Small farms increase cost of marketing ➤ Poor level of mechanisation (26.1% of small farms own small tractor under 40HP) ➤ Abandoning agriculture especially in hill areas ➤ Ageing population limits economic vitality in rural areas (60% of the agricultural population is under 30 years of age) ➤ Movement from rural to urban areas ➤ Agricultural sector is characterised by a low level of productivity (Small farms are subsistence farming: expenditure/revenue = 1.41) ➤ Lack of capital investments in the agriculture sector

<p>Actions to address Strengths</p> <ul style="list-style-type: none"> ➤ Identify where Kosovo has a comparative advantage in agriculture, and develop these sub-sectors e.g. fruit and vegetables, as well as dairy and meat ➤ Stimulate on/off farm rural diversification in agriculture, forestry, fisheries, services, agro/eco-tourism, including development of local bio-diversity and organic agriculture ➤ Intensify high value crops by guaranteeing availability of irrigation supply 	<ul style="list-style-type: none"> ➤ Poor quality breeds and inadequate hygiene standards (1.57 dairy cows per small farm) ➤ Poor educational skills of farmers (35.1% secondary school completed) ➤ Lack of specialisation in farming ➤ Over-dependence on agriculture in rural areas ➤ Credit is limited due to minimal collateral, and poor business plans, (as well as limited medium term deposits) (2% total loan for agriculture) ➤ Few obvious business opportunities: focus is on construction of buildings ➤ Farming is not seen as an attractive way of life ➤ High cost of living ➤ Low labour productivity ➤ Irrigation companies unable to collect water user charges from farmers ➤ Poor technical condition of irrigation infrastructure ➤ Uncontrolled pollution of irrigation water and agricultural land <p>Actions to address Weaknesses</p> <ul style="list-style-type: none"> ➤ Facilitate an increase in average farm size through land exchange/consolidation ➤ Provide technical and business planning training for farmers to raise their skill levels, and facilitate specialisation ➤ Work with local financial institutions to increase commercial lending to improve on-farm structures, mechanisation, marketing, processing, raise quality of seeds and breeds etc., in order to raise productivity ➤ Develop a policy for remote hill area agriculture, including the retention of young people, in order to stop rural/urban drift ➤ Rehabilitate and upgrade irrigation facilities, and improve the collection of water user charges ➤ Consider new institutional options for irrigation and drainage management e.g. farmers' control ➤ Address the pollution of agricultural lands and water jointly with MESP: harmonise legislation ➤ Address unplanned building jointly with MESP, harmonise legislation, include rural spatial planning and delineate building-non building zoning in rural areas
<p>Macro-economy and competitiveness</p>	
<ul style="list-style-type: none"> ➤ Zero duty and VAT on inputs for agriculture reduces cost of production and improves competitiveness ➤ Market economy is in place ➤ Input supply freely available ➤ Overall national economy is improving 	<ul style="list-style-type: none"> ➤ 10% duty at border and 0% for neighbouring countries means severe competition in milk products and fresh fruit/vegetables ➤ No protection for start-ups in rural diversification ➤ Private sector capital available to invest is small:

and macro-economic indicators are stable
Goods exported as % of GDP: 2001-0.9%;
2002- 1.1%; 2003- 2.1%; 2004- 2.3%; 2005-
3.0; 2006- 3.7% (estimate)

- Harmonisation with EU legislation (agricultural *acquis*) is under way
- Low inflationary pressures caused by cheap imports

Actions to address Strengths

- Ensure macroeconomic stability is sustained
- Keep public expenditure under control
- Improve tax collection

too much money already sunk in housing

- Problem obtaining finance for start-up of new businesses
- Remittances from migrant labour have been focussed on consumption and house construction, rather than non-house investment
- No affordable long-term credit for structural investment

Actions to address Weaknesses

- Encourage local private sector to switch investment into non-housing agriculture/processing
- Encourage diaspora to re-direct remittances into non-housing investment, rather than consumption
- Review tax incentives for the start-up of new businesses
- Encourage banks to engage in long term, low interest lending to farmers for structural investments

Infrastructure

- Main national road infrastructure is under reconstruction, including rural and inter-village roads
- Dense population reduces infrastructure cost per capita
- Countryside mainly electrified; telephones and internet widespread

Actions to address Strengths

- Upgrade and maintain national and rural infrastructures

- Lack of administrative structures and capabilities at de-centralised level
- Social and cultural services are weak
- Basic living conditions (e.g. water supply, sewage, telephone, education, health, internet) are poorer in rural than urban areas: rural disposable income is low compared to urban areas
- Rural households in less favoured areas, (in municipalities in remote and distant mountainous areas and where economic/social infrastructure is weak), are worse off economically and poorer than in other parts of Kosovo

Actions to address Weaknesses

- Provide training to improve administrative structures and capabilities at de-centralised level
- Upgrade social and cultural services
- Upgrade water supply, sewage, telephone, internet and other key infrastructure in rural areas
- Ensure rural households in less favoured areas get access to resources available under ARDP 2009-13

Environment

- Attractive countryside, landscape, wildlife and cultural heritage

- Intensive farming using fertilisers, pesticides and chemicals causes substantial environmental



<ul style="list-style-type: none"> ➤ Soils, climate and water resources are ecological and economic assets ➤ Rural areas contain landscape and wildlife of great ecological and scientific value (biodiversity) ➤ Growing interest in organic farming <p>Actions to address Strengths</p> <ul style="list-style-type: none"> ➤ Develop and implement countryside, landscape, wildlife and cultural heritage strategy ➤ Develop plan with which to develop organic farming 	<p>damage, e.g. soil and water pollution through erosion, and contamination with heavy metals</p> <ul style="list-style-type: none"> ➤ Contamination of ground water sources because of poor handling of animal waste and absence of rural sewage facilities ➤ Pollution of agricultural lands by former and current mining activities by means of air and water <p>Actions to address Weaknesses</p> <ul style="list-style-type: none"> ➤ Develop and implement pollution strategy to address problems caused from mining, agrochemicals, poor handling of animal waste ➤ Engage in a programme of adequate sewage facilities in towns and villages, including (low cost) treatment plants ➤ Implement a pilot project to improve manure storage ➤
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Land

<ul style="list-style-type: none"> ➤ Productive soils ➤ Land reform is progressing ➤ 97.2% of farmland in private hands (owned) 	<ul style="list-style-type: none"> ➤ Land highly fragmented resulting in ineffective farm management, no or low cost-effectiveness of mechanisation and high production losses ➤ High need for residential and corporate building areas, resulting in high rate of the change of use of agricultural lands and discouragement of investment in agriculture/leasing land to agriculture ➤ SOE lands are privatised in large units, not oriented to strengthening of commercial family farms. No stable land market prevailing, land values are based on potential construction options and land rent is short term and unregulated ➤ Forestry resource over-exploited and poorly protected ➤ No adequate land quality data (soil data and land suitability classification) ➤ Land ownership registration is inadequate ➤ No fertility control ➤ Land highly fragmented resulting in high unit cost for mechanisation ➤ Threat of easy conversion of agriculture land to other purposes discourages investment in agriculture/leasing land to agriculture ➤ SOE land leased very short term, and not yet privatised ➤ Forestry resource over-exploited and poorly protected ➤ Land market is not functioning properly
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Actions to address Strengths

- Protect agricultural lands, by initiating rural spatial planning, land consolidation and functioning of land market and by addressing on-going soil pollution
- Improve land consolidation and functioning of land market

Actions to address Weaknesses

- Achieve land consolidation, and stimulate growth of farm size to improve farm economies of scale
- Implement available legislation to stop conversion of agriculture land to other purposes and harmonise MAFRD and MESP legislation
- Include in spatial planning legislation, the notion of rural spatial planning and construction-non construction zoning
- Set up long term leases for SOE land where this cannot be privatised
- Actively encourage bidding by groups of farmers for SOE privatisation tenders
- Implement legislation to stop forestry over-exploitation, and improve protection
- Review international crofting and bio-diversity legislation
- Continue updating maps and ownership registration
- Initiate fertility control, as laid down in the Law on Agricultural Lands
- Pursue the return of soil and land suitability data archived in Belgrade, and/or develop an emergency programme to prepare provisional but reliable data
- Implement Next Steps programme on Land management/Utilisation

Human resource and management

- Wide experience in farming on a part-time basis
- Good balance between rural and urban population and settlements
- Due to slow down I rural-urban migration, more young people are available in rural areas
- Rural civil society has strong commitment, social structures and community feeling

- Generally poor education and skills base in rural areas
- Dated knowledge of agriculture practices
- Lack of farm management skills
- Limited use of Producers' Associations with which to facilitate the transmission of technical messages and marketing skills
- Lack of skilled and experienced Rural Advisory Service
- High rural unemployment

Actions to address Strengths

- Encourage young people to stay in rural areas through early retirement of aged farmers
- Develop community programmes to consolidate rural civil society, social structures and community feeling

Actions to address Weaknesses

- Introduce intensive skills' development programme
- Encourage the development of Producers' Associations
- Develop skilled and experienced Rural Advisory Service
- Prepare skills'-based migration programme in cooperation with EU member states

Agro-processing

<ul style="list-style-type: none"> ➤ Commercial opportunities have been taken up through privatization of SOEs in dairy, meat processing, flour milling, fruit/vegetables, and more opportunities are available <p>Actions to address Strengths</p> <ul style="list-style-type: none"> ➤ Encourage re-investment in privatised dairy, meat processing, flour milling, and fruit/vegetables processing ➤ Provide intensive training in HACCP/TQM for processors and their suppliers 	<ul style="list-style-type: none"> ➤ Over-capacity of agro-processors (that were previously SOEs) ➤ Machinery outdated and often unsuitable for modern market conditions ➤ Commercialisation of SOEs has meant that private companies have inherited large and unproductive workforces ➤ Strong competition from imports due to low border tariffs (10%) ➤ Poor quality of domestic products that do not comply with HACCP/TQM ➤ High cost of electricity and frequent black-outs <p>Actions to address Weaknesses</p> <ul style="list-style-type: none"> ➤ Speed up privatisation process, in order to facilitate re-investment process ➤ Re-train work force ➤ Stabilise electricity supplies
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1.4.2 Opportunities and Threats - External (including relevant indicators: data taken from ARDP 2007-13)

OPPORTUNITIES	THREATS
<p>Macro-economic environment</p> <ul style="list-style-type: none"> ➤ Liberal trading environment with minimum government interference ➤ Kosovar Diaspora wants to invest in Kosovo ➤ Banking system is well organised, and increasingly lending to agriculture 2001: 141,000Euros - 2002:1,510,000 Euros - 2003:4,158,000 Euros - 2004:7,563,000 Euros ➤ Different bank products being developed e.g. leasing and guarantees, that would reduce bank risk on default ➤ Donor willingness to support agriculture (under correct policy framework) <p>Actions to address Opportunities</p> <ul style="list-style-type: none"> ➤ Make trading environment more liberal ➤ Undertake a marketing drive to attract more Diaspora capital and migrant remittances (for productive use in agriculture) to Kosovo ➤ Continue dialogue with LFIs to identify how to increase lending to agriculture ➤ Continue donor support for agriculture 	<ul style="list-style-type: none"> ➤ Cheap imports due to lack of border protection ➤ Uncertain political and European future deters foreign investment ➤ Limited medium/long term deposits to on-lend ➤ Lack of finance for mortgages ➤ Political interest not reflected in current financial support for agriculture ➤ Continuing decline in remittances from diaspora <p>Actions to address Threats</p> <ul style="list-style-type: none"> ➤ Set up targeted expenditure programme with initial contribution from 2009 budget, and request donors to add to it ➤ Coordinate with European countries to organize a managed migration/work programme for unemployed rural labour, (identifying a clear exit strategy by the end of 2013)

Human resources

- MAFRD/Rural Advisory Service is being developed to offer advice to farmers, supported by accredited private sector operators e.g. agro-input suppliers and NGOs
- Young people have IT skills

Actions to address Opportunities

- Promote use of Rural Advisory Service and other certified private sector operators e.g. agro-input suppliers and NGOs
- Provide IT-based training for all rural youth, regardless of gender and ethnicity, and ensure full access

- Lack of trained and experienced people in government with which to design and implement policy, as well as enforce legislation
- Poor salaries in government fail to attract or keep key staff: (average wage public sector, 168 Euros: private sector, 220 Euros ???)
- Social instability as a result of unemployed rural labour being denied access to job opportunities in other parts of Europe

Actions to address Threats

- Undertake further capacity-building technical assistance in MAFRD
- Retain budget envelope, reduce staff numbers and raise salaries in government for retained staff in combination with further outsourcing of work
- Provide wide range of vocational training for all, particularly rural youth, regardless of gender and ethnicity, and ensure full access

Sectors with potential

- Reliable irrigation supply for up to 70,000 ha (potential), if fully rehabilitated and developed: (2004 - 31.5% of arable land irrigated)
- Fruit and vegetables under irrigation: high value added exports utilising relatively cheap labour
- Import substitution possibilities for milk and beef
- Revival of sheep production
- Cereal production to support livestock sector
- Good pastures not fully realised
- Quality of agricultural products has improved
- Farm structure has changed leading to an increase in the contribution to GAO from private initiative
- Competitive advantage for livestock production due to natural and climate conditions
- Potential in fruit and vegetables, as well as dairy and meat
- Forestry is important for its natural resources and farm diversification opportunities
- Inland fishery sector is a farm

- Competition from neighbouring countries
- Severe price competition from quality imports
- Seasons shorter than main competitor, Macedonia
- Widely varying and often poor quality of agri-products delivered to processing industry, due to prevailing low-tech small scale agriculture

diversification option

Actions to address Opportunities

- Fully rehabilitate irrigation infrastructure
- Implement import substitution strategy for fruit and vegetables, milk and beef
- Revive sheep production and exports, as well as cereal production to support livestock sector
- Improve pasture management
- Raise quality of agricultural products, and improve their marketing

Actions to address Threats

- Identify where and when Kosovo has a real market niche that can be developed to withstand competition from other countries
- Pursue wide synchronisation of the quality of agricultural produce

Agro-processing

- Potential for import substitution and exports

Actions to address Opportunities

- Implement import substitution and export promotion strategies, as appropriate
- Overcome agro-processing inefficiencies by implementing National Action Programme for Food Processing and Marketing

- Cheap imports of established brands
- Continuing electricity supply problems
- Lack of domestic packaging industry

Actions to address Threats

- Raise efficiency in order to compete against cheap imports
- Overcome electricity supply problems
- Review feasibility of establishing a domestic packaging industry

Finally, concerning weaknesses, particular attention has been focused during 2008-9 on the need to consolidate agricultural land, and regulate uncontrolled commercial construction on agricultural land. Both these activities require increased cooperation between MAFRD and other public/private sector institutions from 2009 onwards, based on the rural land management Next Steps Action Programme set out in **Annex 2**.

Chapter 2

Strategy, objectives and priorities

Based on the updated SWOT analysis presented in **Chapter 1**, detailed actions have been identified that will allow Kosovo to build on existing strengths, overcome weaknesses, take advantage of available opportunities, and mitigate against identified threats. The actions have been integrated into ARDP 2009-13 in the form of:

- a general strategy for agricultural and rural development;
- a series of donor-funded projects in support of eight key measures and related institutional support;
- a National Agriculture Programme (NAP) funded through the Kosovo Budget (KB) that will complement donor funding;
- a complementary policy framework/matrix that will enable the rural private sector to develop;
- a legislative and administrative framework for implementing ARDP 2009-13, backed up by a programme of Twinning and TAIEX;
- a programme of cross-border and regional development activities; and
- detailed sub-sector strategies for key commodities that will be underpinned by donor and national funding, as well as by the policy, legal and administrative frameworks outlined.

General rural development objectives, 2009-13

The overall vision for agriculture and rural development in Kosovo (i.e. the mission statement) is to:

“make a balanced contribution to the economic, environmental, social and cultural well-being of rural areas, and Kosovo as a whole, through effective and profitable partnerships between the private sector, central/local government and local communities within the European context.”

ARDP 2009-13 translates this overall vision into the following general objectives for agricultural development in Kosovo:

- additional income for farmers and rural dwellers, leading to improved living standards and working conditions in rural areas;
- improved competitiveness and efficiency of primary agricultural production, in order to achieve import substitution and take advantage of export markets;



- improved processing and marketing of agricultural produce, through increased efficiency and competitiveness;
- improved on-farm/in-factory quality and hygiene standards;
- sustainable rural development and improved quality of life (including infrastructure) through promotion of farming and other economic activities that are in harmony with the environment;
- creation of employment opportunities in rural areas, particularly through rural diversification; and
- alignment of Kosovo's agriculture with that of the EU.

The general strategy for achieving the objectives of ARDP 2009-13 is to:

1. undertake actions that will overcome the bottlenecks that are holding back sustainable rural development in Kosovo, (that were outlined in the updated SWOT analysis in **Chapter 1**); and
2. start aligning Kosovo's rural sector with the four axes of current EU rural development strategy, which are:

- **Axis 1 - Competitiveness**
- **Axis 2 - Environment and improved land use**
- **Axis 3 - Rural diversification and quality of rural life**
- **Axis 4 - Community-based local development strategies**

To achieve this twin strategic approach of resolving domestic bottlenecks and starting to align Kosovo's agri-rural sector with the four axes of EU rural development strategy, eight sustainable agri-rural development measures have been identified on which financial, policy, legal, administrative and human resources are being concentrated during 2009-13. They are:

Axis 1 - Competitiveness

- Development of vocational training to meet rural needs (**Measure 1**)
- Restructuring physical potential in the agri-rural sector (**Measure 2**)
- Managing water resources for agriculture (**Measure 3**)
- Improving the processing and marketing of agricultural products (**Measure 4**)

Axis 2 - Environment and improved land use

- Improving natural resource management (**Measure 5**)

Axis 3 - Rural diversification and quality of rural life

- Farm diversification and alternative activities in rural areas (**Measure 6**)



- Improvement of rural infrastructure and maintenance of rural heritage (**Measure 7**)

Axis 4 - Community-based local development strategies

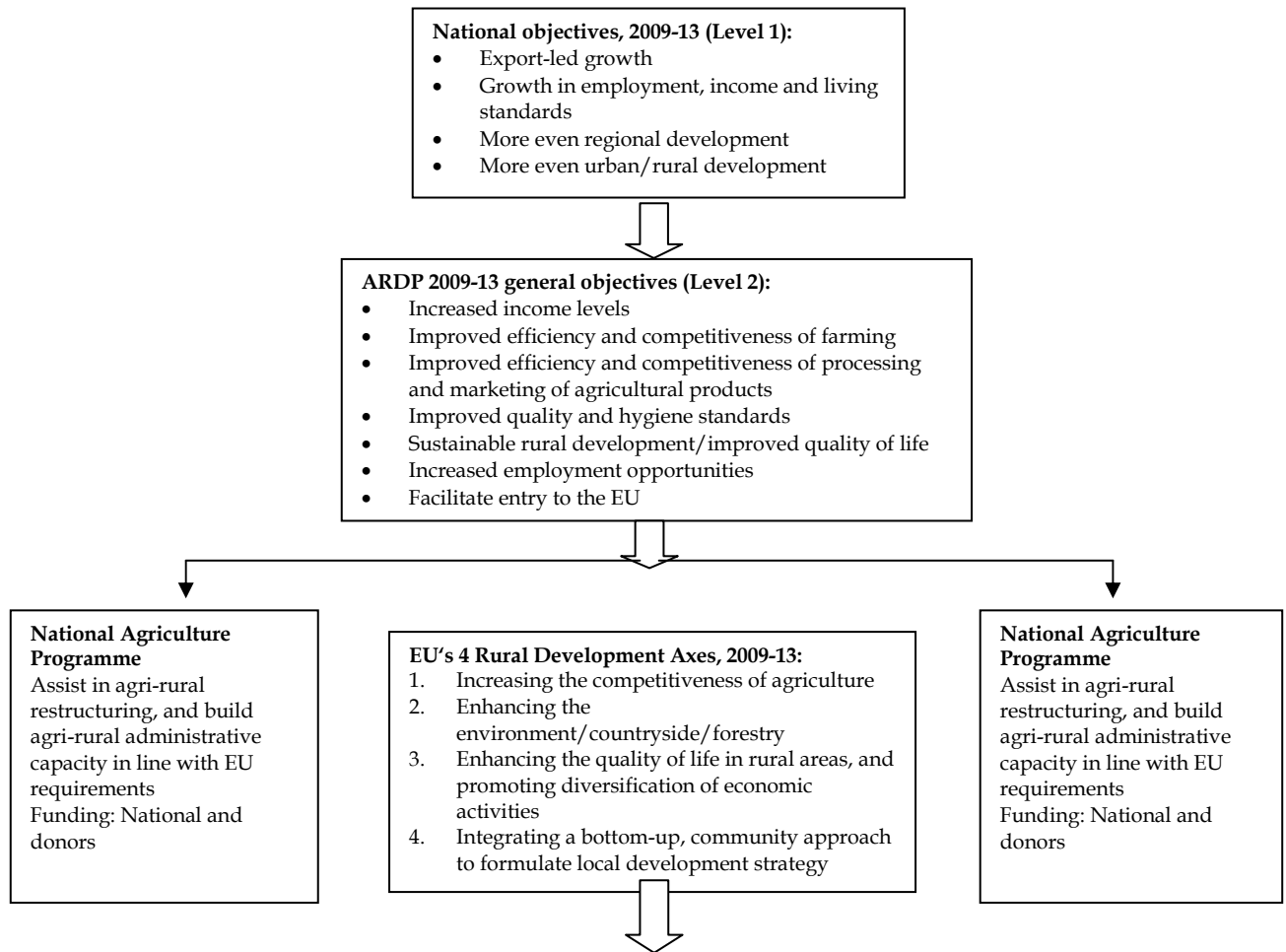
- Support for local community development strategies (**Measure 8**)

ARDP 2009-13 is an important instrument for securing the viability and competitiveness of Kosovo's rural areas in the medium term. It covers nationally funded actions, as well as those financed by multilateral, bilateral and NGO organisations. Implementation of the eight measures is being supported through a coordinated package of activities.

The national and rural development objectives' hierarchy is set out in **Figure 1**.



Figure 1: National and Rural Development Objectives Hierarchy



Specific objectives of EU alignment/rural development measures:						
Measure 1 Improving human potential: vocational training; setting up of young farmers; early retirement; management, relief and advisory services	Measure 2 Restructuring physical potential: improvements in production, processing and marketing infrastructures: support for producers' groups + semi-subsistence farms	Measure 3 Managing water resources for irrigation: primary, secondary and tertiary irrigation systems: developing sustainable irrigation providers and water user associations	Measure 4 Improving the quality of agricultural production and products: adaptation to new EU standards; participation in food quality schemes (HACCP/TQM); promotion of quality products.	Measure 5 Natural resource management: sustainable use of agricultural and forestry land: afforestation/establishment of agro-forestry systems; Natura 2000 areas; restoring forestry potential; local bio-diversity	Measure 6 Diversifying the rural economy: non-agricultural activities; support for micro-enterprises and SMEs; agro/eco tourism; protection and management of natural heritage	Measure 7 Improving the quality of rural life: basic services; village renewal; rural heritage
Measure 8						
Implementation of local community development strategies: contribute to inter-territorial and trans-national cooperation between LAGs; capacity building and functioning of LAGs following LEADER+ principles						



Actions identified in ARDP 2007-13 to allow Kosovo to build on existing strengths, overcome weaknesses, take advantage of available opportunities, and mitigate against identified threats remain the same in ARDP 2009-13, as does the general strategy for agricultural and rural development. The detailed sub-sector strategies for key commodities that are underpinned by donor and national funding, as well as by the Plan's policy, legal and administrative framework, remain the same as for ARDP 2007-13.

Donor-funded projects, 2009-13

ARDP 2009-13 identifies priority donor-funded projects that are required to support farmers and rural economic operators in the private sector during the implementation of the eight measures¹⁴.

Donor-funded projects are also required to strengthen the key public sector institutions at central and municipal levels that are responsible for setting the policy, legislative and regulatory framework under which the private sector must operate and can develop profitably. This umbrella must approximate the *acquis communautaire*, and ensure that it is enforced.

Priority projects funded by donors that can be identified at the present time are summarised in **Annex 3**. It summarises projects implemented in 2008, (including an implementation carry-over to 2009), 2009-11 (the current Public Investment Programme and Medium Term Expenditure Framework time-frame), as well as 2011-13 (although it is not possible to identify the exact nature of the projects that will be funded from 2010 onwards¹⁵).

National Agriculture Programme, 2009-13

The donor-funded projects identified in ARDP 2009-13 need to be supported by the implementation of a National Agriculture Programme (NAP) for 2009-13 that is funded through the Kosovo Consolidated Budget (KCB). The NAP will complement and re-enforce donor funding, and be targeted on helping both to restructure the agri-rural sector and strengthen administrative capacity.

¹⁴ In EU members states and accession countries, the rural development plan will have a specific and comprehensive government budget disaggregated by axes, measures and operations to be supported. This is not yet the case in Kosovo where ARDP 2009-13 has a large percentage of projects funded by international donors.

¹⁵ These will depend on: the priorities that exist at that time; the success or otherwise of previously implemented projects and capacity building; whether the EU enlargement process for the Western Balkans is quickened or slowed down, with a consequent knock-on effect for pre-accession activities; and better quality data and time series that may suggest that ARDP rationale and focus of expenditure needs to be modified.

NAP 2009-13 will support (but not be limited to) the following areas of targeted expenditure¹⁶:

1. Animal identification and registration programme combined with livestock breeding;
2. Improved veterinary/plant border posts and controls;
3. Support for veterinary laboratories (buildings/equipment);
4. Hygiene inspection and disease control;
5. Provision of consulting advice and technical/business training for farmers delivered by the Rural Advisory Service;
6. Support for forestry surveillance and forest thinning;
7. Quality control of agricultural products;
8. Support for R&D programme at KIA (experimental plots and demonstration farm);
9. Purchase of laboratory equipment for KIA;
10. Support for land consolidation;
11. Support for irrigation infrastructure; and
12. Grant programme covering horticulture, vineyards, dairy cows, sheep, food processing, manure storage and local development initiatives.

Policy Framework

We must acknowledge that Kosova will increasingly be making an approximation policy with the EU since its aim is to join the EU. Therefore we must approximate and implement the *acquis communautaire* for CAP and relevant directives as a condition for joining the EU.

Whilst donor-funded projects and targeted public expenditure are necessary conditions for achieving the objectives set out in ARDP 2009-13, they are not sufficient. An enable policy framework is required to allow the profitable development of the rural private sector.

A detailed policy matrix for ARDP 2009-13 is presented in **Annex 4** that gives specific policies for each of the 8 measures included in ARDP 2009-13. The emphasis is on using each of the 8 measures to contribute to raising competitiveness in the agri-rural sector, in order to increase exports and import substitutes, (in line with **Axis 1**). This is because Kosovo relies on food imports, and has low agricultural exports. Kosovo therefore has to trade its way out of its current financial difficulties.

¹⁶ Note that areas 1-4 are under the responsibility of Kosovo's Food and Veterinary Agency, the responsibilities of which were transferred in 2009 from MAFRD to the Prime Minister's Office.



The policy matrix is complemented by specific actions to strengthen public sector institutions in the agri-rural sector, including a programme of Twinning/Twinning Light identified in **Annex 5**.

Legislative and Administrative Consequences of ARDP 2009-13

Implementation of ARDP 2009-13 will depend on effective coordination, as well as cooperation between the public and private sectors. This can only happen if there is a legal and administrative framework in place to facilitate this. **Annex 6** summarises the priority steps that have to be taken by Government concerning approximation to the *acquis communautaire*, as well as the administrative changes that are required.

Programme of Cross-Border and Regional Development Cooperation Activities

So far in this chapter, ARDP 2009-13 has focussed on unilateral activities that address Kosovo's domestic agenda of: overcoming bottlenecks and inefficiencies; and starting to align Kosovo's agri-rural sector with current EU rural development strategy.

However, ARDP 2009-13 has identified a programme of cross-border and regional development activities that are complementary to those focussed on domestic issues¹⁷. These include:

1. Bilateral activities (cross-border cooperation); and
2. Multilateral activities (Western Balkans regional cooperation).

An outline programme of cross-border and regional development activities is summarized in **Annex 7**.

Sub-Sectoral Strategies, Objectives and Scenarios for 2013

In order for the donor-funded projects and NAP to make an impact, (supported by the policy, legal and administrative framework), it is important to clarify MAFRD's strategies and objectives for each commodity sub-sector. The eight measures ARDP 2009-13 and NAP, as well as the supporting policy, legal and administrative frameworks, are focussed on increasing the commercialisation of Kosovo's agriculture following the sub-sector strategies, objectives and scenarios set out in **ARDP 2007-13, Annexes 9 and 10**¹⁸. Since that document was prepared in 2006, MAFRD has subsequently prepared sub-sector strategies for horticulture, livestock and forestry.

¹⁷ The programme has been identified during various study trips made by MAFRD staff to visit Ministries of Agriculture in Montenegro, Albania and Macedonia held since October 2006.

¹⁸ A key factor in determining future agricultural policy is that Kosovo is a small territory with a significant rural population (60% of the total population) involved in agriculture and rural activities. Rural and farming areas are based on family units in village communities with a strong history of, and focus on, village committees and family/clan solidarity. With the size of



A major effort was made in 2009 to build up MAFRD's capacity in the area of agro-environment, so that Kosovo can increasingly align itself with both the Common Agriculture Policy and the EU's agro-environmental policy. This led to the establishments of a MAFRD agro-environmental working group, and the preparation of a position paper on agro-environmental policy issues relevant to Kosovo (see **Annex 8**).

Specific Support Activities

Restructuring the agri-rural sector during 2009-13 is taking place through implementation of eight donor-funded measures, supported by the NAP. This section summarises the specific support activities to be used for individual agricultural commodities, in order to assist the different rural economic operators involved in production, processing, marketing, distribution, sales and import/export.

Detailed actions to be implemented in the forestry sector during 2009-13 are outlined in the 2009 forestry strategy that was produced by MAFRD and KFA.

holdings in Kosovo averaging 2.23 ha per family, and with over 90% of agricultural farming units with no more than 2.5 ha, future policy and strategy of MAFRD must support the formation of Producers' Associations, Groups and Cooperatives, as well as Young Farmers' Association and Women's Groups, that relate to this structure of production. Future policy must also acknowledge the current level of farm management, general farming practices and the existence of a strong village community leadership structure. Many rural households still live off the land as subsistence farmers, and consider agriculture and farming not as a business, but as a way of life. However, subsistence is mitigated by the fact that rural households receive remittances from relatives working abroad.

Table 1.3: Fruit/Vegetable Sector

Subsistence farmers who leave farming	Subsistence farmers who remain in farming	Semi-commercial farmers	Commercial farmers	Processors	Other
Supported through vocational training, and development of rural diversification initiatives, including village and/or eco-tourism	Supported through Rural Advisory Service (RAS) technical and business training, as well as extension support that focuses on helping farmers to achieve higher yields through moving towards best practice standards and improved farm management, e.g. capital investment in new technology, machinery, green houses, using proper varieties/better seeds, producing better quality products, establishing producers' groups, offering grants (through the Rural Support Fund) for using new technology, and teaching farmers to grow and market organic products	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, where measures include support for: <ul style="list-style-type: none"> • developing farmers' associations and cooperatives; collection centres; • offering training in technical performance, marketing, business planning, accounts and FADN; • establishing nurseries and mother gardens; • offering grants to encourage planting orchards, using new technology (machinery), establishing soft fruits plantations and building proper storage for fruit/vegetables • undertaking approved RAS training programmes; • facilitating land consolidation; • training farmers to use high quality seed, proper varieties, and proper fertilizers; • teaching farmers to grow organic products, improve marketing, sorting and packaging of products, invest in plastic tunnels and greenhouses, irrigation, heating, hydroponics, cold stores; and • facilitating visits to other countries in the region, as well as Turkey, Spain, Italy and 	Restructuring the single privatised large processor ; re-equipping it to handle larger volumes; setting up long term purchase and delivery contracts; improving product marketing; assisting it with business planning, to achieve HACCP compliance, trial shipment and market research	Measures provided to small-medium processors : <ul style="list-style-type: none"> ◦ Promotional programmes for new start-ups and new products ◦ Promotional programmes to use the new technology in processing of fruit and vegetable ◦ Assistance to support promotion of local processed products ◦ Assistance in forming associations ◦ Assistance with achieving HACCP compliance ◦ Study tours to visit small 	Approximate EU legislation Enforce legislation Implement Kosovo's Horticulture Strategy Implement donor projects Implement ARDP 2009-13

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Subsistence farmers who leave farming	Subsistence farmers who remain in farming	Semi-commercial farmers	Commercial farmers	Processors	Other
		France.		processors in other countries	

Table 1.4: Cereals/Fodder Sector

Subsistence farmers who leave farming	Subsistence farmers who remain in farming	Semi-commercial farmers	Commercial farmers	Processors	Other
Supported through vocational training, and development of rural diversification initiatives, including village and/or eco-tourism	Supported through Rural Advisory Service (RAS) technical and business training, as well as extension support that focuses on helping farmers to achieve higher yields through moving towards best practice standards and improved farm management, e.g. capital investment in new technology, machinery, using proper varieties/better seeds, producing better quality products, establishing producers' groups, offering grants (through the Rural Support Fund) for using new technology, teaching farmers to grow organic products, change cropping patterns from cereals to high value crops.	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, (see Annex 8 for selected commodities), where measures include support for: <ul style="list-style-type: none"> • developing farmers' associations and cooperatives; collection centres; • providing training in technical performance, marketing, business planning, accounts and FADN; • visiting growers in other countries • undertaking approved RAS training programmes • encouraging land consolidation • encouraging re-equipping (production and storage) • using high quality seed, proper varieties, and proper fertilizers • offering grants through the RSF to encourage using new technology (machinery), 	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, (see Annex 8 for selected commodities), where measures include support for: <ul style="list-style-type: none"> • developing farmers' associations and cooperatives; collection centres; • providing training in technical performance, marketing, business planning, accounts and FADN; • visiting growers in other countries • undertaking approved RAS training programmes • encouraging land consolidation • encouraging re-equipping (production and storage) • using high quality seed, proper varieties, and proper fertilizers • offering grants through the RSF to encourage using new technology (machinery), 	<p>Flour mills: Restructuring privatised processors; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and improving product quality and marketing</p> <p>Feed mills: Restructuring privatised processors; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and improving product quality and marketing</p> <p>Malt producer: Restructuring privatised processors; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and improving product quality and marketing</p> <p>Breweries: Restructuring privatised processors; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and</p>	<p>Approximate legislation</p> <p>Enforce legislation</p> <p>Implement Kosovo's Livestock Strategy</p> <p>Implement donor projects</p> <p>Implement ARDP 2009-13</p>

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Subsistence farmers who leave farming	Subsistence farmers who remain in farming	Semi-commercial farmers	Commercial farmers	Processors	Other
				improving product quality and marketing	

Table 1.5: Meat Sector

Subsistence farmers who leave livestock farming	Subsistence farmers who remain in livestock farming	Semi-commercial livestock farmers	Commercial livestock farmers	Slaughterhouses/meat processors	Other
Supported through vocational training, and development of rural diversification initiatives	Supported through general Rural Advisory Service (RAS) technical and business training, as well as extension support focusing on helping farmers to achieve higher yields through better farm management e.g. better feed, breed, hygiene and waste management.	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, where measures include support for: <ul style="list-style-type: none"> • developing farmers' cooperatives; • establishing meat collection centres; • re-equipping; • improving breeds through AI; • providing training in technical performance, marketing, business planning, accounts and FADN offering grants to encourage using new technology (machinery), 	Restructuring slaughterhouses; re-equipping them to handle larger volumes; setting up long term purchase and delivery contracts; improving product marketing; assisting them with business planning, to achieve HACCP compliance, trial shipment and market research	Promoting local (traditional) processed products by small processors e.g. specialist smoked meat producers that are HACCP compliant	EU Approximate legislation Enforce legislation Implement Kosovo's Livestock Strategy Implement donor projects Implement ARDP 2009-13

Table 1.6: Dairy Sector

Subsistence farmers who leave dairy farming	Subsistence farmers who remain in dairy farming	Semi-commercial dairy farmers	Commercial dairy farmers	Dairies	Other
Supported through vocational training, and development of rural diversification initiatives	Supported through general Rural Advisory Service technical and business training, as well as extension support focusing on helping farmers to achieve higher yields through better farm management e.g. better feed, breed, hygiene and waste management, organically produced milk-based products	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, where measures include support for: <ul style="list-style-type: none"> • developing farmers' cooperatives; • establishing milk collection centres; • re-equipping milking facilities; • improving breeds through AI; • providing training in technical performance, marketing, business planning, accounts and FADN offering grants to encourage using new technology (machinery) • improving milk quality • increasing dairy hygiene standards • improving manure storage facilities 	Restructuring dairies; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and improving product marketing	Restructuring dairies; training staff to introduce and operate HACCP; re-equipping to handle larger volumes; setting up long term delivery contracts; and improving product marketing	EU Approximate legislation Enforce legislation Implement Kosovo's Livestock Strategy Implement donor projects Implement ARDP 2009-13

Table 1.7: Wine and Grape Sector

Subsistence farmers who leave grape production	Subsistence farmers who remain in grape production	Semi-commercial farmers	Commercial farmers	Wineries	Other
Supported through vocational training, and development of rural diversification initiatives	Supported through general Rural Advisory Service technical and business training, as well as extension support focusing on helping farmers to achieve higher yields through moving towards best practice standards and farm management, e.g. using proper varieties, better seeds, producing better quality products, establishing producers' groups	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, where measures include support for: <ul style="list-style-type: none"> • developing best practice standards; • developing farmers' associations and cooperatives/ollection centres; • providing training in technical performance, marketing, business planning, accounts and FADN; • establishing nurseries and mother gardens; • offering grants to encourage using new technology (machinery), planting vineyards for wine and table grapes; • undertaking approved RAS training programmes; • facilitating land consolidation; • training farmers to use high quality seedling, proper varieties, and proper fertilizers; • teaching farmers to grow grapes organically; • improving the marketing, sorting and packaging of table grapes • using irrigation, hydroponics, cold stores; and 	Supported through measures provided to farmers to help them move towards meeting necessary best practice criteria and standards, where measures include support for: <ul style="list-style-type: none"> • developing best practice standards; • developing farmers' associations and cooperatives/ollection centres; • providing training in technical performance, marketing, business planning, accounts and FADN; • establishing nurseries and mother gardens; • offering grants to encourage using new technology (machinery), planting vineyards for wine and table grapes; • undertaking approved RAS training programmes; • facilitating land consolidation; • training farmers to use high quality seedling, proper varieties, and proper fertilizers; • teaching farmers to grow grapes organically; • improving the marketing, sorting and packaging of table grapes • using irrigation, hydroponics, cold stores; and 	Restructuring privatised SOE wine producers; training staff to introduce and operate HACCP; helping them to re-equip to handle larger volumes; setting up long term delivery contracts; improving product quality and the marketing/packaging of wine; promoting local and export wine sales	Approximate legislation Enforce legislation Implement donor projects Implement ARDP 2009-13
				Restructuring privatised wine producers; training staff to introduce and operate HACCP; helping them to re-equip to handle larger volumes; setting up long term delivery contracts; improving product quality and the marketing/packaging of wine; promoting local and export wine sales	

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Subsistence farmers who leave grape production	Subsistence farmers who remain in grape production	Semi-commercial farmers	Commercial farmers	Wineries	Other
		<ul style="list-style-type: none"> facilitating visits to other countries in the Balkans, as well as Spain, Italy and France 			

Table 1.8: Summary of Main Measure Focus

Subsistence farmers who leave agriculture	Subsistence farmers who remain in agriculture	Semi-commercial farmers	Commercial farmers	Processors	Forestry
Measure 1 (Vocational training)	Measure 1 (Vocational training)	Measure 1 (Vocational training)	Measure 1 (Vocational training)	Measure 4 (Processing and marketing)	Measure 5 (Natural resource management - forestry)
Measure 6 (Rural diversification)	Measure 2 (Restructuring physical potential)	Measure 2 (Restructuring physical potential)	Measure 2 (Restructuring physical potential)		Measure 6 (Rural diversification)
Measure 7 (Rural Heritage)	Measure 3 (Managing water resources)	Measure 3 (Managing water resources)	Measure 3 (Managing water resources)		Measure 8 (Local community development)
Measure 8 (Local community development)	Measure 5 (Natural resource management - pastures)	Measure 5 (Natural resource management - pastures)	Measure 5 (Natural resource management - pastures)		
	Measure 6 (Rural diversification)	Measure 8 (Local community development)	Measure 8 (Local community development)		
	Measure 8 (Local community development)				

Funding of ARDP 2009-13

The eight measures being implemented under ARDP 2009-13 are co-financed to varying degrees by donors, national government, municipalities and the private sector. The funding rates vary between the different measures and the sources of finance.

Activities to be implemented under the NAP 2009-13 are being financed through the Kosovo Consolidated Budget, with additional budgetary support from donors, where possible.

Measures supported under ARDP 2009-13 have been costed in outline to ensure that the plan is financially feasible. Costs have been disaggregated by possible sources of finance, and phased during each of the Plan's five years.

The funding of ARDP 2009-13 has been based on the assumption that projects funded by donors will increasingly involve a grant component, particularly as IPA 2009 starts to come on stream (say, in 2010), and when Kosovo becomes eligible for Rural Development support (Component 5 of IPA), disbursed through IPARD once it becomes an EU candidate country.

The indicative financial plan for ARDP 2009-13 is in the region of 200 million euro over 5 years, to be co-financed by government, municipalities, the private sector and donors. (As in ARDP 2007-13), the final cost will depend on several factors e.g. the timing of the implementation of the eight measures (and related institutional support), the availability and type of donor and government funding, the rate of growth in the economy, and the capacity locally to absorb donor assistance. The financial plan for the implementation of ARDP 2009 - 13 represents the update of the original 2007-13 ARDP, and has been prepared after considering possibilities for public revenue and donor support over the 5 year period.

In summary, the total budget for ARDP 2009-13 approximates 40 million Euro per year to fund all 8 measures. This is feasible. It reflects 20 million Euro per year of national funding from central and municipal governments (covering all eight measures, including rural infrastructure), 10 million Euro per year from the private sector (including loans from financial institutions), and 10 million Euro per year from all donors.

Funding details for ARDP 2009-13 are summarised in **Chapter 7**.

Implementing ARDP 2009-13

Implementation of ARDP 2009-13 will depend on cooperation between the public and private sectors.

A public/private partnership (PPP) has been established¹⁹ to facilitate a constructive and continuous dialogue and communication between all key stakeholders in the total food chain i.e. producers and their associations, input suppliers, processors, wholesalers, retailers, supermarkets, exporters, importers, advisory services, banks, processors, donors, research institutes, government ministries and bodies, chambers of commerce, consumers, NGOs and other representatives of civil society.

The purpose of the PPP is to make sure that, as the main public sector partner, MAFRD is listening to the problems that are holding back development of private entrepreneurship in Kosovo's agri-rural sector, and taking appropriate policy/legal/institutional action that will eliminate inefficiencies in the food chain, and create an enabling environment within which the private sector can develop and prosper.

The Managing Authority, the Monitoring Committee and Grant Management Committee (and technical sub-committees) have been established by the Minister of Agriculture in 2009 to facilitate implementation of ARDP 2009-13.

Geographic Scope of ARDP 2009-13

ARDP 2009-13 is being applied in all areas of Kosovo, including less favoured areas, with the exception of municipal centres and Pristina. Exemption to this rule is provided for agro-processors, since some of these enterprises (directly or indirectly related to the development of rural areas) are located in urban areas.

Expected Impact of ARDP 2009-13

Development in rural areas is being intensified as a consequence of implementing ARDP 2009-13. Modernisation of agricultural holdings, including land consolidation, soil analysis, investment in machinery, provision of improved seed, feed and livestock, as well as in human resource development and technical/business training, are leading to increased agricultural competitiveness and farm profitability. Efforts to raise farmers' performance towards best practice levels, as well as offering them "seeing-is-believing" visits outside Kosovo, are having positive impacts on efficiency, competitiveness, income levels, living standards and employment opportunities. **Annex 9** outlines examples of comparative best practice for selected commodities.

¹⁹ Based on the Partnership outlined in **Chapter 10** and the Monitoring Committee (see **Chapter 9**).



Although there are many unknown variables that could affect overall development in Kosovo's agri-rural sector up to 2013, the indicators in **Table 2.1** represent a reasonable scenario of targeted change²⁰. Further, MAFRD's assessment is that the implementation of ARDP 2009-13 will lead to fulfilment by the end of 2013 of the general and specific objectives set out in **Figure 2.1**.

²⁰ A task assigned to the **Managing Authority** is to update all indicators annually (as well as to add new ones) in line with those benchmarked by recent accession countries and current candidate countries: see an example in **Chapter 9**. This task can be out-sourced to local universities and policy institutes, working in close cooperation with MAFRD's Policy Department.

Table 1.9: Scenario of Targeted Change

Indicator	Unit	2004 Base	2006	2013 ²¹	Source (2004/6)
Competitiveness and Efficiency					
Commercial bank loans for agriculture	% of total loans	2.0	4.0	12.5	BPK
Irrigated area	% of total arable land	5.1	8.5	20	IU MAFRD
Average small farm size	Ha	1.6	1.5	1	AHS 2004/2005
Average large farm size	Ha	15.0	19.3	30	AHS, SO MAFRD
Dairy cow in large farm	Unit/large farm	4.4	5.45	20	AHS
Productivity					
Wheat grain	To/ha	3.8	3.9	5	AHS
Potato	To/ha	21.1	23.0	35	AHS
Number of tractors >40HP	Units	19,956	25,236	30,000	AHS
Quality of main agricultural produce					
Milk grade A (dairy processing plant VITA)	% raw milk sold	30	50	100	KAMP
Rural society					
Agricultural population: Secondary school completed	%	34.4	34.1	75	AHS
Agricultural population (Age group 30-49)	% of total	24.1	24.1	50	AHS
Household income					
Average wage Public sector	Euro/month	182.1	190	600	MLSW
Cash wages and salaries net of tax Rural area	Euro/month	125.9	176.2		HBS/WB
Cash wages and salaries net of tax Urban area	Euro/month	207.6	215.1		HBS/WB
Profit/Loss Potato farm	Euro/ha/y	1,500	2,000	3,500	FADN, ISMAFRD
Profit/Loss Dairy farm	Euro/cow/y	126	214	500	FADN, ISMAFRD
Dependence on Agricultural sector	Farm revenue/Farm expenditure	0.8	1.06	2	AHS, ISMAFRD

²¹ Source for targeted change in 2013: MAFRD

Assumptions

1. Agricultural employment will decline by 5% per year
2. Proportion of young farmers will grow as elderly farmers retire/die: higher levels of support for young farmers will encourage them to take up farming activities
3. Growth of rural household disposable income will catch up with national average.
4. Productivity of main agricultural production will increase because of (a) investment in agricultural holdings, and (b) inefficient farmers leave the sector

ARDP 2009-13: Providing Continuity

It is important to note that ARDP 2007-13 is not a new „box of tricks“. The eight measures identified are already being supported to varying degrees in Kosovo’s municipalities.

ARDP 2009-13 provides for ongoing continuity in these eight areas, and offers an umbrella under which projects can be funded by donors on a rational and consistent basis. It also creates a medium term planning framework for development of the agri-rural sector that:

- links ARDP 2009-13 with important national planning activities e.g. the MTEF;
- identifies a policy framework (matrix)²² that links on a rational and consistent basis domestic actions, (including import substitution and export strategies for selected commodities), with priority donor-funded projects related to the Plan’s eight measures;
- addresses the present domestic financial situation, and helps government to target better its NAP funded through the KCB;
- helps Kosovo’s agri-rural sector to prepare for candidacy and the complex EU pre-accession phase;
- identifies the administrative and legal capacity building (including Twinning and TAIEX) that is required in the key institutions responsible for implementing ARDP 2009-13;

²² This will enable the rural private sector to develop, covering key issues such as access to commercial credit, land consolidation, and negotiating access to job opportunities in other parts of Europe through a managed policy of outward migration from rural areas.



- outlines possible areas of cross-border and regional development cooperation, in order to increase access to markets, as well as facilitate dialogue and reconciliation; and
- takes into consideration the need to support local communities, as well as cross-cutting issues such as ethnicity, gender, youth, migration and the agro-environment.

Immediate Priorities

Concerning priorities, these have to be linked in 2009-13 (as in 2007-13) to available financial resources and implementation capacity. Domestic financial resources are still limited. Further, absorptive capacity continues to be weak, and is still dependent on outside technical assistance, (though less than in 2007).

To be specific, the Minister of Agriculture said at the 16th STM meeting in Pristina on 12 June 2009 that the immediate challenges in 2009-11 are to address the short and medium-term priorities of the European Partnership for Kosovo's agri-rural sector, (including forestry and fisheries). These include the following actions:

1. Implement secondary legislation related to the approved Food Law (**Done**);
2. Use the Kosovo Food and Veterinary Agency to reorganise relevant institutions to implement this law i.e. establish an unique organisation of central, municipal and border inspectors (phytosanitary, sanitary and veterinary) (**Done**);
3. Approve the draft Law on Agriculture and Rural Development (**Done**) and related secondary legislation (**In preparation**);
4. Create (a) MAFRD as the Managing Authority, (b) a Monitoring Committee for ARDP, and (c) a Grant Management Committee as the fore-runner of the Paying Agency (to be named the Kosovo Rural Development Agency) (**Done**);
5. Create an inter-ministerial working group to formulate a strategy to upgrade agro-processors to European standards, based on an EC check list (**Done**);
6. Focus implementation of ARDP 2009-13 on the following priorities:
 - a. restructuring the agricultural sector, including providing grants for farmers and implementing land consolidation (**Measure 2**);
 - b. supporting irrigation, particularly tertiary irrigation, as well as irrigation providers and water users' associations (**Measure 3**);
 - c. modernising agro-food establishments that have high potential for export and import substitution (**Measure 4**); and
 - d. implementing local community development strategies based on the principles of LEADER+ (**Measure 8**)²³.

²³ Particularly getting rural economic operators to organise themselves more efficiently into public/private/3rd sector Local Action Groups (made up of the administration, businesses and Civil Society), Producers' Associations and Cooperatives.



Outlining the immediate priorities for 2009-11 does not mean that work will stop on implementing the Plan's four other key measures to improve: vocational training to meet rural needs (**Measure 1**); natural resource management, environment and land use (**Measure 5**); rural diversification (**Measure 6**); and economic, social and cultural infrastructure in rural areas (**Measure 7**). Neither will work stop on continuing to build administrative and human capacity at central and municipality levels in the organisations that will support implementation of ARDP 2009-13 (and then ARDP 2014-20). All these activities will be progressed in line with the availability of funds (domestic and donor) and increased absorptive capacity.

A critical and continuing priority is the need to increase farmers' and processors' access to commercial credit available through banks and micro-finance institutions. This requires actions and a NAP (funded through KCB) to help local financial institutions manage better the risks involved in lending to farmers and food processors. This requires continuing donor-funded technical assistance to support farmers and Producers' Groups to adopt best practice technologies suitable for conditions in Kosovo, (with advice being given by the Rural Advisory Service, NGOs and food processors). It also requires consolidation of agricultural land, as well as the creation of a realistic land market, so that land can be used as collateral for commercial loans.

Finally, a national workshop on Agriculture Policy 2009-13 was held on 15 January 2009. It outlined a Next Steps Programme (NSP) to facilitate implementation of ARDP 2009-13. Details of the NSP are given in **Annex 10**.



Chapter 3

The prior appraisal of ARDP 2007-13

The prior appraisal of ARDP 2007-13 has not been repeated for the 2009-13 update

Chapter 4

Measures

The eight measures being implemented under ARDP 2009-13 are summarised below. Physical and performance indicators for monitoring progress in implementing the measures are being developed by MAFRD: (see **Chapter 8**).

In addition, a short summary is given below of the implementation status of each measure at 14 August 2009.

Each measure has a current priority status of either **Very High** or **High**. This reflects the priorities outlined by the Minister of Agriculture to the STM meeting held in Pristina on 12 June 2009.

4.1 Measure 1 - Development of Vocational Training to Meet Rural Needs (Priority Status - High)

Kosovo's agriculture sector plays an important role in the rural/national economy, as well as in social life. Presently, the sector contributes one quarter of Kosovo's GDP, and employs two thirds of the total adult population. Kosovo's agriculture has to improve its competitiveness, productivity, efficiency and product quality, in order for the sector to: make a significant contribution to economic growth and employment; guarantee adequate and stable incomes for the rural population; and face competition (in due course) in the EU's Single Market.

The sector is tackling major drawbacks: for example, a low level of efficiency, fragmented agricultural land/production, and poor quality of produce. Human resource development is vital if these problems are to be overcome. Technical, business and IT training is being provided under **Measure 1** to help farmers (particularly young farmers) to:

- modernise their operations, with the aim of creating competitive businesses;
- restructure their activities, in order to improve the viability of farm businesses;
- ensure farms comply with EU requirements;
- set up new, but profitable farms;
- introduce improved breeds and seeds;
- implement quality and hygiene standards;
- improve the traceability, storage and hygienic handling of produce;

- meet environmental requirements;
- re-orientate agricultural production towards organic foods;
- improve animal welfare;
- improve the handling and storage of farm waste;
- establish Producers' Associations; and
- improve access to, and use of, market information (supply, demand, quality and price).

Whilst the objective of vocational training is to increase the number of viable farms, increased competition will lead to withdrawal of a large number of inefficient farmers from the agriculture sector. Therefore, it is necessary to give them training to acquire skills with which they can create alternative business and/or employment opportunities. Employment creation is through on- and off-farm diversification, development of micro-enterprises and SMEs, agri-processing of new products, rural tourism and development of other rural-based services, including forestry, fisheries and hunting. Local level community strategies that are focused on rural initiatives that have been developed by Local Action Groups are facilitating this: (see **Measure 8**).

Measure 1 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Measure 1 is directed at improving human potential in the agri-rural sector, particularly helping young farmers to establish themselves as new businesses. Assistance includes the design and delivery of vocational training courses by the Kosovo Rural Advisory Service and other accredited organisations that offer advice (e.g. input suppliers, consultants and NGOs). Training covers improved farm management, accounting and business planning procedures. Further, **Measure 1** is assisting farmers in least favoured areas, as well as helping those that wish to make the transition from subsistence to semi-commercial farming, and from semi-commercial to commercial farming.

Concerning vocational training under **Measure 1**, specific operations are preparing farmers for: the reorientation of production to focus on quality; the application of production practices compatible with the maintenance and enhancement of the landscape; the protection of the environment, hygiene standards and animal welfare; and the management of an economically viable farm. Vocational training courses include, but are not limited to:

- new technologies of agricultural production;
- business economy, management, financial accounting;
- environmental protection, and eco-friendly/organic farming;
- alternative businesses in rural areas i.e. diversification;
- producers' cooperatives, market linkages and business development;
- information technologies; and



- language skills.

A website will be created to offer vocational training courses on-line that can be accessed through Rural Advisory and Business Advisory Centres in the municipalities, as well as at home.

Successful implementation of **Measure 1** is contributing directly to, and serving achievement of, objectives under **Measures 2-8**.

The specific objectives of **Measure 1** by the end of 2013 are to provide targeted vocational training courses in each municipality to all farmers, rural households and rural economic operators who qualify for support: see **Chapter 6**. A vocational training website will be created through which trainees can access training materials.

Donor-funded projects in support of **Measure 1** are presented in **Annex 3**.

Implementation status of Measure 1 at 14 August 2009

Little progress has been made in implementing **Measure 1** fully. Although training and technical advice are given by the Rural Advisory Services to beneficiaries, there is no comprehensive vocational training action plan to implement this measure. A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement such an action plan during 2010-13. In particular, such a plan must facilitate the early retirement of existing older farmers.

Measure 1 is being supported through various projects:

- support for Private Rural Advisory Services (100.000 €, KNB)
- support for VET/Agriculture Secondary Schools (DANIDA, Luxembourg)
- support for Secondary School (Norway)
- Involvement of NGOs

4.2 Measure 2 - Restructuring Physical Potential in the Agri-Rural Sector (Priority Status - Very High)

Measure 2 is helping to restructure physical potential in the agri-rural sector by promoting investments and related activities that will improve farm business efficiency and competitiveness. **Measure 2** is promoting capital investment in farm machinery, equipment, buildings and other production facilities relevant to livestock, field crops, fruit and vegetables, including grapes for table and wine. **Measure 2** is providing support for economically viable family farms, producers' groups and other agricultural holdings.



Particular focus is being given to supporting young farmers and farm businesses in less-favoured areas. **Measure 2** is planning to provide support to agricultural holdings involved in (certified) organic farming, in order to mitigate against possible negative environmental impacts caused by more intensive agricultural activities.

Measure 2 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

The overall objective of this measure is to improve the structure of agricultural holdings and improve efficiency. This is being done by: reducing the costs of production; encouraging the acquisition of modern equipment and technologies; using better seeds and breeds; improving the quality of production; consolidating land; and ensuring research and higher education are focussed on increasing competitiveness.

Specific operations being applied under **Measure 2** include:

- investment in machinery/equipment at farm level (including building renovation and new building), as well as improved inputs, funded through the allocation of KCB-funded grants, as well as increased credit available from commercial banks and micro-finance institutions, particularly targeted at young farmers; and
- land consolidation²⁴.

This measure is in *compliance with CAP objectives*, such as: a competitive agricultural sector, safe production with quality products, vibrant rural communities generating employment and opportunities, and environmentally sustainable production.

Measure 2 is aimed at semi-commercial/commercial farms and groups of smaller farmers whose financial and economic viability can be demonstrated, where investments can be justified by greater returns resulting in sustainable development of economically strong agricultural units.

Successful implementation of this measure is directly contributing to, and serving achievement of, objectives under **Measure 4**.

Specific objectives are to build a food industry that can compete successfully in domestic and external markets, as well as meet EU and national environmental, hygiene and health standards. Targets by the end of 2013 under **Measure 2** are to support farms that invest in new equipment and facilities. Young farmers, Producers' Groups and farmers in less favoured areas are being targeted for assistance.

²⁴ This could include the establishment of a land fund for Kosovo (e.g. to buy up temporarily and manage land purchased under a future early retirement scheme under **Measure 1**: this land can be sold again through the land consolidation programme and related projects).



Donor-funded projects in support of **Measure 2** are presented in **Annex 3**.

Implementation status of Measure 2 at 14 August 2009

Substantial progress has been made in implementing **Measure 2**. Donor support is focused on supporting horticulture (Switzerland/Denmark and Italy). Sub-sector strategies are available for horticulture and livestock. A KCB-funded grant programme for 2009 totalling **5,167 million euro** has been targeted on horticulture, vineyards, dairy cows, sheep, food processing, manure storage and local development initiatives²⁵. The KCB grant programme will increase from 2010 onwards, supported by a grant programme to be funded through the IPA 2009 programme. A major requirement is for multilateral/bilateral donors to take responsibility for helping MAFRD to prepare and implement sub-sectoral action plans (other than horticulture) during 2010-13.

Measure 2 is supported through the following KCB-funded projects in support of:

- Land Consolidation
- Vineyard cadastre
- Matching grants: greenhouses, vineyards, livestock (milking heifers, sheep and goats), wheat harvest and autumn planting

4.3 Measure 3 - Managing Water Resources for Agriculture (Priority Status - Very High)

The establishment of a sustainable, competitive and environmentally friendly agri-rural sector cannot be implemented without rational and profitable use of water resources. This will require the rehabilitation, restructuring and development of the irrigation infrastructure.

Considerable further investment in rehabilitation of irrigation infrastructure is required to achieve the 1991 level of irrigable area. Similarly, but to a much lesser extent, additional investment is needed to enable farmers to benefit fully from previous donor support of irrigation. Such investments need to be directed primarily towards easing production constraints for farmers with land under the command of rehabilitated primary, secondary and tertiary level irrigation infrastructure.

The medium term irrigation strategy 2007-13²⁶ is to:

1. improve water management in the supply and distribution network, as well as in the field, moving towards the achievement of international best practice;
2. improve water fee and/or water tax collection;
3. improve spatial planning and law enforcement;

²⁵ Orchards will be supported during 2010 onwards.

²⁶ Developed in April 2006 by a MAFRD-coordinated Irrigation Working Group, supported by the EC-funded AMPK project: (the strategy is available from MAFRD's Irrigation Department).

4. require the municipalities to develop irrigation, drainage and flood protection schemes, (where technically and financially feasible), on the basis of approved land suitability maps;
5. work closely with the Advisory Service to promote the development of high value-added irrigated crops;
6. promote further investment in the irrigation sector, initially in rehabilitation works; and
7. strengthen the institutions in charge of irrigation, drainage and flood protection (capacity building, human resource development, data collection, technical studies, investment planning, training on-the-job and twinning).

The strategy aims to create the best environment and conditions for all irrigation schemes. This first requires a strong commitment and involvement by the municipalities and farmers in the collection of water fees and undertaking regular operation and maintenance (O&M) of the irrigation infrastructure, prior to all rehabilitation and/or upgrading works. Without this commitment/involvement, no sustainable water management by farmers, water users' associations (WUAs) and irrigation providers (IPs) will be achieved. The improvement of water management will require: upgrading of traditional schemes; investment in local expertise (IP staff); organisation and strengthening of the WUAs; and the commitment of the authorities (municipalities, river basin authorities and MAFRD/KPA/MESP).

Further, the successful development of profitable, high value-added irrigated crops requires: properly trained agricultural extension services; clear technical advice for farmers; availability and correct application of appropriate agricultural inputs; development of food processing facilities that meet international standards; and the possibility to sell produce to new markets.

Measure 3 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Specific operations²⁷ being applied under **Measure 3** are:

- investment in overall irrigation systems (primary and secondary level);
- investment in irrigation systems at farm level; and
- provision of support for IPs, existing WUAs, and the creation of new associations.

Measure 3 is linked with the following measures of ARDP 2007-13:

²⁷ These operations are being supported further by operations under **Measure 1** (training of farmers in relation to irrigation and training of members of WUAs), and under **Measure 8** (LAGs - Community Area Development Plans).



- Restructuring physical potential in the agri-rural sector (**Measure 2**)
- Improving the processing and marketing of agricultural products (**Measure 4**)
- Improving natural resource management (**Measure 5**)
- Improvement of rural infrastructure and maintenance of rural heritage (**Measure 7**)
- Support for local community development (**Measure 8**)

Specific objectives for **Measure 3** by the end of 2013 are to rehabilitate selected primary and secondary irrigation channels, as well as tertiary irrigation facilities, as detailed in the medium term irrigation strategy. Further, investment in other forms of irrigation: bores, pumps etc. will be undertaken. It is anticipated that commercial/semi-commercial farms and smaller farmers working in Producers' Groups will benefit from support for irrigation.

Donor-funded projects in support of **Measure 3** are presented in **Annex 3**.

Implementation status of Measure 3 at 14 August 2009

Substantial progress has been made in implementing **Measure 3**. A KB-funded grant programme for 2009 totalling 1.8 million euro has been targeted on irrigation schemes. The KB grant programme will increase to 2 million euros from 2010. A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement a comprehensive irrigation sub-sector action plans during 2010-13.

4.4 Measure 4 - Improvement of Processing and Marketing of Agricultural Products (Priority Status - Very High)

Processing is important to Kosovo's industry and rural areas. The agricultural sector is strongly dependent on the agri-business industry, as it usually processes local agricultural produce. Kosovo's processing industry is fragmented. It is characterised by over-capacity and inefficiency.

Measure 4 is helping to improve the quality and marketing of processed food products, (as well as fresh produce), adapting them progressively to meet EU standards. Producers and processors are being helped to participate in food quality schemes that promote the quality and safety of food products. Institutionally, the Kosovo Food and Veterinary Agency established in 2009 is facilitating implementation of **Measure 4**.

To build a competitive food industry, specific operations being implemented under **Measure 4** are to:

- support innovation and modernization in the agro-processing sector;

- restructure the agro-processing sector;
- develop higher value-added products that fulfil international hygiene, food safety and quality standards for consumers;
- introduce environmentally friendly technologies;
- improve efficiency;
- improve the marketing and labelling of quality products (processed and fresh); and
- improve the structure for, and enforcement of, quality, sanitary, veterinary and plant-health controls.

Processors are being assisted to: increase the efficiency, quality and value of their products; invest in minimum waste technologies; meet EU and national environmental, hygiene and health standards; and provide a better service to their farm suppliers. Further development of the meat processing industry depends on the establishment/rehabilitation of slaughterhouses that comply with EU requirements, as well as the establishment of an animal waste product rendering plant.

The main objectives of **Measure 4** are to improve the quality of processed products, introduce innovative and effective production methods, and make progress towards achievement of EU hygiene, phytosanitary, sanitary and veterinary requirements, at the same time as supporting the restructuring (concentration, rationalisation and modernisation) of the agri-food industry. Support is contributing to increased competitiveness and higher added value of agricultural products. The measure covers the dairy, meat, grain, fruit and vegetable sub-sectors, as well as bottled water, wine and malt/beer. Support is helping to improve by-products' utilisation, the introduction of higher value added products, the creation of local level collection centres, the introduction of HACCP-based food safety management systems, improved marketing and labelling of fresh and processed food products, and upgrading production lines and related facilities to meet EU requirements, including laboratory and quality control equipment modernisation.

Measure 4 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

This measure is being carried out *in compliance with CAP objectives*, such as achievement of a competitive agricultural sector and safe production with quality products. It demonstrates a clear connection between inputs to agriculture (support) and outputs (benefits to society).

Specific objectives are to assist farmers, food processors and Producers' Groups in all production/processing/marketing supply chains (e.g. milk, meat, cereals, fruit/vegetables etc.) to meet EU requirements on hygiene, food safety, health, quality and environment. The measure will assist all food processing enterprises (e.g. dairies,



slaughterhouses, bakers, bottling plants etc.) that can demonstrate financial viability whilst meeting EU requirements. The measure is seeking finance to establish one rendering plant that meets EU requirements.

Donor-funded projects in support of **Measure 4** are presented in **Annex 3**.

Implementation status of Measure 4 at 14 August 2009

Substantial progress has been made in implementing **Measure 4**. The Food Law has been passed, and the Kosovo Food and Veterinary Agency established. The USAID Public Enterprise Programme is supporting private sector activities, including food processing during 2010-13.

Measure 4 is supported through the following projects:

- food safety and quality standards for consumers (200,000 euro, KNB)
- creation of local level collection centres (NGOs)
- introduction of HACCP-based food safety management systems (USAID)
- improved marketing and labelling of fresh and processed food products (EC, GTZ)
- matching grant scheme (KNB)

4.5 Measure 5 – Improving Natural Resource Management (Priority Status – High)

Measure 5 is focusing on ensuring the sustainable use and management of natural resources, particularly pastures, that part of forests used for firewood, and Natura 2000 sites, as well as increasing awareness of environmental issues and bio-diversity. The measure is supporting smaller producers, as well as producers' associations and cooperatives which use municipality lands for pasture grazing through improved management and fodder production plans, as well as best land-use practice so that marginal land can be used on a sustainable basis. This includes identification of integrated rural development and village re-vitalisation components that address community support, SME development, agro-tourism, alternative land use, farm enterprise diversification, and agro-forestry-environmental activities. **Measure 5** is also focussing on decreasing the negative impact of agriculture on the environment, restoring traditional landscapes and increasing bio-diversity.

Concerning forestry development and afforestation, these are alternatives for the use of agricultural land. Furthermore, forestry is an important economic activity in mountainous areas²⁸, and can provide new long-term employment opportunities. As

²⁸ The unique communities and environments in mountainous areas, (often less-favoured areas), risk being abandoned. Integrated development of all sectors - especially the role played by nature protection - and diversification of livelihoods is addressing mountain predicaments, constraints and challenges. Further, the illegal cutting of firewood is being



private forestry is underdeveloped, **Measure 5** is supporting sustainable economic, environmental and social use of forests in rural areas, including national parks, with particular emphasis on afforestation of abandoned agricultural land, and improvement of forest infrastructures. The measure is assisting afforestation and the establishment of agro-forestry systems, particularly in Natura 2000 areas. The measure is protecting the forest environment, restoring forestry production potential, and introducing actions against illegal cutting, as well as providing support for non-productive investments in the forestry sub-sector. As a relatively large number of private forest owners are farmers, forestry is one of the solutions to enhance rural development. Some farmers may see an opportunity to shift from agricultural production to forestry. Increased afforestation of abandoned agricultural land is an important activity, both to reduce dependency on agriculture and improve environmental conditions in rural areas. This will positively influence landscape diversity and stability. In a broader international perspective, a modification of land-use towards an increased share of land with a more permanent plant cover will contribute positively to present policies on climate change through carbon sequestration, and by promoting sustainable forest management. Also, bio-diversity can be positively affected.

Measure 5²⁹ complements activities being implemented under **Measure 6** and **Measure 8**, (as well as **Measure 4** in the area of saw milling and timber processing). Specific operations being implemented under **Measure 5** are to support on a pilot basis³⁰, particularly in less favoured areas:

addressed so that maximum value can be extracted from timber resources on a sustainable basis. This requires creating an impetus for more effective and broader rural policies that take account of environmental and bio-diversity issues.

Measure 5 is being used in part to examine what are the most effective policies for releasing the potential of mountain, remote and forested rural areas in Kosovo. This includes improved pasture management, improved private sector afforestation, use of thinning to avoid illegal cutting of firewood, development of national parks and Natura 2000 sites, and creation of local bio-diversity action plans. Questions being asked (and answered) under **Measure 5** include:

- Which sustainable agriculture and rural development policies will strengthen the livelihoods of the population of these areas?
- How can rural, agricultural, forestry and environmental policies become more integrated?
- What are the best environmental and sustainable development practices?
- What training, education and research activities are required in support of mountain areas?
- What new business opportunities exist to diversify and add value to mountain areas?
- How can the human potential from all ethnic groups be energised, and what is the role of women and youth in this process?
- How can Kosovo prepare for changes arising from reform of the CAP?
- How can domestic, cross-border and wider regional cooperation be developed in mountain areas?

²⁹ **Measure 5** is the only measure in ARDP 2009-13 that is related directly to Axis 2 in the Plan. According to Council Regulation 1698/2005, article 17, at least 25% of the total ARDP budget should be used for Axis 2 measures and operations. As these are under-represented in ARDP 2009-13, this will be corrected in due course following review by the Management and Monitoring Committees: see **Chapter 9**).

³⁰ It is important to tread carefully under this measure. Undertaking activities on a pilot basis will allow MAFRD (and MESP) to identify sustainable actions, and stop quickly those actions that are not anticipated to be net contributors to natural resource management.



- first time afforestation on agricultural land in areas with low agricultural production value;
- change of land use in Natura 2000 areas (by implementation of Natura 2000 protection schemes);
- improvements in bio-diversity in existing forests; and
- the establishment and operation of Pasture Users' Associations.

A review of saw milling and timber processing capacity in Kosovo was undertaken in 2007/8 by the technical assistance team that implemented the EC-funded project on Sustainable Forestry Management.

Measure 5 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Targets by the end of 2013 include:

1. starting pilot integrated rural development schemes in mountain areas and designated areas of special concern, especially where there are cross-border possibilities;
2. afforesting selected areas in line with recommendations developed by the EC-funded Sustainable Forestry Management project; and
3. designing, and identifying donor funding for a project that will upgrade saw milling and timber processing to meet EU requirements.

Donor-funded projects in support of **Measure 5** are presented in **Annex 3**.

Implementation status of Measure 5 at 14 August 2009

Progress has been made in implementing **Measure 5**. The two-year EC-funded Sustainable Forestry Management project finished at the beginning of 2009, and will be consolidated through further support under IPA 2009. A forestry strategy for 2010-20 has been completed. SNV opened an office in Kosovo during 2009 to help develop private sector forestry (and agro-enviro-forestry-mountain area tourism).

A pilot KCB-funded grant programme for 2009 totaling 40,000 euro is under implementation to improve manure storage in Prizren municipality. MAFRD developed an agro-environmental policy in 2008-9 (including EC-recommended indicators), and is developing organic agriculture with an outline plan consisting of short, medium and long-term priorities. The KCB grant programme will increase from 2010 onwards.

A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement a comprehensive natural resource management sub-sector action plan during 2010-13.

Measure 5 is supported through the following projects:



- Reforestation (158,000 euro, KNB)
- Special Preparatory Programme pilot project on manure storage in Prizren Municipality, (40,000 euro, KNB)

4.6 Measure 6 - Farm Diversification and Alternative Activities in Rural Areas (Priority Status - High)

Structural changes in the agricultural and food processing sectors affect rural employment. It is important therefore to create favorable conditions for farm diversification, in order to stimulate new businesses, employment opportunities and additional incomes in rural areas. Support under **Measure 6** is focused on encouraging alternative farm and rural enterprises involving non-surplus products e.g. inland water fisheries. Further, rural tourism that exploits natural and cultural resources also represents potential for additional income and the creation of new job opportunities in rural areas. Apart from on-farm diversification, rural dwellers are being encouraged to undertake new, non-farm activities. Support is being provided for the development of small firms, craft enterprises and local services, as well as the marketing of fresh/processed local agriculture, forestry, fisheries and hunted products.

Development of rural businesses and alternative activities in rural areas is slow, and has much to do with the attitude of rural inhabitants. Countryside activities are still viewed as a way of life rather than a business. Also, as farmers often lack basic farm management, business and marketing skills, this limits their potential to diversify. However, in certain areas of Kosovo, where natural conditions impose constraints to natural agriculture, alternative rural business activities have advanced, and such positive trends are being encouraged.

Measure 6 is supporting non-traditional activities and services in rural areas, in order to create additional employment and generate additional income for rural inhabitants. These include organic farming as well as alternative, non-agricultural activities e.g. tailor, hairdresser, agro/eco tourism services, hunting, inland fisheries and non-timber forest products e.g. berries, mushrooms, soft fruits, honey and medicinal plants. Activities under **Measure 6** are being implemented in close coordination with **Measure 1**, **Measure 4** and **Measure 8**.

Measure 6 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Specific operations under **Measure 6** are to provide support for:

- rural tourism initiatives both at farm level and village/community level;
- branding and marketing of local products e.g. Sharri Mountain produce;



- shifting from conventional to organic production at farm level³¹; and
- marketing of organic products.

This measure is being carried out *in compliance with CAP objectives*, such as: vibrant rural communities generating employment and opportunities, and demonstrates a clear connection between input to agriculture (support) and output (benefit to society).

Targets for the end of 2013 under **Measure 6** are to facilitate the start-up of viable off/on farm businesses in each of Kosovo's municipalities.

Donor-funded projects in support of **Measure 6** are presented in **Annex 3**.

Implementation status of Measure 6 at 14 August 2009

Little progress has been made in implementing **Measure 6** fully. Local Action Groups have included rural diversification within their local development strategies. Although rural diversification is encouraged, there is limited training and technical advice given by the Rural Advisory Services to beneficiaries. There is no comprehensive rural diversification action plan with which to implement this measure. A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement such an action plan during 2010-13.

Measure 6 is supported through the following projects:

- rural tourism initiatives at farm and village/community level;
- branding and marketing of local products e.g. Sharri Mountain produce (FAO, GTZ)
- shifting from conventional to organic production at farm level
- processing and marketing of organic products (2.2 million euro, Italy)
- matching grant scheme KNB

4.7 Measure 7 - Improvement of Rural Infrastructure and Maintenance of Rural Heritage (Priority Status - High)

Kosovo's rural infrastructure lags behind that of urban areas. As a result, rural people suffer from lower incomes and quality of life, as well as worsening communication problems and environmental contamination.

Measure 7 is targeting an improvement in rural economic and social infrastructure. This aims to improve working/living conditions and basic services in rural areas, as well as facilitate village renewal and improve rural heritage. **Measure 7** covers: the development of domestic sewerage/water supply systems (rehabilitation and new

³¹ Support for organic farming is also seen as an operation to strengthen **Axis 2**, and thus increase the percentage of resources allocated to it to move towards the 25% target. The law on organic agriculture and related AIs have been updated to bring it into line with EU legislation that came into force on 1 January 2009.



investments); the development of roads in rural areas (rehabilitation and new investment); the development of a rural broadband infrastructure, with which to facilitate the adoption of information technology (IT) skills; and the rehabilitation of cultural centres in rural areas e.g. monasteries, churches and other historical/cultural heritage sites, (a by-product of which will be the development of rural tourism).

Measure 7 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Specific operations under **Measure 7**³² are providing support for:

- investment in rural roads;
- investment in sewerage and water supply systems;
- investment in electricity/broadband infrastructure;
- village re-vitalisation/renewal, including land consolidation; and
- rural heritage projects.

Measure 7³³ is providing communications and engineering equipment with which to improve electricity lines in rural areas, rural roads and rural water/waste management systems. This will benefit 1,500 villages and their rural households, either directly or indirectly. Broadband access to the internet, (today, a basic human right), will be available in every village by the end of 2013. During 2009-13, projects will be implemented in municipalities targeting the renovation of monasteries, churches and other historical/cultural heritage centres.

Donor-funded projects in support of **Measure 7** are presented in **Annex 3**.

Implementation status of Measure 7 at 14 August 2009

Progress has been made in implementing that part of **Measure 7** related to rural roads, funded through the Ministry of Transport and Communications. A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement an action plan that will address all rural infrastructure comprehensively during 2010-13.

Measure 7 is supported through the following projects:

- investment in rural roads (MTTC)
- investment in sewerage and water supply systems (MSP, EC)
- investment in electricity/broadband infrastructure (KEK)

³² There is a need to tighten coordination between **Measure 7** and **Measure 8**, (as well as **Measure 2** in respect of land consolidation). This is because local development strategies developed under **Measure 8** can create the framework for the operations to be supported under **Measure 7**.

³³ **Measure 7** is a more "independent" component of ARDP 2009-13, in that the infrastructural elements of the measure are being funded through ministries other than MAFRD.



- village re-vitalisation/renewal, including land consolidation, and rural heritage projects (KNCB, various donors)

4.8 Measure 8 - Support for Local Community Development (Priority Status - Very High)

Support for local community development under **Measure 8** is built around two principles:

1. decisions taken by a local community are more likely to meet the needs of that community; and
2. a community that invests its own time and effort in designing, developing or delivering a strategy that addresses local rural development priorities is more likely to use and maintain the services to be provided under the strategy.

Such priorities have been identified through local development strategies drawn up by Local Action Groups (LAGs) that consist of a partnership of people from the local administration, business and civil society. Such bottom-up strategies are based on ideas to integrated and sustainable development that: are consistent with the national, top-down rural priorities set out in ARDP 2009-13; complement other rural development initiatives; and address social, economic and environmental drivers for change in rural areas³⁴.

ARDP 2009-13 is using this approach at municipality/village level to help rural communities achieve a sense of ownership over the ongoing transition process. **Measure 8** comprises the following elements:

- area-based programmes intended for well-identified sub-regional rural territories;
- a bottom-up approach with decision-making powers for LAGs concerning the elaboration and implementation of local development strategies;
- local public-private partnerships (i.e. the LAGs);

³⁴ Such a strategy can focus on, for example:

- A. **Local institutional development** (i.e. encouraging bottom-up, village-level action; facilitating government/private sector/civil society dialogue; and linking rural development planning by central and local government)
- B. **Market linkage** (i.e. increasing commodity volume; improving commodity quality; forming producers' associations/commodity collection centres, supported by RASS; and linking with commodity markets (processors, wholesalers and end-users)
- C. **Natural resource management** (i.e. introducing improved pasture management; thinning forests for firewood and developing wood/non-wood products; raising environmental awareness, particularly to facilitate eco-tourism; and developing local bio-diversity action plans)

On the other hand, LAGs are free to focus on any priority e.g. area development, land consolidation, or the establishment of a local Business Information Centre. Variation between LAGs is one of the main strengths of the Leader+ approach.



- a multi-sectoral global approach based on interaction between actors and projects of different sectors of the local economy;
- implementation of innovative and pilot approaches;
- implementation of cooperation projects, particularly related to cross-border and regional development; and
- networking local partnerships nationally and internationally.

Measure 8 is built on the creation of partnerships at local level³⁵. The development strategies prepared by the LAGs are ensuring a locally integrated and holistic rural development approach where the interests of all sectors and stakeholders are balanced.

Specific operations under **Measure 8** are providing support for:

- establishment and operation of LAGs, including the appointment and funding of a full-time rural development coordinator for each LAG, as well as a national LAG network linked to similar international groups; and
- the elaboration of Community Area Development Plans at village level, (developed through a participatory approach, in cooperation with all local stakeholders through a series of local workshops, as well as individual and focus group discussions).

Measure 8 is building on the updated SWOT analysis of Kosovo's agri-rural sector outlined in **Chapter 1**.

Measure 8 is facilitating the creation/start-up of, and ongoing support for, LAGs in each municipality, and the creation of a national LAG network linked to international partners. Grants will be sought (from IPA 2009 and other donors) to: (a) initiate at municipality level priority projects based on local agri-rural development strategies; and (b) implement cross-border cooperation pilot projects³⁶.

Measure 8 targets by the end of 2013 the formation of a LAG in each of 1,500 rural villages in Kosovo, implementation of a local agri-rural development strategy in each municipality, and increased cross-border trade and related exchanges in the North, South, East and West of Kosovo.

Donor-funded projects in support of **Measure 8** are presented in **Annex 3**³⁷.

³⁵ Building up private-public partnerships in the preparation and implementation of ARDP 2009-13 is an important requirement of Council Regulation 1698/2005.

³⁶ Implemented under the 2-year EC-funded Local Community Development Strategies' Project (LCDS) that started in the first quarter of 2007. **Annex 7** outlines ideas for cross-border project possibilities.

³⁷ LCDS supported municipalities to:

- develop communities' institutional framework/capacity (LAG of representatives from the administration, private sector and civil society)

Implementation status of Measure 8 at 14 August 2009

Progress has been made in implementing **Measure 8**. The two-year EC-funded Local Development Strategies project finishes in October 2009, and will be consolidated through further support under IPA 2009 (which will make grants available with which to help implement local level strategies). A pilot KCB-funded grant programme for 2009 totalling 40,000 euro is under implementation to support local development initiatives at municipality level. The KCB grant programme will increase from 2010 onwards. A major requirement is for a multilateral/bilateral donor to take responsibility for helping MAFRD to prepare and implement a comprehensive local development action plan during 2010-13.

Measure 8 is supported through the following projects:

- preparation of local community development strategies at municipality level (EC)
- LAG support projects (1.2 million euro, KNB)
- Cross-border cooperation (1.1 million euros, FAO/Lux)

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- prepare/implement local development strategies
 - expand market linkages based on local comparative advantage e.g. forestry
 - manage land and natural resources on a sustainable basis
 - establish and manage farmers' groups
 - prepare local bio-diversity action plans
 - establish market-oriented cross-border projects

Countries that recently joined the EU implemented a Special Preparatory Programme (SPP) at local level to test their capacities to disburse, monitor, administer and account for pre-accession structural funds. SPP included a grant component where EC funds were made available for this purpose.

Chapter 5

National legislation applicable

This Chapter updates the national legal basis for ARDP 2009-13.

Specific national legislation applicable to public funding is given in **Section 5.1**.

Specific national legislation applicable to implementation of the eight measures under ARDP 2009-13 is given in **Section 5.2**.

5.1 Overview of general provisions applicable to public funding

5.1.1 Environment

1. Law on Biocide Products, No. 03/L-119 (approved in the Assembly, but still not promulgated)
2. Law on Integrated Prevention Pollution Control, No.03/L-043, promulgated by Decree No. DL-010-2009 on 23 April 2009
3. Law on Amending and Supplementing Law No. No 2003/1 on Environmental Protection, No. 03/L-025, promulgated by Decree No. DL-007-2009 on 19 March 2009
4. Law on Environmental Impact Assessment, No. 03/L-024, promulgated by Decree No. DL-006-2009 on 19 March 2009
5. Law on Environmental Strategic Assessment No. 03/L-015, promulgated by Decree No. DL-003-2009 on 6 March 2009
6. Law Amending the Law on Spatial Planning No. 2003/14, No. 03/L-106, promulgated with Decree No. DL-055-2008 on 17 November 2008
7. Law on Environmental Protection, No 2002/8, promulgated with UNMIK Regulation No. 2003/9 on 15 April 2003
8. Law on Spatial Planning No. 2003/14 dated 10 September 2003
9. Law on Water No.2004/24 on 14 October 2004
10. Law on Air Protection from pollution No.2004/30 on 25 November 2004
11. Law on Nature Conservation No. 2005/02-L18, promulgated with UNMIK Regulation No 2006/22 on 24 April 2006
12. Law on Metrology, No. 2/L-34, promulgated with with UNMIK Regulation No. 2006/18 on 22 April 2006

13. Law on Waste No. 02/L-30 promulgated with UNMIK Regulation No. 2006/31 on 5 May 2006
14. Law on Hydro-Meteorological Activities No. 02/L-79 promulgated with UNMIK Regulation No.2007/2 of 9 January 2007
15. Law on Chemicals No. 02/L116 promulgated with UNMIK Regulation No. 2008/8 of 8 February 2008
16. Law in Noise Protection No. 02/L-102 promulgated with UNMIK Regulation No. 2008/15 of 17 March 2008

5.1.2 Public procurement

Public procurement rules should be applied to implementation of the rural infrastructure investments identified in ARDP 2009-13:

1. Law on Amendments and Additions to Law 2003/17 on Public Procurement, no. 02/L-99, promulgated with UNMIK Regulation 2007/20 on 6 June 2007; and
2. Law on Public Procurement in Kosovo No.2003/17, promulgated with UNMIK Regulation No. 2004/3 on 9 February 2004.

5.1.3 Administration of public funding

The allocation of the national budget in Kosovo is the responsibility of the Ministry of Economy and Finance. This is enacted by the Law On Public Financial Management And Accountability No. 2003/2 dated 12 May 2002 which is under implementation, and the Law on An Amendment To Law No 2003/2, No 2003/21 dated 17 December 2003, which is also under implementation.

1. Law on Membership of the Republic of Kosovo in the International Monetary Fund and World Bank Group Organizations, No. 03/L-152, promulgated by Decree No. DL-013-2009 on 30 May 2009;
2. Law on the Central Bank of the Republic of Kosovo, No. 03/L-074, promulgated by Decree No. DL-028-2008 on 15 June 2008;
3. Law on Local Government Finance, No. 03/L-049, promulgated by Decree No. DL-015-2008 on 15 June 2008;
4. Law on Public Financial Management and Accountability No. 03/L-048, Decree No. DL-014-2008, promulgated on 15 June 2008; and
5. Law on Management of Public Finances and Responsibilities, No. 2003/2, promulgated by UNMIK regulation No 2003/17 on 12 May 2003.

The income and expenditure of the national budget are enacted by:

1. Law on Republic of Kosovo Budget for 2009, No. 03/L-105, promulgated with Decree No. DL-081-2008 on 30 December 2008;

2. Law on Amendment to Law No. 03/L-088 on the Approval of the Kosovo Consolidated Budget and Authorizing Expenditures for the period from 1 January to 31 December 2008, promulgated with Decree No. 03/L-093 on 7 August 2008;
3. Law on Amendment of UNMIK Regulation No. 2008/13 on the approval of the Kosovo Consolidated Budget and Authorizing Expenditures for the period 1 January to 31 December 2008, No. 03/L-088, promulgated with Decree No. DL-040-2008 on 15 June 2008;
4. Law on the Annual Budget of Kosovo 2008, No. 03/L-013, promulgated with UNMIK Regulation No. 2008/13 on 29 February 2008;
5. Law on the Annual Budget of Kosovo 2007, No. 02/L-112, promulgated with UNMIK Regulation No. 2006/61 on 28 December 2006;
6. Law on the Annual Budget of Kosovo 2006, No. 2/L-61, promulgated with UNMIK Regulation No. 2005/55 on 20 December 2005; and
7. Law on the Annual Budget of Kosovo 2005, No. 02/L-13, promulgated with UNMIK Regulation 2005/12 1 March 2005.

5.1.4 Organization of financial control

Public funding performance is supervised by the State Control. The legal grounds of the State Control activities, functions of the State Control, rights and duties of the State Control officers, procedures for exercising control and parliamentary control over the State Control activities are enacted by the [UNMIK Regulation 2002/18](#), which was promulgated in October 2002.

According to the Constitution of Republic of Kosova, Article 135, the Auditor General is an independent body and is the highest institution of economic and financial control.

The Auditor-General of the Republic of Kosovo is elected and dismissed by the Assembly by a majority vote of all its deputies on the proposal of the President of the Republic of Kosovo.

The Office of the Auditor General and Audit Office of Kosovo was established through [UNMIK Regulation 2002/18](#), which was promulgated in October 2002.

1. Law on the Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo, No. 03/L-075, promulgated with by Decree No. DL-029-2008 on 15 June 2008.

5.2 Specific national legislation applicable to ARDP 2009-13

The following national legislation applies specifically to the eight measures included under ARDP 2009-13.

5.2.1 National legislation applicable to Measure 1 – Development of vocational training to meet rural needs

The administration and planning of vocational training in Kosovo comes under the Ministry of Education through the Law on Vocational and Education Training No.2006/02 L 42. This Law applies together with the UNMIK Regulation No 2006/24 of 25 April 2006.

1. Law on Adult Education and Training No 2005/02-L24 promulgated with UNMIK Regulation No 2005/43 on 7 September 2005
2. Draft Law on Private Education and Training is in the process of being passed.

5.2.2 National legislation applicable to Measure 2 – Restructuring physical potential in the agri-rural sector

1. Law on Amendments to the Law on Administrative Municipal Boundaries, Law on the Privatization Agency of Kosovo, Law on Education in the Municipalities of the Republic of Kosovo, the Law on Official Holidays in Republic of Kosovo, Law on the Kosovo Intelligence Agency, Law on Asylum and the Law on Integrated Management And Control of the State Border, no. 03/L-089, promulgated by Decree No. DL-041-2008 on 15 June 2008;
2. Law on Agriculture and Rural Development, No. 03/L-098, (approved in the Assembly but still not promulgated);
3. Law on Food No. 03/L-016, promulgated by Decree No. DL-004-2009 on 6 March 2009;
4. Law on agriculture inspection No. 03/L-029, promulgated by Decree No. DL-065-2008 on 13 December 2008;
5. Law on Protection OF PLANT Products, No. 03/L-042 07, promulgated by Decree No. DL-061-2008 on 27 November 2008;
6. Law on Amending and Supplementing of the Law No.2003/9 on Farmers' Cooperatives, no. 03/L-004, promulgated with Decree No. DL-050-2008 on 13 October 2008;
7. Law on the Privatization Agency of Kosovo, No. 03/L-067, promulgated with Decree No. DL-023-2008 on 15 June 2008;
8. Law on Protection of Plants Varieties, No. 2007/02-L98 promulgated with UNMIK Regulation No. 2008/24 on 16 May 2008;

9. Law on Organic Farming in Kosovo No. 02/L-122, promulgated by UNMIK Regulation 2008/2 on 8 January 2008;
10. Law on Apiculture No. 02/L-111, promulgated by UNMIK Regulation 2008/5 on 8 February 2008;
11. Law on Plant Protection in Kosovo, No. 02/L-95, promulgated by UNMIK Regulation 2007/6 on 31 January 2007;
12. Law on Fishery and Aquaculture, No. 02/L-85 promulgated by UNMIK Regulation 2006/58 on 20 January 2006;
13. Law on Agricultural Land, No. 2005/02-L26, promulgated by UNMIK Regulation No 2006/37 on 23 June 2006.;
14. Law for the Irrigation of Agricultural Land, No 2005/02-L9, promulgated by UNMIK Regulation No 2005/49 on 25 November 2005;
15. Law on Farmers' Cooperatives, No.2003/9, promulgated by UNMIK Regulation No 2003/21 on 23 June 2003;
16. Law on Planting Material, No 2004/13, promulgated on 28 May 2004;
17. Law on Seeds, No. 2003/5, promulgated by UNMIK Regulation No 2003/10 on 15 April 2003
18. Law on Pesticides, No. 2003/20, promulgated by UNMIK Regulation No 2003/22 on 8 December 2003
19. Law on Fertilizers, No. 2003/10, promulgated by UNMIK Regulation No 2003/22 on 23 June 2003
20. Law on Veterinary, No. 2004/21, promulgated by UNMIK Regulation No 2004/28 on 30 July 2004
21. Law on Livestock of Kosovo, No. 2004.33, promulgated by UNMIK Regulation No 2004/39 on 14 October 2004.
22. Law on Animal Welfare, No. 2005/02-L10, promulgated by UNMIK Regulation No.2005/24 on 9 May 2005
23. Wine Law No. 2005/02-08, dated 14.10.2005 promulgated by UNMIK Regulation No 2005/47 on 14 October 2005
24. Law on Medicinal Products and Medical Devices No.2003/26 promulgated by UNMIK Regulation No. 2004/23 on 07 July 2004

The following Draft Laws are in various stages of being passed:

1. Law on Genetically Modified Organisms, No. 03/L-028 (Passed first reading in the assembly on 29 February 2008);
2. Law on Amendments of Law No. 2003/3 on Kosovo Forests No. 03/L-153 (received by deputies on 19 May 2009, still not passed first reading).

The following Laws are in the process of being drafted as part of MAFRD's Legislative Strategy for 2009:

1. Law on amending the Law Amendment for the Organic Farming No. 02/L - 122, promulgated by UNMIK regulation no. 2008/2 on 8 January 2008;
2. Draft new Law on Agriculture Land Consolidation; and
3. Draft new Law for the Growing and Manufacture of leaf tobacco.

5.2.3 National legislation applicable to Measure 3 - Managing water resources for agriculture

1. The Law for the Irrigation of Agricultural Lands No 2005/02-L9 promulgated by the SRSG on 25 November 2005 applies with the UNMIK regulation No 2005/49 of 25 November 2005.

The following Law is in the process of being drafted as it is part of MAFRD's Legislative Strategy for 2009:

1. Law on amending the Law on Irrigation of Agriculture Land no. 02/L-9, promulgated with UNMIK Regulation No. 2005/49 on 23 November 2005;

5.2.4 National legislation applicable to Measure 4 - Improving the processing and marketing of agricultural products

1. Law on Amendment and Supplementation of the Law No. 2004/17 on Consumer Protection, No. 03/L-131 promulgated by Decree No. DL-009-2009 on 03 April 2009
2. Law on Amending Kosovo Assembly Law No. 2004/9 on the Energy Regulator, No. 03/L-080, promulgated by Decree No. DL-032-2008 on 15 June 2008
3. The Law on the Energy Regulator No. 2004/9 was promulgated by the SRSG on 30 June 2004
4. Administrative Instruction no. 9/2004 the Prime Minister on licensing industrial, food, non-food and construction activities, and certifying Agricultural Products signed by the Government of Kosovo on 8 August 2004, amended and

- complemented by the Administrative Instruction (AI) No. 5/2005. For the amendment and completion of the Administrative Instruction No. 9/2004 On the Licensing of Food, Non Food and Construction Industry Activity and on Certification of Food Industry Products
5. Market Inspection Law No. 2005/02-L1 promulgated with UNMIK Regulation No 2005/29 on 31 May 2005
 6. Law on Trademarks No.2006/02-L54 promulgated with UNMIK Regulation No.2006/38 on 28 June 2006
 7. Customs Code of Kosovo, promulgated with UNMIK Regulation No. 2004/1 on 30 January 2004
 8. Law on Consumer Protection, No. 2004/17, promulgated with UNMIK Regulation No. 2004/42 on 19 October 2004
 9. Law on Internal Trade No. 2004/18 promulgated on 20 October 2004
 10. Law on External Trade Activity No 2002/6 promulgated on 12 May 2003
 11. Law on Foreign Investment No 2005/02-L33 promulgated with UNMIK Regulation no.2006 /28 on 28 April 2006

5.2.5 National legislation applicable to Measure 5 - Ensuring sustainable natural resource management

1. Law on Fire Protection. No. 02/L-41 promulgated with UNMIK Regulation No. 2006/57 on 20 December 2006
2. Law on Kosovo Forestry No.2003/3, promulgated with UNMIK Regulation 2003/06 on 20 March 2003
3. Amendment on the Law No.2003/03 On the Forests of Kosovo No 2004/29 promulgated with on 14 October 2004
4. Law on Hunting No.2005/02-L53, promulgated with UNMIK Regulation No.2006/41 on 11 August 2006

5.2.6 National legislation applicable to Measure 6 - Farm diversification and alternative activities in rural areas

1. Law on Amending and Supplementing and of the Law No.02/L-5 on Supporting the small and Medium Enterprises, no. 03/L-031, promulgated with Decree No. DL-052-2008 on 06 November 2008
2. Law on Support to Small and Medium Enterprises No. 2005/02-L5 promulgated with UNMIK regulation No. 2005/44 on 08 August 2005
3. Law on Hotel and Tourist Activities No 2004/16 dated 3 February 2005

5.2.7 National legislation applicable to Measure 7 - Improvement of rural infrastructure and maintenance of rural heritage

1. Law for amending and supplementing the law 2003/11 on Roads, Nr. 02/L-135, promulgated by Decree No. DL-075-2008 on 30 December 2008;
2. Law Amending UNMIK Regulation No. 2003/16 on the Promulgation of a Law adopted by the Assembly of Kosovo on Telecommunications, Law nr. 03/L-085, Decree No. DL-037-2008 promulgated on 15 June 2008
3. Law on Amending UNMIK Regulation 2004/49 on the Activities of Water, Wastewater and Waste Services Provider, Law nr. 03/L-086, Decree No. DL-038-2008, promulgated on 15 June 2008
4. Law on amending and supplementing the Law no.2004/1 on Road Transport Nr. of law 02/L-127, UNMIK Regulation no 2007/35 promulgated on 19 December 2007
5. Law for Protection Against Natural and Other Disasters No. 02/L-68 for applied for UNMIK Regulation No. 2007/4 of 15 January 2007
6. Cultural Heritage Law no. 2006/02-L88, promulgated by UNMIK Regulation no. 2006/52 on 06 November 2006
7. Law on Road Transport No 2004/1 promulgated with UNMIK Regulation No.2005/23 on 9 May 2005
8. Law on Telecommunications No 2002/7 promulgated on 12 May 2003
9. Law on Roads No 2003/11 promulgated on 27 June 2003
10. Waste Law No 2005/02-L30 dated 05.05 2006 promulgated with UNMIK Regulation No.2006/31 on 05 May 2006
11. UNMIK Regulation No 2000/45 On Self Government of Municipalities in Kosovo promulgated on 11 August 2000

5.2.8 National legislation applicable to Measure 8 - Support for local community development

1. Law on Local Self Government, No. 03/L-040, promulgated with Decree No. DL-008-2008 on 15 June 2008
2. Law on the Administrative Procedure, No. 2005/02-L28, promulgated on UNMIK Regulation no. 2006/33 on 13. May 2006
3. Law on Gender Equality in Kosovo No.2004/2 promulgated on 07.06.2004
4. Law on Freedom of Association in NGOs No.2005/02 -L6 promulgated on 23 February 2005

5.2.9 National legislation – Property

1. Law on amending UNMIK Regulation 2006/50 on the Resolution of Claims Relating to Private Immovable Property, Including Agricultural and Commercial Property, No. 03/L-079, promulgated by Decree No. DL-031-2008 on 15 June 2008
2. Law on Expropriation of Immovable Property No. 03/L-139, promulgated by Decree No. DL-011-2009 on 23 April 2009
3. Law on the Procedure for the Award of Concessions No. 02/L-44, promulgated with UNMIK Regulation No. 2006/27 on 27 April 2006
4. Regulation No. 2006/50 of 16 October 2006 on the Resolution of Claims Relating to Private Immovable Property, including Agricultural and Commercial Property
5. Amending Law on Cadastre and Additions No. 2003/25 promulgated with UNMIK Regulation 2007/33 on 12 December 2007
6. Law on Amendments and Additions to Law 2003/25 on Cadastre, No. 02/L-96 promulgated with UNMIK Regulation 2007/32 on 16 November 2007
7. Law on Cadastre No 2003/25 promulgated on 18 February 2004
8. Law on Impose of the Tax on Immovable Property, No. 2003/8, promulgated with UNMIK Regulation, No. 2003/29 on 5 September 2003
9. Law on Mortgages, No. 2002/4, promulgated with UNMIK Regulation No. 2002/21 on 20 December 2002

Chapter 6

Eligibility of beneficiaries to access funding under ARDP 2009-13

6.1 General selection criteria

Donors are being requested by MAFRD to support the measures, activities and National Agriculture Programme (NAP) identified in ARDP 2009-13, all of which are in accordance with the guidelines of the EU's Rural Development Strategy for 2007-13³⁸.

MAFRD proposes that donors discuss with it the following general selection criteria and related conditions, prior to start-up of any donor-funded project, in order to ensure achievement of the re-structuring objectives targeted under ARDP 2009-13:

- a potential project beneficiary eligible to receive support from a project will be either a private sector rural household, farmer, economic operator or agro-processor;
- all support will be implemented in rural areas (except for **Measures 1, 4 and 8**);
- the support will concern an agricultural product and/or a specific agri-rural activity/service in an approved priority sector;
- the support will relate directly to implementation of the *acquis communautaire*;
- the support will contribute to the overall objectives of ARDP 2009-13;
- the support will assure compliance at the end of project implementation with EC standards regarding hygiene, safety, sanitary, veterinary, food quality, animal welfare and environment: (a prior assessment from the environmental and veterinary national authorities on these items must be submitted);
- a beneficiary/enterprise will meet minimum standards regarding the environment, hygiene and animal welfare: (relevant legal acts, approved by the Kosovo Food and Veterinary Agency, cover the standards regarding hygiene, sanitation and animal welfare);
- where applicable, an environmental impact assessment will be undertaken prior to any investment according to the Law on Assessment of the Impact on Environment (compliant with directives 85/337/EEC and 97/11/EC, including Annexes I and II);
- the support will involve activities that are not already funded or co-financed under other national/donor measures i.e. there is no duplication of donor effort;
- the beneficiary will be legally registered, have no deferred tax liabilities and keep

³⁸ Government administration and personnel costs will not be covered by donors.



- accounts (according to Kosovo legislation);
- the support will not be granted to increase production for which no normal market outlets can be found; and
 - if a project beneficiary is a public body, public procurement rules will be applied³⁹.

³⁹ Where EU grants are to be used, the services, works, machinery and supplies must originate in the EU or Kosovo in accordance with EU financial regulations; the same goes for supplies and equipment purchases by a contractor for works or service contracts if the supplies and equipment are destined to become the property of a project once the contract is completed.

Chapter 7

Financial Plan

7.1 Financial Summary

The indicative financial plan for ARDP 2009-13 is approximately 200 million euro over 5 years, to be co-financed by government, municipalities, the private sector and donors. (As in ARDP 2007-13), the final cost will depend on several factors e.g. the timing of the implementation of the eight measures (and related institutional support), the availability and type of donor and government funding, the rate of growth in the economy, and the capacity locally to absorb donor assistance. The financial plan for the implementation of ARDP 2009 - 13 represents the update of the original 2007-13 ARDP, and has been prepared after considering possibilities for public revenue and donor support over the 5 year period⁴⁰.

Given the current and projected global financial climate, the current version of ARDP 2009-13 is based on a pessimistic scenario for the availability of finance from all sources. While developing this scenario, several developments were taken into consideration. This included but was not limited to: stagnation of GDP growth; decline in GNP due to the global financial crisis; partial disbursement of committed funds by donors; reduced migrant remittances; and limitations in government's absorptive/spending capacities.

Donor finance is required to provide capacity-building, technical assistance, training and twinning support for the agri-rural institutions that will be involved in implementing ARDP 2009-13. Further, resources are required from the KCB (possibly co-financed by donors) to support the National Agriculture Programme.

The total financial cost for the implementation of the eight measures of ARDP 2009-13 is estimated at 196 million Euros. Projected expenditures by measure for each of the five years, by axis and by source of finance, are summarised in Tables 7.1a, 7.1b and 7.1c, respectively.

⁴⁰ Details are given in an Excel file that is held by MAFRD: (MAFRD Budget Analyses.XLS).

Table 7.1a

Pessimistic scenario by Measure specific

Kosovo, ARDP 2009 - 2013			2009	2010	2011	2012	2013	total	% of total
Axis			(million EURO)						
	Measures								
1	1	Development of vocational training to meet rural needs	1	1	1	2	2	7	4%
1	2	Restructuring physical potential in agriculture	11	11	11	15	14	63	32%
1	3	Managing water resources for agriculture	2	2	2	3	3	12	6%
1	4	Improvement of processing and marketing of agricultural products	6	4	6	5	6	27	14%
2	5	Natural resources management	1	9	9	7	7	33	17%
3	6	Farm diversification and alternative activities in rural areas	0	0	0	0	0	0	0%
3	7	Improvement of rural infrastructure and maintenance of rural heritage	3	7	7	14	16	47	24%
4	8	Support for local community development through LEADER	1	2	2	1	2	7	4%
		Total	25	36	38	46	50	196	100%

Table 7.1b

The revised data in ARDP 2009-13
Pessimistic scenario by Axis

Kosovo, ARDP 2009-13			2009	2010	2011	2012	2013	Total	% of total
Axis			(million EURO)						
Axis 1	1	Competitiveness	20	19	20	24	25	109	55%
Axis 2	2	Environment and Improved Land use	1	9	9	7	7	33	17%
Axis 3	3	Rural diversification and quality of rural life	3	7	7	14	16	47	24%
Axis 4	4	Community-based local development strategies	1	2	2	1	2	7	4%
		Total	25	36	38	46	50	196	100%

Table 7.1c

Projected overall budget for the period 2009-13
Pessimistic Scenario by contribution

Source of Funds	2009	2010	2011	2012	2013	Total	%
MAFRD Participation	9	10	11	11	12	53	27
Municipal participation	2	4	4	8	10	28	14
Kosovo Consolidated Budget	2	3	3	7	7	22	11
European Commission	2	6	7	4	4	24	12
World Bank	1	3	2	2	2	8	4
Other Bilateral Donors	3	4	4	3	3	17	9
Private	1	1	1	1	1	6	3
Other including NGOs	6	6	6	11	11	39	20
Grand Total	25	36	38	46	50	196	100



Support for **Axis 1 (Measures 1, 2, 3 and 4)** is shown at 55%.

Support for **Axis 2 (Measure 5)** is shown at 17%. According to Council Regulation 1698/2005, article 17, at least 25% of the total ARDP budget should be used for Axis 2 measures and operations. As these are under-represented in ARDP 2009-13, this will be corrected in due course following review by the Monitoring Committee: (see **Chapter 9**).

Support for **Axis 3 (Measures 6 and 7)** is shown at 24%. 90% of the budget forecast for Axis 3 is related to Measure 7 “Improvement of rural infrastructure and maintenance of rural heritage”, due to the fact that infrastructure is a priority at both central and local level.

Support for Axis 4 (Measure 8) is shown at 4% of the total.

Source of funds	total amount	percentage
Total national funding:	102.80 million euro	52.51%
Total donor funding:	48.72 million euro	24.89%
Total private funding:	5.75 million euro	2.94 %
Total NGO funding:	38.50 million euro	19.67%
Grand Total	195.77 million euro	100.00 %

Table 7.1.2c shows National Funding on the eight measures at 102.8 million EURO or 52.5% of the total. The contribution of MAFRD is 53 million Euro or 27% of the total budget. While other government bodies are expected to contribute some 50 million Euro over 5 years (or 25% of the total budget), this is mainly infrastructure (roads projects) to be financed by both MTT and Municipalities.

Donor finance is required to provide capacity building, technical assistance, training and twinning support for the agri-rural institutions that are involved in implementing ARDP 2009-13. The total of the donor funding as part of the non-state stakeholders is estimated at 48.7 million Euro or 24.9% of the total. The contribution of the EU under its IPA funds is estimated at 24.1 million euro over 2009-13, or 12.3% of the five year total. This figure is calculated after considering the Multi-Annual Indicative Financial Framework 2009-12 as part of the IPA assistance envelope for Kosovo, and in particular the Multi-indicative Planning Document 2008-10. All projects proposed for IPA funding by MAFRD have been taken into consideration. The World Bank contribution is estimated at 7.9 million euro or 4%. This figure can be expected to increase significantly now that Kosovo is a member of the IMF/World Bank group.



The financial estimates also include 16.7 million Euro or 8.5% of the total from various projects funded by bilateral partners – mainly Sida/Sweden, KfW/Germany, GTZ/Germany, DFID/UK, EIB, EBRD, FAO, UNDP, USAID, Norway and Switzerland.

The total private contribution (including loans from commercial banks) is estimated at 5.8 million Euros or 2.9% of the total.

At least 9 Micro Finance Institutions are registered as NGOs in Kosovo. Almost all have rural development as a priority, and provide financing mainly to the rural business and population. The total financing by this group is expected to be approximately 38.5 million Euros or 19.7% of the total. The contribution of these stakeholders is mostly related to **Axis 1 (Measure 2 and Measure 4)**.

The attached tables show a phased rate of adoption of the measures and support under ARDP 2009-13. Such an implementation schedule allows for absorptive capacity in Kosovo to build up further during the life of the Plan. This rate of adoption will give added momentum to measures and activities to be implemented under ARDP 2014-20. The total budget for ARDP 2009-13 approximates to 40 million Euro per year to fund all 8 measures. This is feasible. It reflects an average of 20 million Euro per year of national funding from central and municipal governments, 10 million Euro per year from the private sector (including loans from commercial and micro-financial institutions), and 10 million Euro per year from all donors.

Chapter 8

Administration and conditions of implementation

8.1 Implementing Authorities

8.1.1 MAFRD

The **Managing Authority** responsible for implementation of ARDP 2009-13 is Kosovo's MAFRD. It was appointed on 8 May 2009, and is chaired by the Director of MAFRD's Policy Development Department.

Implementation of selected measures can be delegated to other responsible bodies by MAFRD's Board of Directors, chaired by the Permanent Secretary.

8.1.2. Managing Authority

The **Managing Authority** is responsible for the efficient and correct management of ARDP 2009-13⁴¹.

The Managing Authority will:

1. establish a system to gather reliable financial and statistical information on implementation of ARDP 2009-13, its compliance with the monitoring and financial indicators, as well as the mid-term and ex-post evaluation of the results;
2. follow-up submission of information under Point 1 to donors;
3. at the request of the **Monitoring Committee**, (see **Chapter 9**), or on its own initiative, propose adjustments of ARDP 2009-13 to the **Monitoring Committee**;
4. after approval by the **Monitoring Committee**, inform donors of the adjustments within one month;
5. amend ARDP 2009-13, after the approval of the **Monitoring Committee**;
6. prepare the annual and final implementation reports of ARDP 2009-13;
7. organise the mid-term and final evaluation of ARDP 2009-13; and

⁴¹ In due course, once Kosovo becomes eligible for IPARD, ARDP 2009-13 is likely to be administrated at three different administrative levels:

1. A central system where applications for support are sent directly by the applicant to the central paying agency.
2. A local system where Local Action Groups (**Measure 8**) make priorities and pay out the support or let the central paying agency handle the payments after the local priorities have been agreed.
3. Through donor projects that will implement elements of ARDP 2009-13.



8. ensure compliance with obligations concerning information and publicity.

Day-to-day responsibility for coordinating the implementation of ARDP 2009-13 has been delegated to MAFRD's Policy and Technical departments, supported by international technical assistance, with the following terms of reference:

Short term tasks (during 2009-10)

- Prepare *project measure* for each of the specific operations under the 8 measures of ARDP 2009-13, based on EC Guidelines;
- Prepare timetables for implementation of each specific operation/activity under each of the eight measures;
- Establish a monitoring and evaluation component of ARDP 2009-13, (including detailed impact indicators for each specific operation);
- Conduct awareness campaigns about ARDP 2009-13 and its implementation internally in MAFRD, in the regional offices of MAFRD, as well as with Municipalities, other relevant line-ministries and other relevant stakeholders in the agri-rural sector;
- Attract donor finance with which to implement ARDP 2009-13, (on a project-by-project and programme basis);
- Coordinate project implementation under ARDP 2009-13 in cooperation with all stakeholders;
- Out-source in 2010⁴²:
 - holding a baseline survey to establish the situation covered by each of the eight measures being implemented under ARDP 2009-13;
 - updating the sector data included in Chapter 1 and relevant Annexes of ARDP 2007-13;
- Request the International Fund for Agricultural Development (IFAD) to undertake a scoping mission to implement in Kosovo a Programme for Sustainable Development in Rural Mountain Areas similar to that for Albania⁴³;
- Undertake an environmental screening of ARDP 2009-13;
- Refine criteria for allocating KCB grant finance to rural beneficiaries in 2010; and
- Establish a National Paying Agency (in 2010) prior to the availability of EC pre-accession rural development funding (under IPARD) being available to Kosovo as a candidate country⁴⁴.

Medium term tasks (annually during 2011-13)

⁴² Coordinated with the SOK Household Survey, development of MAFRD's annual FADN survey and Municipality data collection: out-source to the universities and/or the private sector to design, undertake, process, analyse and report on the survey and data updates.

⁴³ Programme for Sustainable Development in Rural Mountain Areas for Albania, Appraisal Report, IFAD, (October 2005). A study visit by MAFRD staff to visit MADA and MAFF took place in 2009.

⁴⁴ During the June 2009 STM meeting, the EC emphasised that MAFRD does not need to establish an NPA to disburse EU funds, as it is too early. But, it stressed that MAFRD can establish such an Agency as a domestic priority, in order to disburse national funds.



- Continue to coordinate Plan implementation under ARDP 2009-13 in cooperation with all stakeholders, including donors;
- Continue to undertake information dissemination activities (e.g. spread project results, as well as encourage networking and cross-border cooperation);
- Prepare an annual activity plan and budget, (including donor funded projects);
- Update ARDP 2009-13 to 2012-13;
- Request a mid-term evaluation of ARDP 2007-13 (around 2011) to review performance against targets set initially in 2007; and
- Prepare ARDP 2014-20 (during 2012-13).

Long term tasks (2014 onwards)

- Coordinate Plan implementation under ARDP 2014-20 in cooperation with all stakeholders, including donors;
- Continue to undertake information dissemination activities (e.g. spread project results, as well as encourage networking and cross-border cooperation);
- Prepare an annual activity plan and budget, (including donor funded projects);
- Hold a survey in 2014 to establish the progress made in each of the eight measures implemented under ARDP 2009-13 comparing results against the 2010 benchmarks; and
- Request an ex-post evaluation of ARDP 2007-13 (2014).

A critical aspect of ARDP 2009-13 is for MAFRD to prepare to implement Chapter 11 of the acquis. Summary details concerning an outline implementation programme for this activity are given in **Annex 11**. MAFRD will be increasingly supported in this task through the use of TAIEX. A summary of the 2009-10 programme submitted by MAFRD to TAIEX in August 2009 is given in **Annex 12**.

8.1.3. Grant Management Committee

The **Grant Management Committee (GMC)** was appointed on 20 March 2009. (It is the forerunner of Kosovo's National Paying Agency, and will be called the Rural Development Agency.) Its purpose is to:

1. manage MAFRD's KCB-funded grant programme in 2009-10 across all eight measures (and sub-measures) included in ARDP 2009-13, (thereby avoiding the need to set up individual committees for each measure);
2. determine transparent and agreed criteria of beneficiary eligibility for each measure (and sub-measure);
3. standardise (where possible) procedures for managing the grant programme, including the administration, management and accounting of all public aid granted to successful beneficiaries for use on approved sub-projects; and

4. gain practical and administrative experience related to the operation of the future IPARD Agency i.e. the management of rural development funds that will become available under Component 5 of IPA (when EC procedures will need to be applied) when Kosovo becomes a candidate country.

Members of GMC

The members of the GMC are the Directors of MAFRD. Other stakeholders are co-opted to participate in GMC meetings, as appropriate. The GMC is chaired by the Permanent Secretary.

The GMC has formed a Technical Sub-Committee (TSC) of staff selected from MAFRD's departments. The TSC is responsible for implementing the various grant schemes supported in 2009 (horticulture, vineyards, vegetables, flowers, agro-processing, agriculture cooperatives, LAGs, sheep and manure storage). The TSC operates according to decisions taken by the GMC.

Frequency of GMC meetings

The GMC meets every two weeks.

Responsibilities of GMC

For each measure (and sub-measure) that is eligible for grant financing using KCB funds, the GMC is responsible for **defining**:

1. the objectives of the measure;
2. the linkage of the measure to other measures;
3. why the measure is required to improve agriculture and rural development conditions;
4. details of the measure and related sub-measures;
5. the actions to be taken under the measure and sub-measures;
6. specific criteria, covering:
 - a. beneficiary eligibility;
 - b. priority of beneficiary;
 - c. evaluation between competing beneficiary applications;
 - d. eligible expenditure;
 - e. ineligible expenditure;
7. the procedures for sub-project selection and approval;
8. the supporting documents required from private bodies and enterprises, including the business plan, tax and legal documentation;
9. the aid level (and thus private contribution) associated with each measure and sub-measure;
10. the administrative procedures to be used in managing the grants;
11. the financial implementation provisions for assistance;
12. the selection procedure for eligible sub-projects;
13. the monitoring and evaluation (M&E) procedures;

14. the timetable for managing the grant programme;
15. the frequency with which on-the-spot checks related to grant applicants and beneficiaries take place;
16. the administrators/officials who are required at central and municipality level to implement the grant programme, (some of whom may need to be recruited);
17. the specific training requirements for administrators/officials, beneficiaries and local consultants to allow them to participate in the grant programme;
18. the delivery of specific training for administrators/officials, beneficiaries and local consultants;
19. the contents of all operating manuals, promotional brochures, application forms and related documentation; and
20. the content and use of the grant management information data base created by MAFRD in 2009.

The GMC is also responsible for strengthening the legal framework for, and the organisation of, co-financing, particularly concerning:

1. how to disburse funds;
2. the compatibility of the national and the EU budget concepts;
3. the funds available for co-financing;
4. the management of financial flows;
5. the independent accounting, monitoring, reporting, control and audit procedures; and
6. the preparation of technical measure sheets for each selected measure (and sub-measures).

GMC Procedures

The GMC is responsible for liaising with regional MAFRD offices and all other stakeholders to **coordinate**:

- calling for applications for approved sub-projects (a) through adverts placed in the media, and (b) at public meetings of potential beneficiaries;
- checking applications against terms and eligibility conditions, including the submission of business plans and related supporting documentation, and confirming eligibility against the objectives of the measure;
- laying down contractual obligations between MAFRD and potential beneficiaries, including the issue of approval to start work;
- selecting beneficiaries who will receive grant-funding for approved sub-projects;
- executing on-the-spot checks both prior to, and following, sub-project approval;
- taking follow-up action to ensure approved sub-projects are being implemented;
- reporting progress of measures being implemented against agreed progress indicators (both physical and performance);
- checking payment claims;

- executing on-the-spot checks to establish eligibility for payment;
- authorising, executing and accounting for payments;
- executing control on beneficiaries after payment of grants to establish whether the terms and eligibility conditions of the grants continue to be respected;
- defining relevant M&E indicators and an appropriate monitoring system; and
- developing and using further the grant management information data base created by MAFRD in 2009.

All potential beneficiaries/grant applicants must submit application forms to their regional MAFRD office. These must be correctly completed, including detailed business plans and associated supporting papers. An initial review of the applications and business plans will be undertaken by the regional MAFRD office. After screening the documents, the office will pass all applications that meet requirements to the GMC. Here, the documents will be processed further, and a final decision made on granting aid to beneficiaries.

The regional office is also responsible for the collection of payment claims. It also performs on-the-spot checks before submitting to the GMC all submitted information that meets necessary standards.

MAFRD's experience to 14 August 2009 in disbursing funds available under the 2009 KCB grant (and subsidy) programme are summarised in **Annex 13**.

Chapter 9

Monitoring and Evaluation

9.1 Monitoring Committee

A **Monitoring Committee** was established by the Minister of Agriculture on 12 June 2009 to monitor implementation of ARDP 2009-13. It includes representatives from government, local authorities, NGOs, socio-economic partners and beneficiaries from the sector and rural areas⁴⁵.

The **Monitoring Committee** currently includes members representing:

1. Ministry of Economy and Finance
2. Ministry of Environment and Spatial Planning
3. Ministry of Trade and Industry
4. Kosova Chamber of Commerce
5. Kosova Municipal Association
6. Farmers' Association
7. Forest Owners' Association
8. Representative of Irrigation Companies
9. Water Users' Association
10. Food Industry Representatives
11. Agriculture Faculty
12. Representative of Local Action Groups at municipal level
13. Civil Society (covering environmental, gender, youth and ethnicity issues)
14. Consumers' interest group

The **Monitoring Committee** is responsible for:

- Monitoring the effectiveness, efficiency and quality of the implementation of ARDP 2009-13;
- confirming or adjusting ARDP 2009-13, including the physical and financial indicators;
- reviewing and approving the criteria for selecting the operations financed under each measure within six months of approval of the assistance;
- reviewing periodically progress made towards achieving the specific objectives of the assistance;

⁴⁵ Following Council Regulation (EC) 1698/2005 of 20 September 2005. Members of the **Monitoring Committee** represent all private and public stakeholder groups relevant to implementation of ARDP 2009-13.



- examining the results of implementation, particularly achievement of the targets set for the different measures;
- considering and approving annual and final implementation reports before they are sent to donors;
- considering and approving any proposal to amend the contents of EC and other donor assistance; and
- tracking selected physical, financial and impact indicators for priority operations under each of the 8 measures of ARDP 2009-13.

The **Monitoring Committee** will be supported in its work by MAFRD as the **Managing Authority**.

The **Monitoring Committee** will prepare and send reports to MAFRD's Minister, Deputy-ministers and Permanent Secretary

9.2 Evaluation

Evaluation of ARDP 2009-13 will be carried out using an appropriate methodology, (based on experience gained under the SAPARD mid-term reviews). It will consist of an intermediate, mid-term evaluation undertaken in 2011, the recommendations of which will be implemented during 2012-13. A full evaluation of ARDP 2009-13 (and, by implication, of ARDP 2007-13) will be undertaken at the beginning of 2014.

The evaluation will address the following aspects, (having regard to the issues and data comprising socio-economic analysis):

- the original validity and continuing relevance of the rationale of ARDP 2009-13;
- the degree to which objectives have been achieved relative to the timing of the evaluation and the expected final achievements;
- the progress made by beneficiaries selected for aid in meeting EU standards;
- management and administrative issues;
- an estimate of economic, social and environmental benefits in net terms where possible, and their sustainability;
- the public expenditure/resource costs involved; and
- overall conclusions and recommendations concerning costs in relation to net benefits, qualitative and quantitative: also, any actions needed to improve value for money or management, and whether or not there is a continuing need for further intervention.

During the evaluation of ARDP 2009-13, an assessment will be made of direct/indirect benefits and economic impact, the gross and net costs per job assisted, evidence of dead-weight, substitutability and displacement, and changes in added value resulting from ARDP 2009-13.

Draft monitoring indicators for 2009-13 are given in **Annex 14**, along with a sample evaluation framework.

Definitions of evaluation criteria for ARDP 2009-13 are given below.

9.2.1 Definition of Evaluation Criteria for ARDP 2009-13

The Monitoring Committee will monitor the implementation of ARDP 2009-13. It is responsible for evaluating ARDP 2009-13 using an appropriate methodology, based on experience gained under the SAPARD mid-term reviews in recent EU applicant states, where evaluation criteria covered: relevance and coherence; effectiveness; effects; cost-effectiveness, efficiency and utility; as well as sustainability. An applied methodological approach is summarised below.

Evaluation criteria	Source of data	Type of data	Ability to address evaluation questions	Main deficiencies
Relevance and coherence	Context analysis	Rural Development Plan, secondary statistics	Partial (main structural data)	No records on economic performance on farms, compliance with EU standards
Effectiveness	Monitoring tables, stakeholder interviews	Physical indicators, financial data, attitudinal data	Partial (lack of quantifiable data on results)	No physical indicators apart from no. of projects
Effects (+dead weight effect, additionality, leverage effect, displacement effect)	Primary data (survey of beneficiaries, case studies, counterfactual analysis)	Investment details, economic performance, attitudinal data	Partial (project and measure level)	No useful data available from monitoring tables
Cost-effectiveness, efficiency and utility	Monitoring tables	Physical indicators, financial data	Partial (project and measure level)	No data on project impacts available

Evaluation criteria	Source of data	Type of data	Ability to address evaluation questions	Main deficiencies
Sustainability	Primary data (case studies, stakeholder interviews), background analysis	Project level - opinion-based forecasts; programme level - sector and macroeconomic forecasts	Partial (uncertainty)	Insufficient time span

Definitions for the criteria to be used in evaluating ARDP 2009-13 are outlined below.

Evaluation criteria	Definition
Relevance and coherence	This assessment includes two aspects: An assessment of the relevance of the objectives of the project in relation to the needs and problems of the beneficiary (internal relevance) and an assessment of the project in relation to the objectives of the measure and the Programme.
Effectiveness	This includes an assessment of the fulfilment of the project objectives. Are the expected outputs produced or purchased in accordance with the project application?
Effects	This includes an assessment of the quantitative and qualitative results and impacts of the project outputs. Dead weight effect is when a project activity would have been implemented also without the support. Additionality effect is when a project activity will be accomplished only because of the support. Leverage effect is when support to a project is gearing the investment through attraction of other financial sources. Displacement effect is when a project activity creates a new job, which is positive, but at the same time it erodes (displaces) an existing job in another region.
Cost-effectiveness	This is an assessment of the output produced in relation to the cost of the output. Is the output too expensive compared to similar projects, or have we got too little in terms of value out of the investment?
Efficiency and utility	This includes an assessment of the value and utility of the results and the impacts compared to the investments.
Sustainability	This is an assessment of the anchoring of the project output, results and impacts of the beneficiary. Will the output, result and impact last also in a longer time perspective or will they be eroded due to different reasons?

Chapter 10

General Provisions

10.1 Conclusions of consultations with social, economic and environmental partners

MAFRD has taken the lead role in coordinating the drafting of ARDP 2009-13.

The initial situation analysis for ARDP 2007-13 started in February 2005. Here, some 250 municipality and other stakeholder representatives from five regions (Pristina, Prizren, Peje, Gjilan and Mitrovice) evaluated the strengths and weaknesses of their particular regions in terms of agriculture and rural development.

ARDP 2009-13 has taken into account the results of these consultations as well as subsequent discussions with government institutions, including: the Prime Minister's Office; the Ministry of Economy and Finance; the Ministry of Local Government; the Ministry of Environment and Spatial Planning; the Ministry of Social Security and Labour; and the Ministry of Communication.

In addition, consultations have been held at national and regional levels with stakeholder organisations representing farmers, rural dwellers, processors, consumers, civil society and academia.

ARDP 2009-13 was outlined to a National Workshop on Agriculture Policy held in Pristina on 15 January 2009. This was opened by the Prime Minister, and attended by approximately 200 stakeholders⁴⁶.

On the basis of all consultations and dissemination of information, the eight priority measures identified and approved by MAFRD in 2007 remain the same, and are included as priorities in the European Partnership⁴⁷.

10.2 Links with the Common Agriculture Policy, EU rural development strategy and the european partnership

Each of the measures chosen in ARDP 2009-13 contributes to fulfilling at least one objective of the latest CAP reform and meeting EU rural development strategy: (see

⁴⁶ A follow-up National Workshop on Agriculture Policy was held in Pristina on 29 July 2009 attended by approximately 100 stakeholders.

⁴⁷ This overall process has followed the intention of Council Regulation (EC) 1698/2005 of 20 September 2005.

Chapter 1). Measure 2 “Restructuring physical potential in the agri-rural sector” and **Measure 4** “Improving the processing and marketing of agricultural products” address major deficiencies of Kosovo’s agriculture and food processing sector: low efficiency, poor quality and safety of produce and production, as well as non-compliance with environmental requirements. Thus, these two measures are targeted at the CAP objective of achieving a competitive agriculture sector. In addition, both measures will positively influence hygiene, food safety and animal welfare. Also, these two measures address fully the requirements of improving the veterinary and phytosanitary sectors (e.g. animal waste treatment and implementing quality control systems, as well as modernisation of meat and dairy residue control).

Environmental problems will be addressed particularly by **Measure 5** “Improving natural resource management”.

With the aim of creating fair living and working conditions for rural inhabitants, all the measures chosen contribute to varying degrees to meet the objective of vibrant, rural communities capable of generating employment and opportunities, including **Measure 1** “Development of vocational training to meet rural needs”, **Measure 3** “Managing water resources for agriculture”, **Measure 6** “Farm diversification and alternative activities in rural areas”, **Measure 7** “Improvement of rural infrastructure and maintenance of rural heritage”, and **Measure 8** “Support for local community development strategies”.

Short and medium term priorities included in the European Partnership reflect the importance of implementing ARDP 2009-13 and its eight measures, as follows:

Short term priorities

- Design and start to implement a rural development policy
- Prepare ARDP 2009-13 on the basis of sub-sector development strategies
- Identify national legislation that enables ARDP 2009-13 implementation, and ensures it is compliant with the *acquis communautaire*
- Implement ARDP 2009-13 through use of selected measures
- Identify donor-financed projects that will ensure the implementation of the eight key measures in the medium-term
- Identify medium-term National Programme expenditures in line with EU requirements and available public finance
- Identify management and monitoring arrangements for implementation of ARDP 2009-13
- Continue to align legislation on the EU veterinary and phyto-sanitary *acquis*
- Align the system of animal identification and registration for bovines with EU requirements

Medium term priorities

- Develop a policy and regulatory framework to support viable land reform
- Support the protection of agricultural land against unplanned urban development
- Start action for the identification of sheep and goats and registration of their



movements

- Prepare a programme for up-grading food processing establishments
- Start action for efficient control of domestic plant production, in particular for products with EU specific requirements

10.3 Compatibility of ARDP 2009-13 with the Kosovo Development Strategy

ARDP 2009-13 is part of Kosovo's National Development Strategy in that it supports socio-economic cohesion amongst the country's different sectors and ethnic groups, as well as between its regions. Assistance under ARDP 2009-13 is focussed on providing support to agricultural holdings, agri-food enterprises and small-medium sized rural businesses, as well as covering direct needs of farmers in terms of providing technical advice and vocational training. At the same time, ARDP 2009-13 is supporting the needs of socially disadvantaged, ethnic minority, including women's and youth associations, as well as taking steps to protect the environment.



ANEXS

ANEX 1

UPDATE ON LESS FAVOURED AREAS

Kosovo is the poorest region in Europe, with persistent and widespread poverty. In 2002, about 36% of the population lived below the poverty line of US\$ 1.65 per adult per day. Approximately 15% of the population lives below the extreme poverty line of 2100 calories per adult per day. Unemployment is closely linked to poverty. Official estimates indicate that over 50% of the labour force is not formally employed, and many of these people are engaged in subsistence farming and the informal economy. Non-income poverty measures confirm that poverty is widespread in Kosovo. Kosovo also faces large municipality and urban/rural disparities.

The EU definition of a less favoured area (LFA) is one where natural physical conditions cause lower agricultural productivity⁴⁸. The EU recognizes that efforts are necessary to support LFA farmers in recognition of the environmental and social role they perform (generally) in disadvantaged areas.

As Kosovo does not yet have a framework that defines LFAs, the number of villages that are in a remote rural area as declared by the municipality can be used as a proxy.

Based on this definition, 35% of Kosovo is remote (and thus an LFA). In Dragash, the LFA accounts for 97% of the total municipality area, followed by Novo Berdo/Artana (90%), Leposaviq (87%), Zubin Potok (51%) and Zveqan (49%). Isotog, Gjilan and Glllogovc/Drenas are municipalities where LFAs range from 40-44% of total municipality area. The other 22 municipalities have less than 40% of villages in LFAs: see **Table 1**.

Other indicators are available at municipality level to assist in defining LFAs: for example, the extreme poverty rate, poverty at national level, the unemployment rate, income per capita, income per household and expenditure per capita. Further, there are aggregate indices, such as the Human Development Index, the Human Poverty Index-1 and the Human Poverty Index-2, which are defined as follows:

- **Human Development Index (HDI)** comprises Life Expectancy Index, the Education Index and the Income Index: it shows that the municipality with the lowest HDI index is Novo Berdo/Artana (0.625), followed by Malishevo (0.629), Shtime (0.631), Kaqanik (0.644) and Skenderaj (0.648), compared to the urban HDI of 0.700: (see **Table 2**).

⁴⁸ 56% of the EU's agriculture land is defined as LFA (1998 data).

- **Human Poverty Index-1 (HPI-1)** comprises the percentage of the population not expected to survive to age 40, the adult illiteracy rate, the un-weighted average of the population without sustainable access to an improved water source, the infant mortality rate, and access to health services: it shows that the municipality with the highest HPI-1 index is Malishevo (27.60), followed by Novo Berdo/Artana (23.38), Skenderaj (19.90), Suhareka/ Theranda (19.43) and Shtime (17.53), compared to the urban HPI-1 of 4.39: (see **Table 3**)
- **Human Poverty Index-2 (HPI-2)** comprises the percentage of the population not expected to survive to age 60, adults lacking functional literacy skills, population below USD\$ 2 per person per day, and the rate of unemployment): it shows that the municipality with the highest HPI-2 is Dragash (51.50), followed by Glogovc (51.17), Klina (50.35), Skenderaj (47.38), Rahovec (44.89) and Kaqani (44.70), compared to the urban HPI-2 of 34.21: (see **Table 4**).

Using these four indicators, the main LFA municipalities (ranked 1-5) are as follows:

Ranking	1 st	2 nd	3 rd	4 th	5 th
LFA	Dragash	Novo Berdo	Leposaviq	Zubin Potok	Zvecan
HDI	Novo Berdo	Malishevo	Shtime	Kacanik	Skenderaj
HPI -1	Malishevo	Novo Berdo	Skenderaj	Suhareke	Shtime
HPI - 2	Glogovc	Dragash	Klina	Skenderaj	Rahovec

Source: UNDP,HDR, 2004; WB KPA, 2005; MAFRD Statistical Office data, 2006

On the basis of this evidence, the most seriously affected Municipalities are Dragash, Novo Berdo and Malishevo, all three of which are ranked either first or second according to the four separate indicators. Other affected municipalities include Leposaviq, Zubin Potok, Podujeva, Malishevo, Skenderaj, Theranda, Glogovc and Klina.



The main LFA municipalities are presented in the Map above. It shows:

1. municipalities in the central part of Kosovo (Skenderaj, Glogovc/Drenasi, Kline, Malishevo, Shtime and Suhareka): these LFAs have not benefited from the past industrial development and infrastructure that was associated with municipalities such as Prizren, Gjakove, Peje, Pristina and Mitrovice: further, because of the conflict, there was significant damage in the central belt to its population, as well as its economic and social infrastructure;
2. Novoberdo is a relatively new municipality that has poor natural, physical and financial resources; and
3. much of Dragash, Kacanik, Zubin Potok, Zvecan and Leposavic is remote, mountainous area.

The focus in Kosovo during 2007-9 on developing local action groups to develop local development strategies (based on the principles of LEADER+) should help poorer municipalities to identify priority actions that will help to lift them out of poverty. Grant

funding during 2010-11 (available through IPA 2009) should help to facilitate the implementation of such actions.

Table 1: Less Favoured Areas, by Municipality

	Municipality	Total number of villages in municipality	Number of villages in remote areas	Percent of villages in remote areas
1	Dragash/Sharri	36	35	97%
2	Novo Berdo/Artana	10	9	90%
3	Leposaviq	75	65	87%
4	Zubin Potok	61	31	51%
5	Zvecan	35	17	49%
6	Istog	50	22	44%
7	Gjilan	63	27	43%
8	Glogovc/Drenasi	35	14	40%
9	Podujeve	77	30	39%
10	Kacanik	42	15	36%
11	Suhareke/Theranada	41	14	34%
12	Shterpce	16	5	31%
13	Kamenice	76	23	30%
14	Mitrovica	47	14	30%
15	Gjakove	88	25	28%
16	Vushtri	67	19	28%
17	Malisheve	44	12	27%
18	Skenderaj	49	13	27%
19	Shtime	23	6	26%
20	Lipjan	70	18	26%
21	Decan	40	10	25%
22	Obiliq	20	5	25%
23	Kline	54	11	20%
24	Ferizaj	45	9	20%
25	Peja	79	15	19%
26	F. Kosove	18	3	17%
27	Prishtine	49	8	16%
28	Vti	43	6	14%
29	Prizren	77	9	12%
30	Rahovec	36	3	8%
	Total		493	35%

Source: MAFRD, Statistical Office Data, 2006

Table 2: Human Development Index (HDI), by Municipality

	Municipality	Life Expectancy Index	Education Index	Income Index	Human Development Index (HDI)
	Rural	0.718	0.758	0.370	0.615
	Urban	0.767	0.914	0.418	0.700
1	Novo Berdo/Artana	0.623	0.919	0.330	0.625
2	Malisheve	0.653	0.904	0.330	0.629
3	Shtime	0.651	0.937	0.305	0.631
4	Kaqanik	0.682	0.942	0.308	0.644
5	Skenderaj	0.611	0.929	0.406	0.648
6	Obiliq	0.672	0.915	0.367	0.651
7	Dragash/ Sharri	0.671	0.916	0.377	0.655
8	Podujeve	0.768	0.881	0.337	0.662
9	Kline	0.718	0.910	0.370	0.666
10	Rahovec	0.762	0.891	0.349	0.667
11	Deqan	0.764	0.911	0.330	0.668
12	Glogovc/Drenasi	0.728	0.950	0.332	0.670
13	Fushe Kosove	0.767	0.911	0.359	0.679
14	Vushtrri	0.751	0.937	0.351	0.680
15	Prizren	0.767	0.910	0.366	0.681
16	Gjakove	0.768	0.886	0.407	0.687
17	Gjilan	0.769	0.926	0.394	0.696
18	Mitrovica	0.765	0.954	0.370	0.696
19	Peja	0.766	0.935	0.885	0.696
20	Vitia	0.740	0.917	0.434	0.697
21	Kamenice	0.765	0.917	0.413	0.698
22	Suhareke/Theranda	0.745	0.922	0.426	0.698
23	Istog	0.767	0.903	0.426	0.699
24	Lipjan	0.767	0.932	0.398	0.699
25	Ferizaj	0.737	0.946	0.416	0.700
26	Shterpce	0.761	0.931	0.409	0.701
27	Leposaviq	0.739	0.961	0.417	0.706
28	Zubin Potok	0.761	0.967	0.412	0.714
29	Zvecan	0.763	0.960	0.418	0.714
30	Prishtine	0.766	0.940	0.461	0.723

Source: UNDP, HDR, 2004

Table 3: Human Poverty Index (HPI-1), by Municipality

		% of people expected to die before age of 40	Adult illiteracy rate(15+), %	% of people without access to piped water	Infant mortality rate	Nearest health centre is more than 5km, %	Decent living standard index	Human Poverty rate Index (HPI-1)
	Rural	8.33	6.05	48.12	3.5	14.23	21.95	15.59
	Urban	3.73	5.45	6.080	3.5	0.69	3.42	4.39
1	Malisheve	9.44	7.92	93.46	3.5	21.77	39.58	27.60
2	Novo Berdo/Artana	10.68	5.66	69.23	3.5	27.16	33.3	23.38
3	Skenderaj	10.91	4.48	53.09	3.5	27.81	28.13	19.90
4	Suhareke/Theranda	6.40	4.60	69.89	3.5	10.22	27.87	19.43
5	Shtime	9.41	4.18	47.89	3.5	22.2	24.53	17.35
6	Kline	7.04	5.54	55.75	3.5	12.75	24.00	16.85
7	Ferizaj	6.61	3.63	54.6	3.5	11.26	23.12	16.18
8	Lipjan	5.73	4.58	56.6	3.5	7.54	22.55	15.76
9	Gllgovc/Drenasi	6.61	3.27	47.06	3.5	11.63	20.73	14.55
10	Obiliq	8.55	5.54	38.57	3.5	18.5	20.19	14.44
11	Vitja	6.63	7.95	46.05	3.5	10.99	20.18	14.43
12	Podujeve	5.74	10.64	37.65	3.5	6.99	16.05	12.26
13	Istog	5.73	7.24	39.55	3.5	7.72	16.92	12.18
14	Kaqanik	8.13	5.23	21.13	3.5	17.16	13.93	10.41
15	Peja	5.73	4.57	31.65	3.5	6.36	13.84	9.93
16	Rahovec	5.84	9.75	18.64	3.5	8.52	10.22	9.01
17	Dragash/ Sharri	8.56	5.36	9.22	3.5	18.62	10.45	8.62
18	Deqan	5.72	5.93	22.76	3.5	5.9	10.72	8.16
19	Gjakove	5.74	7.93	15.58	3.5	7.97	9.02	7.80
20	Vushtri	6.17	6.10	14.36	3.5	9.58	9.15	7.42
21	Kamenice	5.74	6.11	24.23	3.5	0	9.24	7.38
22	Prizren	5.09	7.10	13.62	3.5	7.07	8.06	6.97
23	Gjilan	5.74	7.35	16.67	3.5	0	6.72	6.67
24	Leposaviq	6.4	2.43	10.2	3.5	10.38	8.03	6.42
25	Fushe Kosove	5.74	6.44	8.89	3.5	4.38	5.59	5.94
26	Zvecan	5.74	2.15	11.47	3.5	6.93	7.3	5.81
27	Shterpe	5.74	6.98	6.56	3.5	0	3.35	5.74
28	ZubinPotok	5.73	1.67	10.53	3.5	5.81	6.61	5.44

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
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	% of people expected to die before age of 40	Adult illiteracy rate (15+), %	% of people without access to piped water	Infant mortality rate	Nearest health centre is more than 5km, %	Decent living standard index	Human Poverty rate Index (HPI-1)
29 Prishtine	5.73	4.31	9.91	3.5	0.41	4.6	4.96
30 Mitrovica	5.74	2.82	10.22	3.5	0.71	4.81	4.75

Source: UNDP, HDR, 2004

Table 4: Human Poverty Index (HPI-2), by Municipality

		% of people expected to die before age of 60	Adult illiteracy rate(15+),%	Percentage of people living on US\$ 2 a day	Unemployment rate (15-64)	Human Poverty Index (HPI -2)
	Rural	18.26	6.05	49.22	48.62	39.18
	Urban	4.21	5.45	45.790	39.97	34.21
1	Gllogovc/Drenasi	12.94	3.27	64.71	64.1	51.17
2	Dragash/Sharri	18.80	5.36	70.85	56.9	51.50
3	Kline	14.44	5.54	58.87	67.2	50.35
4	Skenderaj	25.25	4.48	46.91	67.4	47.38
5	Rahovec	10.63	9.75	69.57	28.4	44.89
6	Kaqanik	17.33	5.23	63.89	45.3	44.77
7	Malisheve	20.61	7.92	64.81	37.9	43.79
8	Shtime	20.75	4.18	57.24	49.2	42.89
9	Podujeve	10.35	10.65	51.92	55.2	42.65
10	Deqan	10.52	5.93	28.13	64.7	41.92
11	Fushe Kosove	10.37	6.44	54.23	49.1	41.18
12	Istog	10.43	7.24	48.16	54.9	41.16
13	Vushtrri	11.85	6.10	56.40	43.0	40.24
14	Vitia	12.62	7.95	48.20	52.4	40.12
15	Mitrovica	10.43	2.82	49.25	51.6	40.11
16	Obiliq	18.81	5.54	36.93	58.2	39.93
17	Prizren	6.80	7.10	59.11	35.0	39.69
18	Gjakove	10.30	7.94	50.68	42.3	37.28
19	Lipjan	10.41	4.59	40.43	48.9	35.85
20	Kamenice	1.36	6.11	43.38	46.3	35.72
21	Gjilan	10.37	7.36	41.52	47.69	35.67
22	Novo Berdo / Artana	26.21	5.66	42.63	43.7	35.51
23	Ferizaj	13.02	3.63	46.14	41.9	35.17
24	Suhareke/Theranda	12.28	4.60	42.94	41.9	33.81
25	Shterpce	10.56	6.98	37.90	35.6	29.34
26	Peja	10.47	4.57	34.81	34.9	27.80
27	Prishtine	10.53	4.31	29.81	30.3	24.02
28	Leposaviq	12.45	2.43	28.7	27.26	22.55
29	Zvecan	10.46	2.15	22.93	22.81	18.44
30	ZubinPotok	10.63	1.67	6.66	21.15	13.99

Source: UNDP, HDR, 2004

ANNEX 2 OUTLINE OF RURAL LAND MANAGEMENT POLICY

Introduction

This Annex outlines principles and challenges of land management policy in Kosovo⁴⁹.

2.1 PROBLEMS OF LAND MANAGEMENT

Agriculture faces the following main constraints related to land:

- Agriculture is small scale; land tenure is small and extremely fragmented; and subsistence farming predominates.
- The change of use of agricultural land into construction land is unrestrained. Efforts to control have been unsuccessful so far. This has resulted in unnecessarily large areas of lost agricultural lands, and inefficient urban development.
- This has led to loss of investments in irrigation and land consolidation, and ad-hoc investments by the municipalities which tend to follow developments rather than initiate and direct them.
- In addition, this has resulted in a defunct market for agricultural land. Valuation and pricing of agricultural land are not transparent, and do not reflect productive capacity. In addition, there is no functioning and transparent land lease system.
- Land ownership, as currently registered via the Cadastre in the Immovable Property Rights Register (IPRR), is outdated and inadequate.
- There is no rural land tax, which, however unpopular, would increase the use of agricultural land, and help the municipalities to budget for rural development. The presence of a modest land tax would be a good tool to encourage the use of agricultural land, and stimulate the land market.
- Legislation related to rural lands is not consistent.
- Inter-ministerial cooperation is weak. Institutions protect their own mandates and prefer to operate alone.

2.2 POLICIES RELATING TO LAND MANAGEMENT

A consensus on rural land management appears to be growing slowly, as follows:

- Kosovo wishes to join the EU, which will require it to approximate its legislation to, and align with, the *acquis communautaire*.

⁴⁹ This material was produced for, and used as an input to, the Workshop on Land Management (9-11 December 2008), organised by the Ministry of Agriculture, Forestry and Rural Development (MAFRD). The Next Steps programme proposed during this workshop is given at **Annex 2, Appendix 1**.

- Kosovo's European Partnership 2008 is guiding medium term policy. This requires it to "*Develop a policy and a regulatory framework to support viable land reform, and protect agricultural land against unplanned urban development*".
- The concept of the Municipal Development Plan in the Law on Spatial Planning refers to rural planning. However, the Law it is not very specific in this context. In practice, hardly any attention is paid to rural land planning as a complement to urban planning.
- General policy is to stimulate larger family farm businesses and reduce subsistence farming. This requires an improved farm structure, including concentration of lands and an increase in farm size. In this context, MAFRD has declared land consolidation its first priority. Irrigation rehabilitation and improvement is the ministry's second priority.
- There is general agreement that cadastral registration must be updated urgently: however, implementation of this policy is slow.
- As a general principle, dismantling of land-based Socially Owned Enterprises has been through selling land to the private sector. However, if there is a reason to do so, assets will remain in public hands.
- Valuable and/or vulnerable regions will be protected (e.g. Sharri Mountain and Dragash/Dragaš).
- Environmental control is agreed government policy, but appears to have low priority.
- The use of water resources in Kosovo is governed by the Water Law, but current practices are unsustainable. A more comprehensive control of quantity and quality of water resources is required, based on this law.
- Policy implementation lacks consistency in practice. Government institutions are inclined to act alone, and not consult other stakeholders.

2.3 POLICY IMPLEMENTATION IN RURAL LAND MANAGEMENT

Policy implementation in rural land management can be summarized as follows:

- The update of the Cadastral register is a slow and tedious process, requiring large-scale surveys. The combination of land consolidation and cadastral updating is presently being implemented in three municipalities (Rahovec/Orahovac, Prizren, Gjakovë/Đakovica). This programme will be extended in 2009 and 2010. The problem is less the update itself, but more the Municipal Court procedures. In attempting to complete the unfinished land consolidations that were started in the 1980s, any registration of *previous* (1986) conditions is of no use. Instead, an update of *current* (2008) land ownership is required.
- Reducing unplanned building in rural areas is a struggle because: (i) there is not sufficient consistency between the Law on Spatial Planning and the Law on Agricultural Land Legislation related to land management and the change of use of agricultural land; and (ii) authorities are reluctant to make this subject more than a paper priority.

- An additional tool could be to zone land for each village into construction and non-construction areas. This has been tried on a pilot basis in Klinë/Klinë (Zajm village). Efforts in early 2008 to get MAFRD and MESP to create a joint task force to develop this tool further, and then apply it on a national scale, were unsuccessful.
- Rather than actual differences in legislation, the implementation mechanisms in Ministries and Municipalities are still weak. In addition, land is a major resource that represents big money. It takes strong political resolve to implement the policy that is set out in current legislation.
- KTA implementation of privatisation policy tried to combine the need to be careful with speed of implementation. In addition, KTA policy of selling agricultural land in (very) large properties resulted in the purchase of agricultural land by investors rather than farmers wishing to increase the size of their holdings.
- Despite provisions in the Law on Environmental Protection, pollution by industrial/mining waste (heavy metals), raw sewage and garbage still exists. Preventive/alleviating action is still in its infancy.
- The forthcoming UNDP SSA (Sharr Prodhimi Stewardship Authority) project offers the possibility for multi-purpose public land management. This will require a major effort from the institutions involved (in terms of flexibility and willingness to share a mandate). Achieving a model that works would be a large institutional step in both the management of valuable public lands and good governance.
- The Inter-Ministerial Coordination Committee on Land Administration, established in 2003 and chaired by the Ministry of Public Services, presented a very useful coordination platform for land management. However, despite MAFRD's efforts, this Committee did not meet after 2005.

ANNEX 2, APPENDIX 1

ISMAFRD Land Week: Proposed Next Steps Programme

A Next Steps Programme (NSP) has been developed that is focused on taking actions to achieve sustainable improvements in:

1. building control;
2. privatisation; and
3. public land management.

Actions to improve building control

Agricultural land is being used for uncontrolled building purposes. This process cannot realistically be reversed. In order to improve current building control procedures, it is necessary to:

1. agree on (rural) spatial planning methods and procedures: (**Responsibility** – MAFRD and MESP);
2. propose necessary corrections for harmonization of legislation (notably the Law on Spatial Planning and the Law on Agricultural Land and their Administrative Instructions, including the current elaborate procedure of change of use of agricultural land): (**Responsibility** – MAFRD and MESP);
3. determine a methodology to delineate building and non-building zones in rural areas and villages, as part of either a Rural Land Management Plan or the Municipal Plan: (see ALUP technical Paper 33): (**Responsibility** – MAFRD, MESP and municipalities);
4. propose a pilot programme on building and non-building zoning in selected villages in cooperation with the concerned municipalities, and arrange funding: (**Responsibility** – MAFRD, MESP and municipalities);
5. improve technical know-how in the Municipalities on planning, particularly the use and adaptation of plans, (to include basic training in the use of GIS programmes): (**Responsibility** – MAFRD and MESP);
6. pursue with the Ministry of Public Services the revitalization of the Inter-Ministerial Committee for Land Administration, (possibly transferring the chairmanship to MESP or MAFRD): (**Responsibility** – MAFRD and MESP);
7. re-establish the Inter-Ministerial Working Group on Pollution of Agricultural Lands: (**Responsibility** – MAFRD, MESP, MoH, KEPA, KIA and Hydrometeorology Institute);
8. replace the current relative and tax-oriented cadastral land categorisation system (suitable for land taxation only) by a land classification based on soil characteristics and other physical data⁵⁰: (**Responsibility** – MAFRD, MESP and MOEF);

⁵⁰ Such information is required for the preparation of realistic Municipal Development Plans and the application of the LoAL and its AI on Change of Use.

9. implement the draft agreement between MESP and MAFRD on the Sharr Mountain National Park: (**Responsibility** – MAFRD, MESP and KFA); and
10. design and implement a pilot programme to establish an inventory of soil pollution in flood prone areas: (**Responsibility** – MAFRD and MESP).

Actions to improve privatisation of agricultural land

There is an inconsistency in past privatisation methodology and the national goal to stimulate the development of commercially viable family farms. To improve the situation, it is necessary to:

1. investigate whether unprivatised SOE land can be sold in smaller units of up to (say) 50 ha.: (**Responsibility** – Privatisation Agency of Kosovo (PAK), MAFRD and MESP); and
2. ensure a MAFRD representative sits as a Director on the supervisory board of PAK: (**Responsibility** – MAFRD, MESP and PAK).

Actions to improve public land management

A decision has been taken not to privatise the former SOE Sharr Prodhimi (SP) high pasture lands. In addition, approximately 130,000 ha. of public pasture/forestry lands will be managed by KFA. To facilitate this, it is necessary for Government to:

1. form a multi-disciplinary Stewardship Board for the management of SP in Dragash: (**Responsibility** – MAFRD and MESP);
2. harmonise existing laws and regulations to regulate forest management in National Parks: (**Responsibility** – MAFRD, MESP and KFA);
3. increase and regulate the legal extraction of sand and gravel, (and reduce illegal extraction): (**Responsibility** – MESP, MAFRD and Ministry of Energy and Mines, as well as the Independent Commission of Mines and Minerals);
4. eliminate duplicated mandates on the management of the forest between MAFRD/KFA and PAK; (**Responsibility** – MAFRD, MESP and PAK);
5. identify the additional support required by KFA to manage public pastures effectively; (**Responsibility** – MAFRD, MESP and KFA); and
6. continue to update cadastral data in public lands: (**Responsibility** – MAFRD, MESP and KCA).



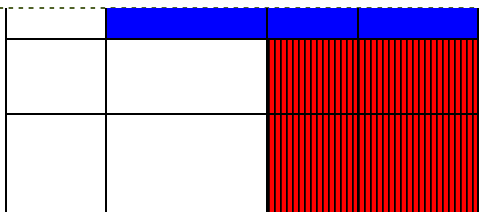
ANNEX 3
UPDATE ON DONOR FUNDED PROJECTS

Priority projects in the agri-rural sector, 2009-13

				< ARDP 2009-13 >					
				< 3 year MTEF 2009-11 >					
				2009	2010	2011	2012-13		Notes
Donor Programme/Projects, Supporting:				2008					
Measures to promote private sector									
Development of vocational training									
Support to VET in Agricultural High School									DANIDA 5 year project - started in 2008
E-learning vocational training									Donor sought: GTZ/Luxembourg?
Restructuring physical potential									
Cluster Business Support									USAID funding finished end 2008
Kosovo Private Enterprise Programme									USAID funding started 2008: finishes 2012
Horticulture Support & Promotion									Danish & Swiss Project merged in 2008 and will finish in 2012
Integrated Development (Fish/Cheese/MAP etc.)									GTZ
Privatisation of SOEs by KTA/KPA									Co-financed by KCB/EC
Remote Area Livestock Development									FAO Project, Luxembourg funds
Micro-finance for agri-rural development									Re-allocation of ABU funds to KCSF
NGO Support									Various NGO Projects: Care, Mercy Corps, AVSI, EDUS etc.
CIMIC Support									CIMIC/KFOR: timescale unknown
Support for Producers' Groups									Donor sought: GTZ?
Faculty of Agriculture, Pristina University									Donor sought

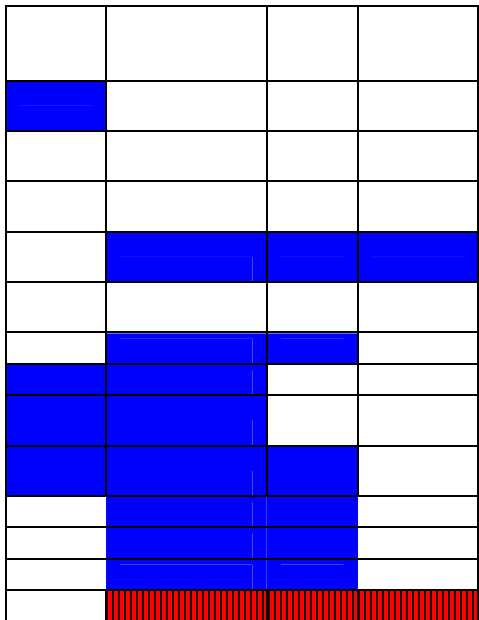
Kosovo Institute for Agriculture, Research										Donor sought
Managing water resources										
Support for IPs and WUAs										Project loan: IBRD?
Irrigation operation & management										Project loan: IBRD?
Improving food processing/marketing										
Support to improve vegetable quality										36 months: CIHEAM, Bari
Food Quality, Agri-Business and HACCP										Donor sought: GTZ?
Improving natural resource management										
Forestry Education and Training										FAO Project: Swedish funds
Forestry Planning and GIS										FAO Project: Norwegian funds
Forest Sector Development										FAO Project: Swedish funds
Sustainable Forest Management										2 year EC support: finished 2009
Forestry Education										SIDA funding: finished 2009
Development of private forestry										SNV, Kosovo, 2 years
Agro-Environmental Development										Donor sought
Farm diversification/alternative rural activities										Donor sought: GTZ?
Improvement of rural infrastructure/heritage										
Rural Roads										Project loan: IBRD?
Rural Water/Sewage Supply										Project loan: IBRD?
Rural Electrification										Project loan: IBRD?
Rural Broadband										Project loan: IBRD?
Cultural Heritage										Project loan: IBRD?
Support for local community development										
Local Community Development Phase I										2 year EC support: finished 2009
Local Community										IPA 2009: 2 year project: start

	Development Phase II			
	Mountain Area Development Programme			
	Sustainable Agriculture and Rural Development			



second half of 2010
 IFAD? (based on MADA/MAFF experience in Albania)
 FAO? (based on Mountain area project being implemented in Albania, Bulgaria, Macedonia)

Institutional Support				
Institutional Support to MAFRD				
Centre for Livestock Breeding				
Sustainable Forestry Management I				
Sustainable Forestry Management II				
Agricultural Land Utilisation I				
Agricultural Land Utilisation II				
Awareness Avian Influenza				
Twinning KFVA				
Twinning MAFRD				
Farm register system				
Animal identification follow-up				
Animal diseases follow-up				
Agriculture Development Project				



2 year EC support: finished 2009
 2 year EC support: finished 2009
 2 year EC support: finished 2009
 IPA 2009: 2 year project: start second half of 2010
 2 year EC-funded: finish start 2008
 IPA 2008: 2 year project
 IBRD grant: 3 years
 IPA 2007: 2 year project started in 2009
 IPA 2008: 2 year project started in 2009
 IPA 2008: 2 year project
 IPA 2008: 2 year project
 IPA 2008: 2 year project
 IBRD: under review

Institutional Agriculture Programme, Supporting:

Animal I&R, combined with livestock breeding				
Improved vet/plant BIPs + controls				
Veterinary laboratories				
Hygiene inspection and disease control				

KCB	KCB	KCB	KCB
KCB	KCB	KCB	KCB
KCB	KCB		
KCB	KCB	KCB	KCB

Farmers' use of RAS					KCB	KCB	KCB	KCB
Forestry surveillance and forest thinning					KCB	KCB	KCB	KCB
Purchase of quality seeds and breeds					KCB	KCB	KCB	KCB
Efficient control of domestic plant production					KCB	KCB	KCB	KCB
Quality control of agricultural products					KCB	KCB	KCB	KCB
R&D programme at KIA					KCB	KCB	KCB	KCB
Purchase of laboratory equipment for KIA					KCB	KCB	KCB	KCB
Land consolidation support					KCB	KCB	KCB	KCB
Irrigation sector support					KCB	KCB	KCB	KCB
KCB Grant programme					KCB	KCB	KCB	KCB



ANNEX 4
POLICY MATRIX: UPDATE ON THE STATUS OF IMPLEMENTING ARDP

Policy Matrix, 2009-13⁵¹

	Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
1	A Measures Developing vocational training (VT)	Skills Productivity Competitiveness Farm diversification	Improve farmers' managerial, financial, business planning and technical skills Train farmers, women and rural households in majority/minority areas to acquire skills to develop alternative sources of income, including farmers covered by the early retirement scheme	Design and deliver short technical and farm management courses for all farmers, women and minorities as part of Life-Learning programme Organise demonstration plots at existing sites of best practice and leading farmers Undertake study visits by farmers to more advanced countries in the region to transfer know-how, and accumulate work experience Develop/strengthen network of business service providers to support development of	MAFRD, Rural Advisory Services (RAS), NGOs, Department of Rural Development, Faculty of Agriculture, KIA, Secondary Agriculture School, Chamber of Commerce and business support associations, MTI	Two year EC-funded Local Community Development Strategies Project Phase I completed October 2009; 27 Local Action Groups established; 27 local strategies prepared, including priority projects and training requirements; 4 cross-border pilot project ideas under consideration Three year PAMM project (EAR-funded) in 10 municipalities started in late 2006 Donor projects under implementation e.g. PEP (USAID, 2008-12), Inter-Cooperation, Mercy Corps, KCBS	Local Community Development Strategies Project Phase II: two year, IPA 2009-funded: grant component to facilitate implementation of priority projects; start-up expected January 2010 Project required to establish VT website, and deliver training courses on-line (see Measure 7 , and need to provide rural broadband facility)

⁵¹ This Policy Matrix can be changed annually in line with (a) the three year rolling budgetary process, including the Public Investment Programme (PIP) and Medium Term Expenditure Framework (MTEF), and (b) the availability of new data and/or policy/trade opportunities. The advantage of this is that future actions that cannot be identified realistically today will be included in the matrix when new information becomes available. Immediate priorities are given in ARDP 2009-13.

⁵² Implementation of actions is being coordinated by MAFRD as the Managing Authority.

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>business activities and SMEs in rural areas</p> <p>Design and deliver courses (and field demonstrations) on:</p> <ul style="list-style-type: none"> • New technologies of agricultural production • Business economy, management, financial accounting • Environmental awareness, protection, organic/eco-friendly farming • Alternative businesses in rural areas i.e. diversification • Producers' cooperatives, market linkage, business development • English language • Information technology <p>Create website to offer VT courses on-line</p>			<p>Link to overall migration policy to ensure that skills learned abroad are "remitted"</p>
2	Land	Make farming sustainable	<p>Link to privatisation of SOEs, with the objective of increasing average</p>	MAFRD/LCU OPM, MPS, MESP, KTA,	Agricultural Land Utilisation Project (ALUP) Phase I: two year, EC-	Agricultural Land Utilisation Project (ALUP)

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
		Support Spatial Rural Development Plan for each municipality	farm size	Kosovo Privatization Agency (replaced KIA from November 2008), municipalities, KCA	funded, completed January 2008	Phase II: two year, IPA 2008-funded: start-up January 2010
		Initiate voluntary land consolidation, and finalize in municipalities where it has been started but not completed	Reactivate functioning of Inter-ministerial Committee for "Land Policy Administration"		Bridging support (between ALUPI and ALUP II) to support MAFRD's Rural Development Department, Land Division	
		Preserve fertile agricultural land from change of use to uncontrolled building purposes	Establish a Land Fund (to be used for compensation purposes)		provided under EC-funded ISMAFRD project	
		Facilitate farm restructuring	Update land ownership titles: cadastral reconstruction and land consolidation			
		Increase farm size	Establish a Land Consolidation Office under MAFRD			
		Develop land market	Provide advice through RAS to improve and preserve soil fertility			
		Improve productive capacity of land, and its use as collateral	Provide support to farmers to cover the fees of re-registration and land consolidation, (including private forest land)			
		Improve the preservation of soil fertility	Provide a flexible and affordable framework to resolve land disputes ⁵³			
		Improve				

⁵³ For example, using Third Party Arbitration Court (TPAC) experience from other transition countries.

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
		environment Improve land management through effective implementation of the Law on agricultural land Improve erosion protection in forest lands	Increase the efficiency of Land Inspectorate within MAFRD, and improve cooperation with municipal inspectorates Address improved forest management through land consolidation			
	Capital investment	Improve efficiency and competitiveness Enable business environment Develop investment policies Improve food quality Improve food safety	Maintain current tax incentives for agricultural inputs Introduce tax incentives for capital investment Establish programme for direct support for farm capital investments	MAFRD, KVFA, MTL, MEF, financial institutions		
	Credit	Increase farmers' access to affordable credit from commercial banks (CBs) and micro-finance institutions (MFIs)	Facilitate the organisation of producers' groups to improve access to commercial credit Speed up legislative amendments that will allow some MFIs to take	MAFRD, MOEFF, KBA, AMIK, MTL, CBAK	NAP 2007 and 2008 completed (and NAP 2009 under implementation) to improve efficiency, competitiveness and profitability of agri-rural sector with targeted expenditure on:	Multi-lateral, bilateral and NGO support required to support KCB-funded NAP Inter-Cooperation, UNDP, KCBS,

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>deposits⁵⁴</p> <p>Permit better risk management by farmers, CBs and MFIs, by focussing MAFRD's KCB-funded National Agriculture Programme (NAP) on:</p> <ul style="list-style-type: none"> • paying part of the fees for farmers to: <ol style="list-style-type: none"> 1. use crop insurance; 2. update land ownership documents⁵⁵; 3. consolidate their agricultural and forest land; 4. undertake soil analysis of their agricultural land; 5. use RAS, accredited NGOs and other certified extension advisers; 6. use better breeds and 		<ul style="list-style-type: none"> • Animal registration and identification programme • Improved veterinary and plant health controls • Land consolidation • Soil analysis programme • Quality control system for agricultural products' • Livestock breeding programme • Support for purchasing quality seeds and breeds • Agricultural research • Land consolidation • Irrigation infrastructure • Grant payments 	PEP, Mercy Corps and other donor projects

⁵⁴

To go in parallel with the training of staff for new savings/lending functions.

⁵⁵

Depending on the demand, the cost of such a scheme could be substantial, but could provide a sustainable basis for the use of land as collateral and for development of the land market.

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<ul style="list-style-type: none"> 7. seeds; use financial accounting initiating a feasibility study to introduce a partial bank credit guarantee fund⁵⁶ supporting the formation of registered associations/cooperatives of small farmers so that an association, in aggregate, can achieve a commercial farm size; continuing to implement donor-funded projects that provide training and technical assistance related to agricultural information systems, extension services, professional/vocational training and 		<p>covering horticulture, vineyards, vegetables, agro-processing, agriculture cooperatives, LAGs, sheep and manure storage</p> <p>Kosovo Livestock Breeding Centre established: one year, EC-funded, completed January 2009</p>	

⁵⁶ This could make the risk for both banks and farmers more manageable: (such a fund could be revolving, and used for targeted types of credit e.g. for investment, new varieties/breeds etc). The share of risk between the government (guarantee fund), the bank and the borrowers is crucial, and must not (a) encourage banks to stop screening loan applicants on a professional basis, or (b) offer farmers incentives not to repay. Such a scheme should be studied in relation to future provision of long-term credit for on-farm infrastructure e.g. fencing, irrigation etc.

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>preparation of business plans, in order to increase market, technical and financial information required by borrowers and lenders, as well as decrease the transaction costs for both parties;</p> <ul style="list-style-type: none"> (in addition to the use of RAS and bank officers), explaining to farmers about existing funding opportunities, using modern technology for quick and relatively cheap dissemination of information⁵⁷ increasing the understanding of MAFRD staff about commercial credit disbursement procedures, and the requirements for policies that will help CBs and MFIs 			

⁵⁷ An example is the DFID funded project "A Marketplace for Agricultural Information Services in Uganda".

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			to mitigate risks in agriculture and manage the risk better ⁵⁸			
	Research Higher education	Make research relevant to tomorrow's agriculture Train managers to develop market-based business skills, rather than continue production-oriented training	Focus research on technology transfer (rather than on technology generation), working with research institutes/universities in other countries Use technology that has been tested and adopted by farmers in neighboring countries, or under similar agricultural conditions Base technology selection on an assessment of farmers' needs, emphasizing market-oriented production technologies Introduce internship programmes for	InterCooperation, MAFRD, Faculty of Agriculture, PEP (USAID), DANIDA, KIA, MEST KIA, Faculty of Agriculture, Donor projects KIA, EC projects, USAID, Swiss	Best practice paper prepared: see Annex 9	Project required: FAO? Swiss, DANIDA, USAID, EC

⁵⁸ To facilitate this, MAFRD staff could be sent as stagiaires to CBs/MFIs on a quarterly basis, (with MAFRD continuing to pay the salary of the employees).

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>students finishing their degrees at the Agricultural Faculty, Prishtina</p> <p>Strengthen KIA's capacity in food quality control, seed testing and certification, agricultural input analysis and control activities, soil analyses, training and dissemination of information</p> <p>Establish 5 regional information centres to inform farmers about the best time to treat their crops against pests and diseases</p> <p>Undertake technology identification, assessment and diffusion cost-effectively within a regional university/research collaborative framework</p>			

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			Develop incentives to recruit young scientists, linked to post-graduate programmes, as well as regional exchange programmes for existing research staff and on-the-job training for field and laboratory technicians			
	Privatisation	Complete privatisation of all SOEs by 2010 ⁵⁹ Review (reformulate) procedures of privatisation of agricultural land Avoid large SOE tracts of land being broken up into smaller farms	Continue with current privatisation practices Applycrofting legislation (e.g. from Scotland) to ensure community retains ownership of sensitive areas of land e.g. Dragash Draft law on "Prohibition of physical farm fragmentation in agriculture" (which is common practice as a result of traditional inheritance family relationships)	KPA and MAFRD, MTL, EC MAFRD and KPA MAFRD, OPM, Kosovo Assembly		UNDP project to establish Stewardship Agency started 2009
3	Managing water	Irrigation	Introduce land tax, and	MAFRD,	Modern Irrigation in	Support for IPs

⁵⁹ Note that the fast privatisation (finished in mid-2007) planned by KPA may be in conflict with the interest of land consolidation.

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
resources		<p>agriculture profitable</p> <p>Develop financially sustainable Irrigation Providers (IPs)</p> <p>Develop/create financially sustainable Water Users' Associations (WUAs) that can help in the collection of water fees, and the operation/maintenance of the secondary and tertiary distribution system</p> <p>Improve central/local government direction of irrigation</p> <p>Develop small irrigation schemes in other areas</p>	<p>earmark the revenue generated for the maintenance of irrigation, drainage and other physical rural infrastructure</p> <p>Promote further investment in the irrigation sector, mainly in rehabilitation works</p> <p>Improve water management in the supply/distribution network, as well as in the field</p> <p>Improve water fee and/or water tax collection</p> <p>Strengthen the management and operation of IPs and WUAs</p> <p>Improve spatial planning and law enforcement</p> <p>Require municipalities to develop irrigation, drainage and flood protection schemes on the basis of approved</p>	MOESP, MOEF, Irrigation Providers (Radoniqi, Iber-Lepenci and Drini I Bardhe)	<p>Kosovo project (one year, EAR-funded, 2005 programme, completed 2009)</p> <p>Modern irrigation supported through KCB in 2008, as well as for 2009-13</p>	and WUAs project required

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			land suitability maps Work closely with RAS to promote the development of high value-added crops Strengthen the institutions in charge of irrigation, drainage and flood protection (capacity building, human resource development, data collection, technical studies, investment planning, enforcement, training and twinning) Strengthen the management capacity of irrigation companies, in order to increase the effectiveness and efficiency of water usage for agricultural purposes			
4 Improving food processing/ marketing	Food quality Food safety	Meet EU and international food safety standards Meet EU and international food quality standards	Create a food safety laboratory Ensure agri-businesses comply with Food Law Provide training in HACCP for agri-businesses	MAFRD, KFVA, MOH, MITI, InterCooperation, KCBS, TAM - BAS NGOs and other projects		

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			Assist agri-businesses to restructure, merge or leave the market by a target date e.g. 31 December 2010			
	Trade balance	Increase food exports Increase import substitution of foodstuffs	Provide practical advice to farmers on how to make contracts with processors and wholesalers, meeting obligations, quality control Facilitate the creation of single collection stations at village (municipal) level and marketing cooperatives to co-ordinate small-scale production, and provide a single point of contact for buyers Facilitate contract arrangements along the agri-food supply chain Facilitate the development of modern wholesale markets Improve supply of electricity to agro-processors Participate fully in	KFVA, InterCooperation, MTI, MAFRD, KCBS, KEK, Customs		Technical assistance required to review present tariff, subsidy and invoicing structure in Kosovo and its trading partners

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>Central European Free Trade Agreement (CEFTA)</p> <p>Review agricultural implications of joining World Trade Organisation (WTO)</p> <p>Review present tariff, subsidy and invoicing structure in Kosovo and its trading partners</p> <p>Review anti-smuggling and cross-border inspection procedures</p> <p>Improve quality and quantity of local agricultural products</p>			

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	Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
5	Improving natural resource management	Environmental protection	<p>Decrease the negative impact of agriculture on the environment, restore traditional landscapes and increase biodiversity</p> <p>Achieve sustainable management of forestry, agricultural land and pasture resources</p> <p>Ensure natural resource management is consistent with regional policy</p> <p>Assist afforestation and the establishment of agro-forestry systems, particularly in Natura 2000 sites</p>	<p>Develop a national catalogue of agricultural environmental measures</p> <p>Promote organic agriculture practices</p> <p>Afforest to diversify rural farm activity</p> <p>Develop commercial forestry management in National Parks</p> <p>Implement new legislation on wildlife management and hunting</p> <p>Work toward reorganization of existing institutional structures in forestry sector, according to new needs and challenges</p> <p>Establish a silvi-cultural thinning programme, commercial and pre-commercial, to get control over illegal cutting of trees for firewood, and make it affordable</p> <p>Formulate and implement a national plan for improved pasture management; forest thinning for firewood and developing wood/non-wood products; raising environmental awareness, particularly to facilitate eco-tourism; and developing local</p>	<p>MAFRD, KFA and MESP, Kosovo Assembly (Commission for Agriculture, Forestry, Environment), REC, NGOs</p>	<p>Sustainable Forestry Management Project Phase I (two year, EC-funded, completed January 2009)</p> <p>Local Community Development Strategies Project Phase I: 2 year, EC-funded, 2006 programme, completed October 2009</p> <p>Contact established with Euromontana, as well as with Balkan Foundation for Sustainable Development</p>	<p>Sustainable Forestry Management Project Phase II: IPA 2009, start up 2010</p> <p>FAO SARD-M</p> <p>IFAD</p>

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	Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
6	Stimulating farm diversification	Sustainable development	Alleviate rural poverty and hidden unemployment Create additional job opportunities, particularly for women, youth and minorities Reduce excess labour in agriculture, and increase farm labour productivity	Provide training to increase skills for non-farm jobs Provide business advice linked to development of non-farm businesses Provide non-formal education Support preparation of business plans to improve access to credit for micro/small rural enterprises	MAFRD, Municipalities, Local Action Groups (LAGs), NGOs, donor projects	Two year EC-funded Local Community Development Strategies Project Phase I completed October 2009; 27 Local Action Groups established; 27 local strategies prepared, including priority projects and training requirements; 4 cross-border pilot projects under review See link with Measure 1 - Vocational Training See link with Measure 8 - Local Community Development	Local Community Development Strategies Project Phase II: two year, IPA 2009-funded; grant component to facilitate implementation of priority projects; start-up expected January 2010
7	Improving rural infrastructure/heritage	Quality of life	Meet Millennium Development Goals in rural areas	Upgrade rural road networks Upgrade rural social infrastructure, including schools and clinics Improve access to water supply and sewage systems in villages Organize landfills for groups of villages Provide universal broadband connection in	Various Ministries, municipalities and local communities, Ministry of Culture, Sport and Youth, Ministry of Education		Project is required to support all infrastructure investment Broadband project required: see link to Vocational Training requirement under Measure 1

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
8	Community sustainability	Eliminate rural poverty Achieve viable rural communities at sub-municipal level Facilitate cross-border cooperation and regional development Use village land more efficiently	rural areas Rehabilitate cultural heritage in rural areas (museums, mosques and churches), water mills, traditional buildings etc. Upgrade sport centres and other facilities for young people Encourage bottom-up, village-level action by; facilitating government/private sector/civil society dialogue; and linking rural development planning by central and local government Increase commodity profitability by: improving commodity quality; forming producers' associations/ commodity collection centres, supported by RAS; and linking with commodity markets (processors, wholesalers and end-users) Introduce improved pasture management by;	MAFRD, Municipalities, MLG	Two year EC-funded Local Community Development Strategies Project Phase I to be completed October 2009; see details above	Local Community Development Strategies Project Phase II: two year, IPA 2009-funded: grant component to facilitate implementation of priority projects: start-up expected January 2010 Agricultural Land Utilisation Project (ALUP) Phase II: two year, IPA 2008-funded: start-up January 2010 IFAD

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>thinning forests for firewood and developing wood/non-wood products; raising environmental awareness, particularly to facilitate eco-tourism; and developing local bio-diversity action plans</p> <p>Set up cross-border projects in the 16 border municipalities</p> <p>Develop integrated re-structuring of community infrastructure</p> <p>Prepare village renewal guidelines</p> <p>Establish a professionally-staffed Business Advisory Centre in each municipality</p>			
B Other Activities						
9	EU membership	Ensure agri-rural policy facilitates achievement of candidate country status	Implement programme outlined in Annexes 5 and 11 , including Twinning/Twinning Light and TAIEX, respectively	MAFRD, EC	Institutional Support for MAFRD Project: two year, EC-funded, completion January 2009	<p>Twinning MAFRD through IPA 2008: start-up August 2009</p> <p>Twinning KFVA</p>

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	Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			Improve regional cooperation and dialogue	Streamline organisational structure and operation of MAFRD and related bodies e.g. KFVA, KVSA, KFA, KIA Implement European Partnership Expand capacity of MAFRD's European Integration Unit Identify and implement National Programme for the Adoption of the Acquis, including enforcement Provide human resource development programme for all staff to strengthen all units Maximise use of all donor support programmes, including Twinning, TAIEX and IPA Establish joint working groups with technical staff in MOAs in neighbouring countries			through IPA 2007: start-up January 2007 Projects under IPA 2008 to be implemented in 2009/10 Projects under IPA 2009 to be implemented in 2010/11
10	Negotiating access to	Migration	Maximise seasonal,	1. Focus remittances -	OPM, MAFRD,		Rural broadband

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
job opportunities in parts of Europe suffering from labour shortages		mid/long-term job opportunities Ensure employment abroad is focussed on acquiring skills that can be used in the agri-rural sector on the migrant's return	encourage Kosovars working abroad to direct remittances into investments in agriculture and entrepreneurial activities, including processing: increase the impact of remitted funds through the provision of matching funds financed by a grant 2. Attract skills, knowledge retention and circulation - encourage Kosovars working in agri-rural activities abroad to transfer knowledge, skills and technology in agriculture and agri-rural business, particularly using "Virtual Return": request EU countries to take Kosovars for employment in targeted food/ commodity	Swiss Contact, AGEF, IOM		access to facilitate "Virtual Returns"

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Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
			<p>sectors, in order to facilitate the acquisition of skills.</p> <p>Engage diasporas in development – identify diasporas abroad: understand their skills’ base and gender interests: explore how these can be channelled into the agri-rural sector.</p> <p>4. Improve local economic and social conditions – request donors to increase development opportunities at local level (e.g. North of Mitrovica): use on a pilot basis the EAR-funded Local Community Development Strategies Project to leverage further migrant remittances, as well as diasporas, multilateral, bilateral and NGO support, to encourage investment in crop,</p>			

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	Measures (A) Other Activities (B)	Policy Area	Objective	Actions ⁵²	Local stakeholders	Status of implementation of ARDP 2007-13	International technical assistance required 2009-13
				livestock, forestry and fisheries activities, as well as agri-rural businesses and rural diversification.			



ANNEX 5
UPDATE ON THE TWINNING PROGRAMME

Proposed Twinning Programme, 2009-13

Actual Twinning/Twinning Light Projects	Related ARDP 2009-13 Measures On-going/Forecast NAP and TA projects	Assumptions
<p>Irrigation:</p> <ul style="list-style-type: none"> • Institutional strengthening of the water management authorities (management of IPs and WUAs, legislation) 	<p>Measure 3, aimed at improving the management of water through support for irrigation and water users (Axis 1)</p> <p>Irrigation supported through National agriculture Programme (NAP) 2009-11</p>	<p>Training of staff in MAFRD and MESP IPs and WUA strongly established under firm management</p> <p>Strategy for irrigation outlined in ARDP 2009-13 being implemented</p>
<ul style="list-style-type: none"> • Natural resources management: • Environmental impact assessment (EIA) • Implementation of environmental acquis • Financial tools to implement acquis in environment sector • Environmental legislation: integrated and planned enforcement • Law on Environmental Information and Management System • Development of administrative capacity for monitoring and evaluation of the agricultural environment measures, and development of related indicators • Forestry: management of national parks, afforestation, legislation 	<p>Measure 5, targeting improved natural resource management, including the environment, as well as the sustainable use of agricultural and forestry land (Axis 2)</p> <p>IPA 2009, Sustainable Forestry Management II</p>	<p>Training of staff in MAFRD/KFA and MESP</p> <p>KFA has clear commitment to develop evidence-based policy analysis</p> <p>KFA is in charge of the management of the National Parks</p> <p>Agro-environmental working group established in MAFRD in 2009 will form the basis of the twinning support to be provided</p>

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Actual Twinning/Twinning Light Projects	Related ARDP 2009-13 Measures On-going/Forecast NAP and TA projects	Assumptions
<p>Agricultural extension:</p> <ul style="list-style-type: none"> • Support for institutional framework management • Development and strengthening of the administrative capacity to approximate/implement the acquis communautaire in the field of advisory services, group formation, farmer education and training • 	<p>Measure 1, aimed at improving human potential: vocational training; setting up of young farmers; early retirement; management, relief and advisory services (Axis 1)</p> <p>Measure 2, aimed at restructuring physical potential in agriculture (Axis 1)</p> <p>Measure 4, aimed at improvement of the processing and marketing of agricultural products (Axis 1)</p> <p>Measure 7, aimed at facilitating rural diversification (Axis 3)</p> <p>Farmers supported with grants through 2009-11 NAP and IPA 2009</p>	<p>Training staff in MAFRD/RDAS and Ministry of Education on-going</p> <p>Strategy for Rural Advisory Service is being adapted and implemented</p>
<p>Livestock breeding:</p> <ul style="list-style-type: none"> • Development and strengthening of the administrative capacity to approximate/implement the acquis communautaire in the field of animal feed, nutrition, welfare 	<p>Measure 2, targeting restructuring physical potential: investments to improve production, processing and marketing structures and infrastructures (Axis 1)</p>	<p>Training KCLB staff ongoing</p> <p>KCLB and the Standing Committee for Livestock Breeding are established, and functioning with financial and political support from the Government</p>
<p>Land management:</p> <ul style="list-style-type: none"> • Development and strengthening of the administrative capacity to approximate/implement the acquis communautaire in the field of land registration, utilisation, management and consolidation • 	<p>Measure 2, targeting restructuring physical potential: investments to improve production, processing and marketing structures and infrastructures (Axis 1)</p> <p>Measure 5, targeting improved natural resource management, including the environment, as well as the sustainable use of agricultural and forestry land (Axis 2)</p> <p>Farm registration project, IPA 2009</p> <p>Land utilisation project II, IPA 2009</p>	<p>Training MAFRD and MESP on-going</p> <p>Land Law is harmonised, implemented and enforced</p> <p>Kosovo Cadastral Agency (Ministry of Public Service) to cooperate under Twinning programme</p>

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Actual Twinning/Twinning Light Projects	Related ARDP 2009-13 Measures On-going/Forecast NAP and TA projects	Assumptions
<p>Local Community Development:</p> <ul style="list-style-type: none"> • Establishment of a coherent framework for local development/preparation to use pre-accession assistance • Strengthen municipal policy administration • Strengthen acquis implementation at municipal (regional) level • Establish Business Incubator Network <p>Marketing:</p> <ul style="list-style-type: none"> • Improving the policy/institutional framework and the organisation of Producers' Groups, SMEs and Cooperatives 	<p>Measure 8, using the LEADER+ approach to achieve local development strategies, inter-territorial and trans-national cooperation between local action groups (LAGs); capacity building and functioning of LAGs (Axis 4)</p> <p>Local Community Development Support II, IPA 2009</p>	<p>Training MAFRD/RDAS and Ministry of Local Government Administration on-going</p> <p>Clear commitment from Ministry of Local Government Administration</p> <p>Principles of LEADER+ understood by MAFRD/RDAS</p>
<p>Actual Twinning/Twinning Light Projects</p>	<p>Measure 2, aiming at restructuring physical potential: investments to improve production and marketing structures and infrastructures (Axis 1)</p> <p>Measure 4, aiming at improvement of the processing and marketing of agricultural products (Axis 1)</p> <p>USAID/PEP (end 2012)</p> <p>Swiss Coop/Dairy and Horticulture Production (end 2010)</p>	<p>Training MAFRD and MTI on-going</p>
<p>Actual Twinning/Twinning Light Projects</p>	<p>Related ARDP 2009-13 Measures On-going/Forecast NAP and TA projects</p>	<p>Assumptions</p>

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Actual Twinning/Twinning Light Projects	Related ARDP 2009-13 Measures On-going/Forecast NAP and TA projects	Assumptions
<p>Food safety:</p> <ul style="list-style-type: none"> • Support for the elaboration and effective implementation of the consumer protection legislation (safety and health), and for the strengthening of the institutional structure in the field of consumer protection • Assistance in the management of the Food Safety Agency • Assistance in the management of IACS • Assistance in the management of Animal identification and Registration System 	<p>Measure 2, aiming at restructuring physical potential: investments to improve production and marketing structures and infrastructures (Axis 1)</p> <p>Measure 4, aiming at improving food processing quality through HACCP, marketing structures and related infrastructures (Axis 1)</p> <p>Support for Kosovo Food and Veterinary Agency, IPA 2007, start up January 2009 (Germany and Lithuania)</p>	<p>Training MAFRD and Ministry of Health ongoing</p>
<p>MAFRD:</p> <ul style="list-style-type: none"> • General management, operational efficiency, establish specific agencies (Rural Development Agency, Paying Agency) • CAP implementation • Fully compatible statistical information system and land information 	<p>Support for MAFRD, IPA 2008, start up August 2009 (Austria, Hungary and Slovenia)</p> <p>EC-funded Institutional Support to MAFRD completed August 2009</p>	<p>Training in MAFRD on-going</p> <p>Close links with similar ministries in new/old Member States established</p>



ANNEX 6
UPDATE ON LEGAL AND ADMINISTRATIVE REQUIREMENTS

Legislative and Administrative Consequences of ARDP 2009-13

Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
0. GENERAL						
01. Implementation of ARDP 2009-13	Create legal base	Principles of EC Reg. 1698/2005, EC Reg. 1290/2005	Implement Law on Agricultural and Rural Development (LARD), approved on 11 June 2009; not promulgated. Ensure consistency with Law No. 2003/2 on Management of Public Finances and Responsibilities in cooperation with MEF, in order to establish NPA as soon as possible			Urgent
02. Administration of ARDP 2009-13	Create relevant organisational structures	Principles of EC Reg. 1290/2005, EC Reg. 883/2006 and EC Reg. 885/2006	Streamline organisational and decision-making structure of MAFRD, and hire staff to fit the new structure Make MAFRD the Managing Authority (done), create a Monitoring Committee for ARDP (done), and prepare to establish a Paying Agency (done) (via the Grant Management Committee) Create Agricultural and Rural Development Agency (ARDA)	Strong regional approach Investment in Special Preparatory Programme (SPP) ⁶⁴	LT expert	Urgent

⁶⁰ This column contains examples of specific activities which could be initiated under the ARDP 2009-13 measures.

⁶¹ References to the acquis in this column indicate that either acquis elements should be transposed or the national implementation could be inspired from the acquis.

⁶² This column lists the main actions which should be taken by MAFRD to implement the specific activities.

⁶³ TAIEX Assessment Mission on Agriculture and Rural Development, November 2005, Draft ref. AGR 20956.

⁶⁴ Special Preparatory Programme headed by a TAIEX expert and comprising pilot projects in the regions/municipalities with a small grant facility

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
03. Financing	Create source(s) of financing of ARDP 2009-13	Principles of EC Reg.1698/2005, EC Reg.1290/2005	Design principles for distribution of competences between national/ regional and local levels LARD and modify UNMIK Regulation No. 2000/27 LARD provides adoption of secondary legislation, including establishing the structure and functioning of the future Paying Agency LARD (general financing and support basis) MAFRD coordinates national and donor-funding projects/programmes Setting priorities 2009-11, analyse available financial sources Establish instructions for financial administration Financing coordinated by MAFRD and MEF	Earmark revenue of customs duties on agricultural products for rural measures	High	Urgent Note that earmarking is an unhealthy budget principle

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
A. PRIVATE SECTOR						
1. Development of vocational training						
Vocational training	Improve farmers' skills, improve skills of rural population to develop alternative incomes	EC Reg. 1698/2005, art. 58-59	Implement Law on Vocational Education and Training 2006/02-L42 Identify skills deficiencies (training needs), identify necessary trainers' skills, identify training tools and design training curricula Identify MAFRD's training potential (RAS, KIA, technical departments and agencies), and needs for assistance Lay down rules concerning admission to training courses, and conditions of participation LARD provides for Training, Research and Education: training includes the categories required by ARDP 2009-13 (Art. 35 & 36)	Education in rural areas - a big challenge		
2. Physical Potential						
2.1 Land consolidation	Improve structures, create sustainable farms Improve environment	Elements of EC Reg. 1698/2005	Implement Law on Agricultural Land, No. 2005/02-L26 Promulgate and implement draft law on transfer of land use by real estate owners (MESP) Stop and roll back illegal use of agricultural land	Enhance farm structures development		Key measure for future of farming in Kosovo. Financing of transaction costs important

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
	Improve infrastructure Support rehabilitation of irrigation		With MESP, restore cadastre financing of transaction costs Involve CBs and MFIs State guarantees and/or interest subsidies, capital investment tax incentives? Create land consolidation office and de-concentrate MAFRD administration Approve and implement Draft Law on Agriculture Land Consolidation Define role of RAS and LAGs: prepare guidelines and information			Financing of farmers' land ownership registration costs to be considered First draft of Law on Land Consolidation produced at end of June 2009; promulgation targeted by end of 2009
2.2 LPIS ⁶⁵	Parcel identification, basis for single payments etc.	EU Reg.1593/2000	Transposition of relevant acquis Coordinate with cadastre IT/GIS systems Staffing/know-how	Must be initiated	High ST ⁶⁶	Postpone until later
2.3 Modernisation, buildings and	Increase efficiency and	Build on EU Reg.	Establish LPIS as part of IACS after the establishment of NPA LARD	Legal guidelines for renting land		General animal welfare

⁶⁵ Land Parcel Identification System, Regulation 1593/2000, see also regulation 796/2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers (IACS).

⁶⁶ ST is short term expert and LT is long term expert.

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
equipment	market-orientation Improve competitiveness Improve environment and animal welfare	1698/2005 Animal welfare acquis Protection of environment (including water ⁶⁷)	Establish desk and de-concentrated administration Define role of RAS and LAGs Design programme with targeted measures Include environmental and animal welfare considerations Draft Administrative Instructions, in order to implement LARD Undertake information activities Involve CBs and MFIs State guarantees and/or interest subsidies, capital investment tax incentives? Implementation of AI for land lease issued by MAFRD for private property and Law on establishing Agency of Privatization, that regulates issues for agricultural land lease for SOEs and POEs Medium term strategy exists	should be elaborated ⁶⁸ [see art. 30-37 of the Law on agricultural land] State guaranteed loans when increasing farm size		legislation not necessary at this stage, but main acquis requirements are a condition for support
2.4 Rehabilitation of irrigation, cf. 3.	Improve competitiveness	Elements of EC Reg.	Medium term strategy exists			

⁶⁷ Directive 2000/60/EC establishing a framework for a Community action in the field of water policy, Regulation 2078/92 on agricultural production methods compatible with environment and maintenance of the countryside, Directive 92/43(EEC) on the conservation of natural habitats and of wild flora (“Natura 2000”) et. al.

⁶⁸ LARD (not yet promulgated), art. 30-37, regulates the rent of land.

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
	Income and income	1698/2005 EC Dir. 2000/60/EC (including water pricing)	Secure financing and prioritise activities Create local expertise, training/information campaigns for WUAs and users In 2009, draft/approve Law on amending Law on Irrigation Determine status of water suppliers LARD Formalise and develop RAS			
2.5 Know-how (farming techniques) <ul style="list-style-type: none"> • Animal health • Breeds • Plant varieties/p 	Increase efficiency Improve competitiveness Improve environment and animal welfare	Elements of EC. Reg. 1698/2005 Breeding, plant health, pesticides and fertilizer acquis Good agricultural practices, EC Reg.1782/2	Coordinate activities of RAS with research institutes, KIA demonstration farms etc. Design best farm practices (demonstration farms) scheme Integrate Good agricultural practices Increase better breeds, seeds and plants ⁶⁹ Support measures Implement AI on Soil Fertility Control Implement Law on Plant varieties	Strengthen RAS	High LT	Vocational training (Measure 1) important component Improved breeds and seeds are a pre-condition for sector strategies Agro-environmental question and animal welfare likely to be part of IPA 200 Twinning pilot actions

⁶⁹ Measures might to some extent find inspiration in various EU-schemes e.g. Regulation 1453/2001 introducing specific measures for certain agricultural products for the Azores and Madeira and Commission regulation 188/2005 laying down detailed rules for the application of the aid scheme for the meat sector in the outermost regions.

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
		(including water) Animal health and welfare	Invest in existing/new irrigation infrastructure Amend Law on Fertilizers regarding sanctions			
2.6 Young farmers	Facilitate setting up young farmers Maintain youth in rural areas	Elements of EC Reg. 1698/2005 Animal welfare provisions Protection of environment (including water)	LARD Land consolidation, see A 2.1 Design, target and programme measures – connected with Measures 1, 2.1, 2.3, 2.5 Administrative instructions Information campaign RAS Involve CBs and MFIs State guarantees and/or interest subsidies, capital investment tax incentives? LARD includes also marginalized groups: the basis for supporting young farmers is LARD. Development of Young Farmers' Groups and producers' associations, as well as early retirement of farmers, supported by the establishment of a Pilot Matching Grant Scheme for Young Farmers' Groups and producers' associations			Farmers at professional level, and with viable business plans

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
2.7. Early retirement	Facilitate land consolidation and young farmers' establishment	EC Reg. 1698/2005, art. 23	Legal base (LARD) Design, target and programme measure: connected with Measures 2.1 and 2.5 Administrative instruction Desk in MAFRD Information campaign, specific information in consolidation zones			For financial reasons, to be implemented from 2010 onwards
3. Irrigation, cf. 2.4						
4. Marketing and processing						
4.0 General			Creation of an inter-ministerial working group to formulate a strategy to upgrade agro-processors to European standards, based on an EC check list (to be implemented in Q4, 2009)	Identify strategic sectors; product development on quality policies; market products on local market first; strategic focus on marketing, agro-processing and diversification		
4.1 Farmers' marketing	Market orientation Increased revenues	Elements in EC. Reg 1698/2005	LARD and Law, No. 03/L-004 on Amending and Supplementing of the Law No. 2003/9 on Farmers' Cooperatives	State guaranteed loans when engaging in commercial		

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
			<p>Farmers' cooperation</p> <p>Design future RAS policy and role around a marketing programme, including semi-subsistence</p> <p>Develop delivery contracts (information campaign)</p> <p>Involve LAGs</p> <p>Develop local marketing e.g. market facilities and collection centres</p> <p>Consider support measures</p> <p>Implement Law Nr. 03/L-004 on Amending and Supplementing the Law No. 2003/9 on Farmers' Cooperatives</p> <p>LARD will help and encourage Farmers' marketing</p>	agriculture/local markets		
4.1.1 Product quality and safety	<p>Improve quality</p> <p>Add value</p> <p>Organic farming: environment</p>	<p>Food safety/hygiene acquis, EC. Reg 852/2004, Annex 1, sect. A, and EC. Reg 853/2004</p>	<p>Strategy for continuing alignment (farm-to-fork), hygiene and control, zoonoses⁷⁰, BSE⁷¹, GMO⁷²</p> <p>Establish product (quality) standards</p> <p>Feasibility study concerning organic farming (including market possibilities), implement law, draft detailed AI,</p>	<p>Legislation on quality products</p> <p>Possible competitive advantages</p>	ST	

⁷⁰ Regulation 2160/2003 et al.

⁷¹ Regulation 999/2001 et al. According to Chief of KVFS a BSE programme has been initiated

⁷² Regulation 1829/2003 and Regulation 641/2004

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
		annex 1, sect. IX (milk quality) etc. Product standards e.g. grading of fruits, classification of carcasses PDO, PGI, TSG Organic farming Elements of EC. Reg 1698/2005	prepare marketing, distribution and control Feasibility study concerning PDO, PGI, TSG Information campaigns: food safety and product quality RAS Evaluate need for support measures Law on Organic Farming is already approved, and two AIs drafted A Working Group was established in April 2009 to work on amending the current Law on Organic Agriculture Drafted first version of new Law on Organic Agriculture and six AIs based on new EU organic Regulations (EC) No. 834/2007 (in force from 1st January 2009) and (EC) Reg. No. 889/2008 Organic agriculture action plan formulated			
4.1.2 Producers' associations, organisations, other groupings	Strengthen market-orientated agriculture	Elements of EC. Reg 1698/2005	Legislation/ approve criteria LARD and Law No. 03/L-004 on Amending and Supplementing the Law No. 2003/9 on Farmers' Cooperatives Actively support associations at national	Assist creation/operation of farmers' organisations Early pre-accession	High (ST)	Important, urgent to initiate pilot processes through TAIEX

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
			<p>level</p> <p>Possible support scheme (running in period)</p> <p>RAS</p> <p>LARD in Chapter VII envisages the formation of organizations of producers, processors and traders of agriculture products and agro-foods</p> <p>Article 29 of LARD provides for secondary legislation to set out the criteria to be fulfilled by the organizations and associations in order that they can benefit from support</p>	assistance		
4.2 Processing						
4.2.1 Product safety	<p>Safe food</p> <p>Added value</p>	Acquis (food regulation, hygiene package, control etc.)	<p>Implement Food Law</p> <p>Assistance in aligning this law with the acquis was delivered from different EC projects, so this aspect of the process is finished</p> <p>Continue alignment (establish alignment and implementation schedule)</p> <p>KFVA established in 2009 under Prime Minister's Office</p> <p>Training</p> <p>Information campaign for food</p>			Clear need for continued assistance

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
4.2.2 Product quality	Further value added quality production	Acquis (food regulation, hygiene packaging etc.) Quality standards PDO, PGI, TSG Organic production	processors LARD Feasibility study on quality products Policy guidelines Establish product (quality) standards Producer groups – cooperation Consumer campaigns AI on implementation of hygienic package has been drafted by KFVA according to the Veterinary Law Law on organic farming is promulgated by SRSG, but is on the legislative programme for 2009 to be amended, in order to be in line with new EU regulation	Legislation on quality products Possible competitive advantages		

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
4.2.3 Processing industry	<p>Improve competitiveness</p> <p>Increase value added</p> <p>Meet food safety standards</p>	<p>Expand on EC Reg 1698/2005</p> <p>Food safety and animal health acquis</p>	<p>LARD</p> <p>Feasibility study</p> <p>Policy guidelines for restructuring, cooperatives, innovation, technology, implementation of acquis (e.g. food safety)</p> <p>Develop delivery contracts with farmers' associations</p> <p>Credit facilities</p> <p>Programme and support measures</p>	<p>Assistance to agro-processing industry</p> <p>Needs predictability on the supply chain</p>	ST	Implementing the acquis will need financial investments
5. Management of natural resources ⁷³						
5.1 Pasture management	Protect/maintain in pasture land	Agro-environmental measures	<p>LARD</p> <p>Policy guidelines</p> <p>Establish desk in MAFRD</p> <p>Information campaign</p> <p>Support creation of management groups at local level.</p> <p>Available SOE areas?</p>			

⁷³ Relevant acquis provisions are: Directive 2000/60/EC establishing a framework for a Community action in the field of water policy, Regulation 2078/92 on agricultural production methods compatible with environment and maintenance of the countryside, Regulation 1782/2003 establishing common rules for direct support schemes under the common agricultural policy ...; Directive 92/43/EEC on the conservation of natural habitats and of wild flora ("Natura 2000") et. al.

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
			Support for groups' administrative costs (in start-up period) Determination of MAFRD budget for maintenance of pastures Implementation of the AI MA-No.09/2007 on use of pastures			
5.2 Afforestation	Increase forest production Alternative for low quality agricultural land	Elements in EC. Reg 1698/2005 Monitoring requirements in EC. Reg 2152/2003	LARD and Law on Forestry Design programme Locally based area designation: involve LAGs Support measure Donor coordination on increasing investments and better utilisation of funds allocated for forestry sector			
5.3 Improve forest and environment		Elements in EC. Reg 1698/2005 Monitoring requirements in EC. Reg 2152/2003 EU Forestry action plan (in process)	Based on the Ahtisari Plan for decentralization of competences: proposed to amend the Law on Forests Integrate in management plans Activate Forestry Restoration Fund Reorganise Forestry organisational structures within MAFRD Facilitate strong cooperation with MESP on protection of forest and National			Draft law on amendment of the Forestry Law is with the Government working group

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
			Parks			

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
5.4 Protection of forest	<p>Example: Reduce illegal cutting</p>	<p>Monitoring requirements in EC. Reg 2152/2003 EU Forestry action plan (in process)</p>	<p>Draft pre-commercial thinning programme Forest Management Annual Operation Plan for 2009 drafted and approved after debate by municipal and related institutions: the main components of the plan are:</p> <ol style="list-style-type: none"> 1. Forest protection from illegal cutting; 2. Forest protection against forest fires 3. Silviculture measures (afforestation, forest utilisation – commercial thinning, pre-commercial thinning, etc) <p>Involve LAGs Information campaign Increasing controls and inspections Implementing legislation regarding illegal cutting Strengthening of forest management structures (e.g. enforcement of municipal authorities to implement competencies on forest protection as delegated competence) According to the Altitisari Plan, the proposal is that Forest protection will be a competence of Municipalities: forest guards will be responsible for this Awarding of tenders for wood cutting will be under Municipality competences</p>			

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
5.5 Reduce pressure on environment from farming	Protect/maintain in environment	Elements of EC Reg. 1698/2005 Good agricultural practices, EC. Reg. 1782/2003 Protection of environment (including water)	MAFRD and MESP: establish catalogue of problems to be addressed Draft action plan and AIs Relate to activities under 2.3, 2.4, 2.5 and 2.6 Analyse need for support to specific measures - financing RAS MAFRD to start subsidy schemes for agro-environment measures with emphasis on organic farming Measure 5: full implementation in 2009 of Special Preparatory Programme pilot project on manure storage in Prizren Municipality using KCB funds			Important to involve farmers and nature conservation associations from the outset
5.6 Mountain areas (natural handicap areas)	Maintain environment and socio-economic fabric in handicapped (less favoured) areas	Elements of EC. Reg 1698/2005 Protection of environment (including water)	LARD Establish designation criteria and select pilot areas Analyse needs, design programme and support schemes if needed Involve LAGs and RAS Identification of Natura 2000 sites Develop contacts with Euromontana			
6. Farm						

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
diversification						
6.1 Agro-tourism	Income and employment in rural areas Maintain rural population	EC. Reg 1698/2005 approach	LARD Ministry to push regional/local feasibility studies and programming (prepare manual) Financial incentives Involve CBs and MFIs RAS Design cross border cooperation policies and projects Inter-ministerial cooperation with MTI on strategic development of agro-tourism Identification of suitable areas for agro-tourism Develop Balkans' Green Trail concept: see http://www.ismafrd.org/Balkans_Green_TRAIL.html	Support agro-tourism		
6.2 Handicrafts, services, non-timber forestry etc	Income and employment in rural areas Maintain rural population	EC. Reg 1698/2005 approach	LARD Ministry to push regional/local feasibility and programming Analyse bio-mass potential	Support handicrafts and afforestation measures		

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
			<p>Offer training in non-farm skills</p> <p>Financial incentives</p> <p>Involve CBs and MFIs</p> <p>RAS/business advice</p> <p>Develop SMEs in rural areas</p> <p>Involve women in non-farming activities</p> <p>Upgrade all rural infrastructure</p> <p>Adopt encouraging programmes/projects with emphasis on including marginalised groups</p> <p>Government: generally not MAFRD</p>			
7. Rural infrastructure	Improve quality of life in rural areas	Elements in EC. Reg 1698/2005		Plug key gaps in rural development		
8. Local Community Development						
	Create local development forces	EC. Reg 1698/2005 art. 61-2 (LAG), art. 63 supported measures	<p>LARD</p> <p>MAFRD to encourage, establish LAG/LEADER+ desk in MAFRD</p> <p>Information campaign and catalyst role, relations to Measures 2.1, 4.1, 4.2, 5.1, 6.1, 6.2, 7</p>			
B. National Agriculture Programme						
1. Animal I&R,						

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
AUGUST 2009

Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEI ⁶³ – conclusions/recommendations	TAEI ⁶³ support/priority	Comments
Breeding						
1.1 I&R	Improve veterinary status	EC. Reg 1760/2000 Meet EU standards	Implementation in progress for livestock (complete ear-tagging, implement animals' movements part) Implement system for other animals Develop IT systems Control (train controllers, monitoring programmes)	Animal registration	High ST	Important animal health measure with export implications
1.2. Breeding	Improve productivity and quality	Breeding directive, zoo-technical standards etc. Animal feed, nutrition and welfare	Develop KCLB Develop administrative capacity in breeding and feeding Information campaigns (RAS) Adopt legislation on technical standards on animal welfare and inspection			Production development targets of ARDP dependent upon better breeds, feeding etc.
2. Support farmers use of RAS						
Ensure existence of qualified RAS staff	Improve farmers' skills and competitiveness	Elements from EC. Reg 1698/2005	LARD Design future RAS model, professional level of rural advisors, coordination with municipalities, coordination with other knowledge centres (KIA, vocational training etc.) Design guidelines in order to instruct the use of state-financed RAS Problem of finance to be solved			RASS/RASP projects (EC-funded) created the embryo of a rural advisory service RAS activities are a key to agricultural development

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
3. Quality control agri-products						Finance is an urgent priority
Create modern quality control system	Increase food safety and consumer confidence Improve image of Kosovo products	Acquis (food regulation, hygiene package, etc.), labeling, quality standards etc.	Implement Food Law, No. 03/L-016, and possible quality legislation, cf. A-4.2 Establish implementation programme According to the Law, KFVA is now under the Prime Minister's Office, so it is necessary for MAFRD to continue collaboration Establish laboratory structure Bring laboratories to ISO 17025 standards Develop food safety monitoring/surveillance system Information campaigns Laboratory training given abroad, along with assistance to bring laboratories to specified standard	Legislation	High ST	Technical assistance needed Food safety priority
C. INSTITUTIONAL SUPPORT						
1. European Integration						Twinning

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
European integration	Facilitate integration process Take full advantage of IPA 2007-13	Yes	Review structures for policy development, coordination and dissemination of EU information Establish permanent mechanism for reviewing EU legislation Recruit additional qualified (lawyers, economists or at least agronomists) staff in MAFRD's European Integration Unit	Further steps towards acquis must be taken	High LT/ST	Twinning project
2. Operational efficiency						
2.1 HR development	Improve MAFRD's efficiency through better staff satisfaction and competences		Develop HR policy, including training policy Develop strategic management Training needs' assessment in EU affairs carried out in order to organise training programmes based on priority needs	Human resource development within the ministry	High	Needs immediate attention through TAEIX, Twinning and Twinning Light
2.3.1 MAFRD structure, general	Improve efficiency and visibility through structural reform		Establish model based on policy/ execution/ research Internal working group Strong coordination between Information Office's in MAFRD and PMO to disseminate and distribute information with regard to EU affairs (according to European Partnership Action Plan) Managing Authority and Monitoring Committee created in 2009	Focus on structures for coordination of external information flows and dissemination of internal EU information		Needs immediate attention
2.3.2 MAFRD structure, project	Ensure implementation of ARDP,					

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
AUGUST 2009

Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAEIX ⁶³ – conclusions/recommendations	TAEIX support/priority	Comments
coordination	and better coordination of donor funding		LARD has allowed for an improved institutional structure to facilitate coordination with donors and help implementation of ARDP Establishment of NPA will facilitate implementation of ARDP Prepare procedures			
2.4. Pre-paying agency mechanisms	Prepare later IPA administration	EC. Reg 1290/2005 principles	Qualify central and regional staff Implement under ARDP 2009-13 Grant Management Committee (GMC) established in 2009 as fore-runner of the National Paying Agency Develop further GMC data base established in 2009			
3. FADN and Agro-census	Reliable statistics	FADN	Law on statistics in process of being revised by Governmental Working Group FADN established: develop further to increase statistical reliability Functionalize and extend data regarding FADN Use FADN data for policy-making Improve FADN software programme		High ST	TAEIX

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
			developed in 2008-9 Strengthen institutional and organization capacities Prepare Law on FADN			
4. Advisory service Cf. B-2						
5. Food safety/quality Food safety authority				Strengthen RAS	High ST	
	Safe food (national and imported) Increase value added Open export markets	EC. Reg 178/2002 Hygiene Quality acquis Labelling GMO	Implement Food Law through KFVA Bring laboratories to ISO 17025 level Finalise simple and efficient laboratory structure, and develop laboratories to international standards AI on role and mandate of KIA Implementation and monitoring Train staff Prepare information campaigns Issue secondary legislation to implement Food Law			
6. Cadastre Restore cadastre	Create basis for land market, in order to improve structures	n.a.	Responsibility of MESP MAFRD to push for progress Promulgate and implement draft law on			Urgent

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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/recommendations	TAIEX support/priority	Comments
	Facilitate disbursement of commercial credit with collateral (cf. C-16)		transformation/real estate owners/users (MESP)			
7. Regional and municipal level Cf. A-8						
8. Commercial Banks (CBs) and Micro-Financial Institutions (MFIs)	Improve production potential in the agri-food sector	n.a.	<p>Create credit desk in MAFRD to understand better how rural credit operates</p> <p>Improve operating conditions of credit system: (deposits in MFI, collateral)</p> <p>Improve farmers' and small business' borrowing credibility (e.g. assist them to prepare business plans, aggregation through associations, cooperatives, producers' organisations, collection centres, delivery contracts etc.)</p> <p>Reduce credit risk in key areas through targeted subsidies and guarantees</p>			<p>High priority</p> <p>Private financing is crucial for the ARDP</p> <p>Important to strike balance between operations on market terms and with state aids, in order to avoid destabilising emerging commercial credit market</p> <p>Forced sale of land as collateral not feasible in many cases (family/local</p>

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
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Breakdown of actions ⁶⁰	Purpose	Acquis ⁶¹	MAFRD implications ⁶²	TAIEX ⁶³ – conclusions/ recommendations	TAIEX support/priority	Comments
						situation)

ANNEX 7

UPDATE ON CROSS BORDER AND REGIONAL DEVELOPMENT PROGRAMME

ARDP 2009-13 consists of actions that will support:

1. the domestic agenda - to overcome national bottlenecks in the agri-rural sector, and align domestic agriculture with EU rural development policies;
2. the bilateral agenda - to address cross-border issues that are important to Kosovo's direct neighbours; and
3. the regional agenda - to support wider regional development cooperation possibilities with all countries in the Western Balkans, not just direct neighbours.

Staff from MAFRD have visited professional colleagues in the Balkans (during 2006-9), in order to:

1. inform them about Kosovo's ARDP within the present EU pre-accession context;
2. understand what Ministries of Agriculture (MOAs) in the region are doing in the preparation/implementation of such Plans;
3. start building a mutual support and cooperation programme in selected areas amongst regional MOAs, (as happened, for example, between the three Baltic States, Hungary and Poland in the mid-1990s);
4. begin a dialogue/process that will facilitate accessing resources under IPA 2007-13 and other donor support with which to improve cross-border and regional development cooperation, as well as take advantage of twinning possibilities; and
5. consider how all countries in the Western Balkans might improve bilateral and multilateral cooperation, particularly in relation to increased and unrestricted market access and trade.

As a part of this process, MAFRD has attempted in 2009 to explore the feasibility of establishing action groups involving interested stakeholders, communities, municipalities and NGOs in Montenegro, Serbia, Macedonia and Kosovo to facilitate the preparation of cross-border cooperation projects⁷⁴.

The objective of such projects is to facilitate improved EU integration, and increase personal/household/community real disposable income on a sustainable basis.

Possible project ideas that have been discussed include, but are not limited to:

1. Developing agro-environmental and alpine tourism, including:
 - a. provision of improved information for tourists about (a) the region, and (b) opportunities within the region, based on best practice integrated destination management;

⁷⁴ For example, contacts have been made with interested stakeholders in Rozaje, Berane, Plav, Bijelo Polje, Tutin, Novi Pazar (Regional Agency for the Development of Sandzak), Sjenica, Raska, Peje and Istog/Burim, as well as Gjilan, Bujanovac and Kumanova.

- b. targeted tourist days e.g. alpine activities, hang-gliding, water-rafting, mountain bike competitions, non-wood forest products; and
 - c. development of local gastronomy;
2. Supporting nature conservation/protected areas/forestry/mountain areas;
 3. Improving infrastructure connections;
 4. Cleaning up local forests;
 5. Cleaning up the Ibar and Drini Rivers;
 6. Developing organic agriculture/sharing technical knowledge to apply EU standards that do not kill off local products e.g. cheese;
 7. Establishing embryo business incubators linked to local business centres;
 8. Improving rural diversification, SME development and improved marketing mechanisms for the increased trade of agricultural and forestry products (raw materials and processed goods);
 9. Improving conditions of refugees wishing to re-integrate into their community of origin;
 10. Using migrant remittances to target development activities at local level;
 11. Collecting baseline data about beneficiaries at the start and end of the project;
 12. Supporting vocational education training (VET); and
 13. Building up regional cooperation to support legitimate trade (and eliminate illegal trade) in forest produce through enforcement of regulations/laws.

A cross-border partnership matrix can be developed involving institutions and organizations from partner countries: for example,

Component	Montenegrin partners	Kosovar partners	Macedonian partners
Developing agro-environmental and alpine tourism	SNV, Podgorica Alpine Organisation, Rozaje Institute for Strategic Studies and Prognoses, Podgorica (including research/analysis (desk and field) e.g. possibilities, barriers, opportunities, risks; what needs to be done by the MOA, by the municipality, NGOs, by other	SNV, Pristina	SNV, Skopje Macedonian Ecology Society Pro Nature Swiss

	institutions)		
Supporting nature conservation/protected areas/forestry/mountain areas	SNV, Podgorica	SNV, Pristina ERA, Peje	SNV, Skopje
Improving infrastructure connections			
Cleaning up Ibar and Drini Rivers			
Developing organic agriculture/sharing technical knowledge to apply EU standards that do not kill off local products e.g. cheese	SNV, Podgorica Institute for Strategic Studies and Prognoses, Podgorica	SNV, Pristina	SNV, Skopje
Establishing embryo business incubators linked to local business centres	SNV, Podgorica Montenegro Business Alliance (MBA)	SNV, Pristina	SNV, Skopje
Improving rural diversification, SME development and improved marketing mechanisms for the increased trade of agricultural and forestry products (raw materials and processed goods)	SNV, Podgorica	SNV, Pristina	SNV, Skopje
Improving conditions of refugees wishing to re-integrate into their community of origin	Help, Podgorica		SNV, Skopje
Using migrant remittances to target development activities at local level	NLB Montenegrobank	Raiffeisen Bank	
Collecting baseline data about beneficiaries at the start and end of the project	Institute for Strategic Studies and Prognoses, Podgorica	Riinvest	R&R Nova, Skopje
Building up regional cooperation to support legitimate trade (and eliminate illegal trade) in forest produce	FODEMO, Podgorica		



An example of a cross-border/regional development project can be seen at:
http://www.ismafrd.org/Balkans_Green_TRAIL.html

Following discussions with countries in the region, various cross-border and regional development possibilities have been identified: (see below).

Focal areas	Institutions	Project idea	Support required
Better institute/university cooperation related to laboratories, research and higher education	Ministries of Agriculture (MOAs) Universities Research Institutes (RIs)	Implement FAO (1 March 2006) recommendations on regional cooperation in research and higher education	TA Training Coordination of collaboration between laboratories for: phytosanitary; GMO; and food safety Laboratory Equipment
Cooperation on rural land development planning	MOAs	Compare and refine planning objectives, methodology and interventions Implement relevant pilot projects on planning and implementation (including investments)	TA Training Twinning with an EU Spatial Planning Ministry
Land market development	Ministries of Finance (MOFs) MOAs	Develop further land valuation standards, and secure land lease options.	Local TA
Make better regional comparisons with EU27 Facilitate international comparison of best farming practice characteristics for selected commodities and production technologies, as well as of Domestic Resource Costs and Nominal/Effective Protection Coefficients	MOAs' Departments of Statistics (DOS)	Joint visit by DOS to Eurostat (a) support DOS to harmonise statistical methodology in Balkan countries (b) review statistical approach undertaken in Kosovo under ARDP 2007-13	Visit Brussels and Luxembourg Short term TA Kosovo to circulate approach taken under (a) and (b)

<p>Development of civil society, including NGOs</p>	<p>Local Civil Society Organisations (CSOs) (e.g. Kosovo Civil Society Foundation, Kosovo Open Society, Kosovo School for European Integration, and Macedonian Centre for International Cooperation)</p>	<p>Form regional network of NGOs and other organizations in civil society, linked by website and e-mail</p>	<p>Series of regional meetings held over 12 months</p>
<p>Cooperation in food safety control and quality systems (designation, accreditation, certification, testing, inspection)</p> <p>Benefits for business through increased economies of scale</p>	<p>MOAs</p> <p>Food Safety Agencies</p>	<p>Create a framework for respective institutions (certification bodies, laboratories etc.) being recognized and operating across borders</p> <p>Support to coordinate this through consultancy, exchange visit to EU laboratories in the region (Bulgaria), and experience from Macedonia in the process of building a Food Safety Agency</p>	<p>Phase1: Evaluation of existing situation and a feasibility study for cooperation in the Balkan region</p> <p>Phase 2: TA to create a network of institutions (multilateral legal basis, recognition agreements, procedures)</p> <p>Phase 3: Physical investment</p>
<p>Environmental and Natural Resources Management (NRM), including watershed management</p> <p>Natural boundaries do not respect national boundaries especially with regard to water resources which are critical to the region: e.g. the Drini River basin</p>	<p>MOAs</p>	<p>Establish Watershed Management institutions</p> <p>Encourage participative NRM based on micro-watersheds (e.g. http://www.wwf.or.id/index.php?fuseaction=howwework.community&language=e)</p>	<p>Pilot TA</p>

Land consolidation	MOAs	Participate in FAO network on land consolidation: exchange of experience between projects, including farmer-to-farmer visits: education and curriculum development	Series of regional meetings held over 12 months
Coordinated planning and decision-making in mountainous areas	MOAs MOEnviron Tourism institutions Relevant municipalities	Fine-tune and coordinate various protection and development measures	TA – training and exchange visits to recently developed mountain areas in Macedonia to review successful projects. Assistance by Euromontana and/or relevant alpine Ministries of Nature Protection
Better border inspection: veterinary, phyto-sanitary and food products Anti-smuggling	Veterinary and phyto-sanitary Inspection Services	Strengthen Rozhaje Border Inspection Post (BIP) Develop cooperation between support services: veterinary, phyto-sanitary and agriculture extension Improve disease control and phyto-sanitary controls Share information intra-regionally to prevent the spread of diseases of plants, animals and humans	Equipment at BIP Capacity building TA – to coordinate cooperation activities and the training of inspectors
Coordinated programme of cross-border “seeing is	MOA Project Coordination Units (PCUs)	Exchange information concerning donor-funded	Link all MOA PCUs through the internet

believing" visits		projects under implementation Arrange cross-border meetings between regional countries to understand better problems in implementation of donor-funded projects	
Cross-border supply and marketing chains for agriculture and food products	Farmers, food processing industries, retailers, inspection services	Encourage cross-border trade by removing administrative limitations for bordering regions, cross-border cooperation and mutual recognition among inspection services	TA provided for local stakeholders, assistance to inspection services Develop and implement training programme for inspectors for organic agriculture, and establish (link to) certification body Develop and implement training programme for food safety inspectors
Regional rural development focussed on hill village renewal in Serbian ethnic areas in Kosovo/Serbian border area	MOAs MOESPs Local Municipalities (heavy input)	Develop very slowly, in accordance with possibilities Develop and try out in pilot projects options for village revival, including improvement of social, economic and physical opportunities and environmental safe keeping	Pilot projects
Regional development of mountainous areas: agro-environmental studies in environmentally sensitive areas;	Departments of Forestry (DOFs) Albanian Mountain Area Development Agency (MADA)	Bilateral (rural diversification) Multilateral (joint membership of Euromontana; agro/eco	Capacity building, (including formation of local action groups)

less-favoured areas; rural diversification; agro/eco tourism; cultural events		tourism; establish Balkans Green Trail : see http://www.ismafrd.org/Balkans_Green_TRAIL.html)	Grants Cost of joining Euromontana: attendance at meetings Introduce training and exchange visits
Follow up to Kosovo's EC-funded Local Community Development Strategies' Project (LCDS) and its four cross-border cooperation sub-projects	MOAs Departments of Forestry (DOFs) AMADA	Bilateral: Kosovo/Montenegro (prepare a cross-border pilot project under LCDS: Montenegro to fund its costs) Kosovo/Albania (prepare a cross-border pilot project under LCDS: Albania to fund its costs) Kosovo/Macedonia (prepare a cross-border pilot project under LCDS: Macedonia to fund its costs) Kosovo/Serbia (explore cross-border pilot project opportunities) Multilateral: Other countries in Balkans to participate in Steering Committee meetings as Observers	TA Capacity building Grants for kick-starting pilot activities Travel costs to get Observers to meetings
Development of regional stakeholder data base	MOAs	Share data on who are key stakeholders in the supply chain	Pilot data base exists in Kosovo: taken forward under ISMAFRD

	DOSs	for key agriculture and forestry commodities, in order to expand trade and increase competitiveness Discuss data base with all countries in region	Travel costs to get data base operators to meetings
Meeting of senior officials from MOAs in the Balkans (Ministers and Permanent Secretaries)	MOAs	Quarterly meetings: rotating locations Invite other countries in the region to attend Joint meetings to Brussels (EC), London (EBRD), Paris (OECD) etc.	Nil: political commitment only
Establishment of Cross-Border Regional Council(s) (e.g. as established between Estonia, Latvia and Russia, as well as Latvia, Lithuania and Belarus)	MOAs	Quarterly meetings: rotating locations Invite other countries in the region to attend	Nil: political commitment only
Reciprocal "Observer" status on IPA-funded projects	MOAs	Quarterly meetings: rotating locations Invite other countries in the region to attend	Nil: political commitment only
Coordinated TAIEX/donor training programmes rotated in the region, and attended by all countries	MOAs	Quarterly meetings: rotating locations Invite other countries in the region to attend	Nil: political commitment only
Participation in a series of	MOAs	Quarterly meetings: rotating	Nil: political commitment only

follow-up, information-sharing workshops: e.g. gender; forestry; agri-environment; wine; irrigation; CEFTA; food safety; and the aquis communautaire		locations Invite other countries in the region to attend	
Sharing of ideas from external Technical Assistance when it is in the region (e.g. Soils' Association)	MOAs	Quarterly meetings: rotating locations Invite other countries in the region to attend	Nil: political commitment only
Discussion to ensure maximum market for farmers' output: e.g. 1. Review regional trade opportunities - operation of CEFTA 2. Create equal terms of trade in food products 3. Improved import substitution capacity in Balkans 4. Promotion of animal health in international trade of animals and products of animal origin	MOAs	Quarterly meetings: rotating locations Invite all countries in the region to attend	Nil: political commitment only
Improve rural road and internet infrastructure, in order to improve rural market access/information	MOAs MOFs Cross-border municipalities	Identify rural infrastructure needs, investment options and operation and maintenance implications	Investment TA

ANNEX 8 PRESENT SITUATION IN RESPECT OF AGRO-ENVIRONMENT

EXECUTIVE SUMMARY

Transposition and implementation of environmental legislation are important conditions for successful negotiation of EU membership.

Environmental concerns have to be integrated into agricultural policy, legislation and practice.

Agri-environmental measures offer an important opportunity for Kosovo to achieve its objectives for rural development policy.

INTRODUCTION

The purpose of this review of the present situation in respect of agro-environment is to:

1. present the scope and importance of agri-environmental issues in the EU Common Agricultural Policy;
2. summarise the present situation in Kosovo; and
3. recommend a way forward in integrating environmental objectives in the agriculture sector of Kosovo⁷⁵.

In describing EU Policy, the document is based on EU Commission documents published on the website of DG Agriculture. The Kosovo part is based on the approved policy documents of Kosovo (e.g. the Agriculture and Rural Development Plan 2007-13 (now updated to 2009-13) and the Kosovo Environmental Action Plan 2006-10).

The document was presented to, and discussed at, the Working Group on Agri-environmental measures that was formed by MAFRD in 2008. It is being used as a basis for developing Kosovo's Code of Good Farming Practices and the catalogue of possible agri-environmental measures and operations.

AGRI-ENVIRONMENTAL ISSUES IN THE CONTEXT OF THE EU COMMON AGRICULTUREL POLICY

Environmental concerns play a vital role in the **Common Agricultural Policy (CAP)**. This deals with both the **integration of environmental considerations into CAP rules**

⁷⁵ The review was carried out in July 2008 within the framework of the EC-funded project providing **Institutional Support to the Ministry of Agriculture, Forestry and Rural Development** by Jernej Stritih, Shkipe Deda and Selvete Dibrani.



and the development of **agricultural practices that preserve the environment and safeguard the countryside**. EU policies, and notably the [Common Agricultural Policy \(CAP\)](#), are therefore increasingly aimed at heading off the risks of environmental degradation, while encouraging farmers to continue to play a positive role in the maintenance of the countryside and the environment. This is achieved by targeted rural development measures, and by contributing to securing farming profitability in the different EU regions.

The agri-environmental strategy of the CAP is largely aimed at enhancing the sustainability of agri-ecosystems. The measures set out to address the integration of environmental concerns into the CAP encompass environmental requirements (cross-compliance) and incentives (e.g. set aside) integrated into the market and income policy, as well as targeted environmental measures that form part of the Rural Development Programmes (e.g. agri-environment schemes).

CROSS COMPLIANCE: ENVIRONMENTAL INTEGRATION INTO THE CAP

It is an objective of the Community to reach the **right balance between competitive agricultural production and respect for nature and the environment**. The integration process refers to the introduction of measures seeking environmental protection into different Community policy areas. It implies an active pursuit of **coherence between agricultural and environmental policy**.

Since Agenda 2000, the CAP has two pillars: the market and income policy ('first pillar'), and the sustainable development of rural areas ('second pillar'). The 2003 CAP reform brings greater quality to environmental integration, with new or amended measures to promote the protection of the farmed environment in both pillars.

Concerning market and income policy, [cross-compliance](#) is the core instrument. The CAP 2003 reform also involves decoupling most direct payments from production. From 2005 (2007 at the latest), a single payment scheme was established based on historical reference amounts. This means reducing many of the incentives for intensive production that have been associated with increased environmental risks. The second package of reform (2004) of market regimes for Mediterranean sectors confirmed the change of direction taken by the CAP in 2003. For the sectors concerned (olive oil, cotton, tobacco and hops), a significant part of the current production-linked payments was transferred to the decoupled single payment scheme, starting in 2006.

As regards the rural development policy, compliance with **minimum environmental standards** is a condition for eligibility for support under several different rural development measures, such as assistance for investments in agricultural holdings, setting-up of young farmers' groups, and improving the processing and marketing of agricultural products. Moreover, only environmental commitments above the reference



level of **Good Farming Practice (GFP)** may qualify for agri-environment payments. The support to less-favoured areas also require the respect of the codes of GFP.

The complexity of the relationship between agriculture and the environment – harmful and beneficial processes, diversity of local conditions and production systems – has conditioned the approach to environmental integration in the context of the CAP. Central to the understanding of this relationship is the principle of GFP which corresponds to the type of farming that a reasonable farmer would follow in the region concerned. This includes at least compliance with the Community and the national environmental legislation. GFP entails, for example, compliance with the requirements of the Nitrates Directive and the use of plant protection products.

However, wherever society asks farmers to accomplish environmental objectives beyond the reference level of good farming practices, and the farmer incurs as a result a cost or loss of income, then society must pay for the environmental services provided through [agri-environmental measures](#).

AGRI – ENVIRONMENT MEASURES

Agri-environment commitments have to go *beyond usual GFP*. Usual GFP is defined as encompassing mandatory legal requirements and a level of environmental care that a reasonable farmer is expected to apply. They are compiled in Codes which Regions draw up and submit to the Commission with their Rural Development Plans. This means that a farmer can only be paid for environmental commitments that go *beyond* statutory requirements defined in his/her regional Code of GFP. More broadly, in applying the Polluter Pays Principle, a farmer may not normally be paid to conform with environmental legislation in place.

Agri-environment measures are designed to encourage farmers to protect and enhance the environment on their farmland. It provides for *payments to farmers in return for a service* – that of carrying out agri-environmental commitments that involve more than the application of usual good farming practice. Farmers sign a contract with the administration and are paid for the additional cost of implementing such commitments and for any losses of income (e.g. due to reduced production) which the commitments entail. Agri-environment payments are co-financed by the EU and the Member States with a contribution from the Community budget of 85 % in Objective 1 areas and 60 % in others.

Agri-environment measures may be *designed at national, regional or local level* so that they can be adapted to the particular farming systems and environmental conditions, which vary greatly throughout the EU. This makes agri-environment a potentially precise tool for achieving environmental goals. Agri-environmental measures are diverse, but, broadly speaking, each measure has at least one of *two broad objectives*:



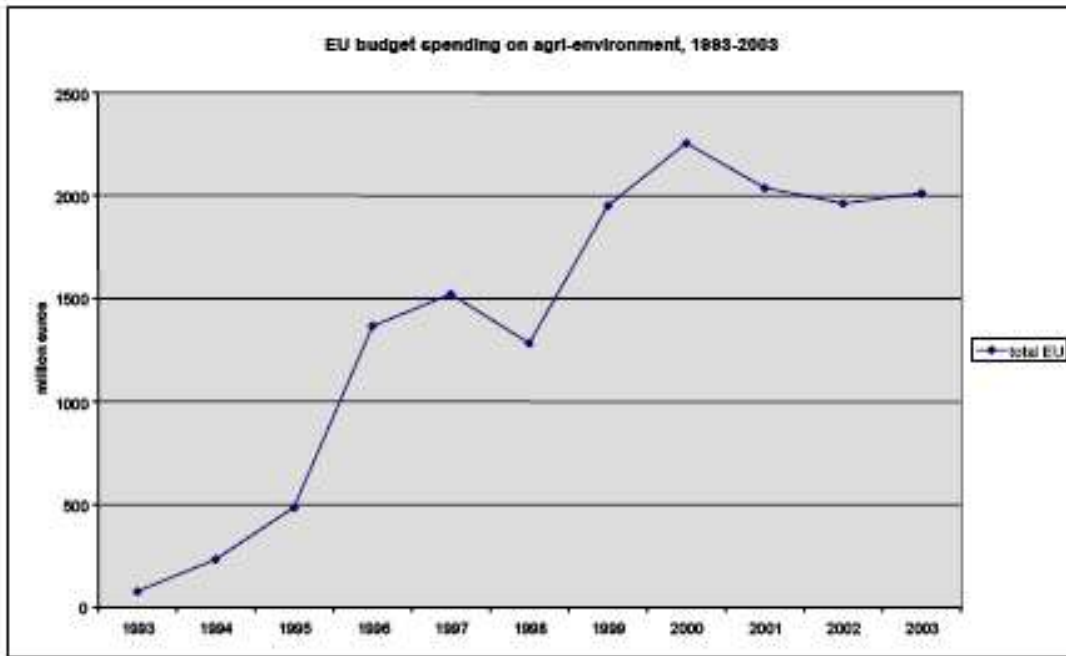
reducing environmental risks associated with modern farming, and *preserving nature and cultivated landscapes*.

How these two objectives are expressed in measures depends on the area in question. For instance, in areas with intensive agricultural production measures are often focused on reducing environmental risks (e.g. reducing fertiliser or pesticide inputs, planting winter cover to reduce nitrate leaching etc), but there may also be measures designed to protect nature (e.g. the leaving of winter stubble in intensive arable areas to provide food for birds). By contrast, in more extensive farming areas, the main environmental risk is generally linked to land abandonment, resulting from the abandonment of labour-intensive traditional farming practices important for the preservation of nature. In such areas, measures tend to focus on continuing or re-introducing traditional farming practices with a view to nature protection (e.g. mowing grass rather than grazing it; maintaining hedgerows, etc). But, in extensive areas, there may also be measures designed to reduce environmental risks e.g. limits on fertiliser applications to grassland. Irrespective of area, there are clearly many measures which will have positive impacts both in reducing environmental risks with respect to soil and water and in protecting nature e.g. maintenance of hedges.

EVOLUTION OF THE POLICY SCHEMES IN THE EU

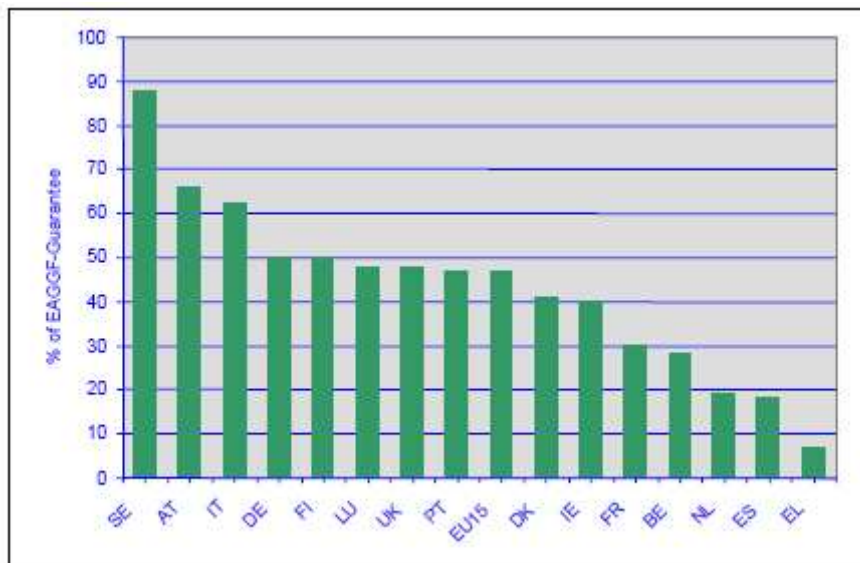
Agri-environment measures began in a few Member States in the 1980s on their own initiative, and were taken up by the European Community in 1985 in Article 19 of the Agricultural Structures Regulation, but remained optional for Member States. In 1992, it was introduced for all Member States as an “accompanying measure” to the CAP reform. It became the subject of a dedicated Regulation, and Member States were required to introduce agri-environment measures “throughout their territory”. In 1999, the provisions of the Agri-environment Regulation were incorporated into the Rural Development Regulation as part of the "Agenda 2000" CAP reform. The aim of their incorporation was to help achieve coherence within Rural Development Plans.

Spending on agri-environment has progressed rapidly. **Figure 1** shows the evolution of Community budgetary spending on agri-environment since 1993. The total spending on agri-environment is in fact significantly higher as Member States have to add their co-financing part of 15% in Objective 1 areas and 40% in other areas. In addition, some Member States also choose to pay for state-aided agri-environment measures. The slight dip in Figure 1 after 2000 is due to a rather slow start in some Member States’ new agri-environment programmes under the Rural Development Regulation (1257/99).



Source: EAGGF Guarantee section, budget execution.

Figure 1: Trends of Community expenditure on agri-environment (1993-2003)

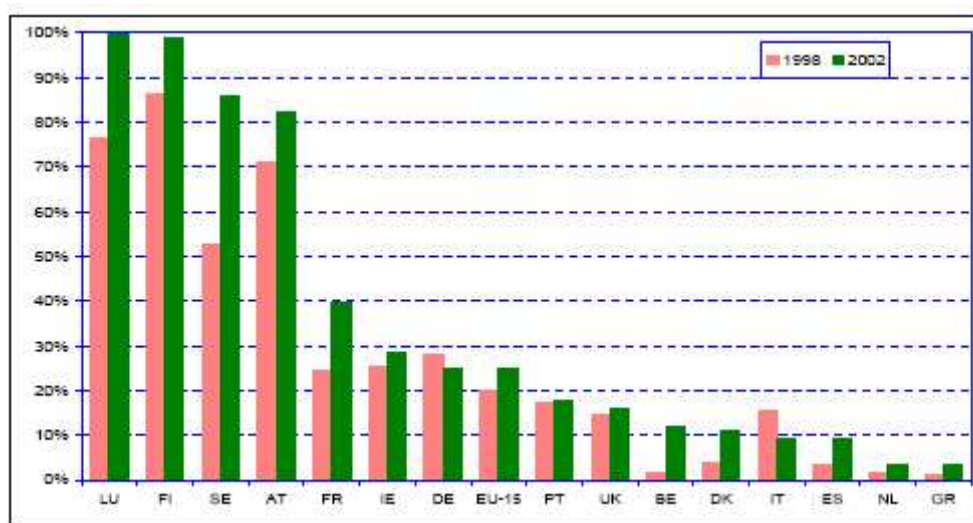


Source: EAGGF Guarantee section, budget execution.

Figure 2: Share of agri-environmental measures in rural development expenditure (EAGGF-Guarantee section) - average 2000-2003

Figure 2 shows the share of expenditure in agri-environment in the total rural development budget. The role of AEM payments varies considerably from one Member State to another. For instance, in Sweden, Austria and Italy, expenditure for the AEMs is much higher than the Community average i.e. 50% of EAGGF Guarantee expenses, while Belgium, Spain, the Netherlands and Greece hardly reach 30%.

Because agri-environment started in some Member States earlier than others, and because it is a flexible instrument allowing a wide degree of choice to Member States and Regions, uptake was uneven between Member States for many years. To a significant extent these differences remain, and are not accountable by differing sizes of agricultural area, number of farmers, or needs, but also reflect differing attitudes to agri-environment. It needs to be borne in mind that some Member States' spending appears particularly low because their own contribution to spending, which is not included in **Figure 3**, is significantly higher than those of other Member States. In the last few years, there has been a noticeable increase in the area of land covered by agri-environmental contracts in most Member States. **Figure 4** shows trends in the share of agricultural land enrolled in agri-environment measures as a proportion of total utilised agricultural area (UAA), from 1998 to 2002. The total area now covered by agri-environment contracts in the 15 older Member States is about 25% of the UAA.



Source: DG Agriculture, Common indicators for monitoring of implementation of Rural Development Programmes 2001, 2002. Note: The figures include agri-environmental contracts under the predecessor Regulation (EC) 2078/1992 and contracts signed in 2000-2003 under the current Regulation (EC) 1257/1999.

Figure 3: Trends in share of agricultural land enrolled in agri-environment measures in total UAA6 1998-2002



From its early days as an optional measure, agri-environment has developed into a key part of Rural Development Policy, **being now the only compulsory measure for Member States in the Rural Development Plans.**

FUTURE OF THE CAP

Common Agricultural Policy has been under reform since 2003 and in November 2007 the EC unveiled its blueprint for streamlining and further modernising the EU's CAP. The so-called 'Health Check' of the CAP was supposed to build on the approach which began with the 2003 reforms, improve the way the policy operates based on the experience gathered since 2003, and make it fit for the new challenges and opportunities in an EU of 27 Member States. The main objectives were to assess the implementation of the 2003 CAP reform, and to introduce those adjustments to the reform process that are deemed necessary in order to: simplify further the policy; allow it to grasp new market opportunities; and prepare it for facing new challenges such as climate change, water management and bio-energy. The reforms have modernised the CAP, but the Health Check is aiming to take the policy review further. It has asked three main questions:

1. how to make the direct aid system more effective and simpler;
2. how to make market support instruments, originally conceived for a Community of Six, relevant to today's world; and
3. how to confront new challenges, from climate change, to bio-fuels, water management and the protection of bio-diversity.

In May 2008, the Commission made legislative proposals that it hopes will be adopted by agriculture ministers by the end of 2008, and could come into effect immediately. Legal proposals accompanied by an impact assessment report on the Health Check of the CAP take on board the result of a wide consultation of stakeholders and the contributions from other European institutions. Legal proposals are related to three basic Regulations:

1. Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers;
2. Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation); and
3. Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development.

Between November 2007 and May 2008, one of the objectives, that of grasping market opportunities, has taken a new dimension with the sharp rise in the price of many agricultural commodities to exceptional levels. Their steady increase in 2006 and in the



first semester of 2007 had already supported the conclusions drawn in the November Communication that any remaining supply controls of the CAP (namely, dairy quotas and set-aside) should be removed. The most recent reforms of the CAP remain valid. These reforms marked a new phase in this process by decoupling the majority of direct payments via the Single Payment Scheme (SPS) in 2003 for the sectors of arable crops, beef and sheep, and dairy, and in 2004 for olive oil, cotton and tobacco. As part of the 2003 reform, Rural Development (RD) policy was strengthened with additional funds and with the reform of its policy instruments in 2005. Finally, the reform process continued with reforms in sugar (2006) and fruit and vegetables and wine (2007).

The above reforms reflect the significant shift in the orientation of the CAP, which is more capable today to meet its fundamental objectives:

- Producer support is to a large extent (90%) decoupled from production decisions, allowing EU farmers to make their choices in response to market signals, to rely on their farm potential and their preferences when adapting to changes in their economic environment. This is the most efficient way of providing farm income support.
- The shift away from product support, widely viewed as an origin of the surplus problems of the past, and the reduction of EU support prices, brought EU agriculture much closer to world markets, improving market balances and reducing the budgetary costs of intervention stocks or surplus disposal.
- The results of the reform process increased the competitiveness of EU agriculture, which, despite the decline of EU share in most commodity markets, became the largest agricultural exporter, of mainly high value products, while remaining the biggest agricultural importer in the world, remaining by far the largest market for developing countries.
- The CAP increasingly contributes to heading off the risks of environmental degradation and to delivering many of the public goods that societies expect since producer support now depends on the respect of standards relating to the environment, food safety and quality and animal welfare through cross compliance.
- The strengthened rural development policy supports the protection of the environment and rural landscapes and creates growth, jobs and innovation in rural areas, especially those which are remote, depopulated or heavily dependent on farming.

These developments indicate a CAP that is today fundamentally different from that of the past. But the Communication "Preparing the Health Check of the CAP reform" also asserts that, "for the CAP to continue to be a policy of the present and of the future, it needs to: be able to evaluate its instruments; test whether they function as they should; identify any adjustments needed to meet its stated objectives; and be able to adapt to new challenges".



These facts need to be taken into account by the candidate countries for the EU when setting their agriculture support schemes, in order not to »miss the moving target« which is the EU CAP. Trying to copy and implement approaches and schemes that have been used in the EU member states until now could result in unnecessary costs of restructuring the agricultural sector (e.g. trying to maximise quotas of certain products or investing for obtaining production related subsidies), and in lost opportunities for competitiveness of the agricultural sector of the country. Based on the current trends of the reform of CAP, the best strategy to secure long term competitiveness of the agriculture sector might be to avoid product support, and direct the limited funds to agriculture under the rural development and agri-environment components.

EXAMPLES OF AGRI-ENVIRONMENTAL PROGRAMMES IN NEW MEMBER STATES

Each EU Member State adopted a rural development plan for the period 2007 – 2013. All these programmes include agri-environmental measures. Three examples of agri-environmental measures in Slovenia, Lithuania and Hungary are presented below. They demonstrate the differences and common elements in approaches of the different countries.

Table 1: Agri-environmental programme in Slovenia

The purpose of the Slovenian Agri-Environmental Programme (SAEP) measures is to: promote the agricultural production that corresponds to the needs of consumers; protect human health; ensure sustainable use of natural resources; and contribute to the reduction of negative effects of agriculture on the environment. Agri-environmental measures enable the maintenance of natural conditions, bio-diversity, soil fertility, traditional landscapes and conservation of protected areas.

Agri-environmental measures under SAEP are implemented in the following three groups:

Group 1: reduction of negative effects of agriculture on the environment

- Reduction of erosion in fruit/wine-growing
- Maintenance of crop rotation
- Greening of fields
- Integrated fruit growing
- Integrated wine growing
- Integrated horticulture
- Integrated agriculture



- Organic agriculture

Group 2: maintenance of natural conditions, bio-diversity, soil fertility and traditional landscapes

- Mountain pastures
- Mowing of steep pastures
- Mowing of bumpy meadows
- Meadow orchards
- Breeding of indigenous and traditional breeds of farm animals
- Production of indigenous and traditional crop varieties
- Sustainable breeding of farm animals
- Maintenance of extensive grassland

Group 3 - conservation of protected areas

- Maintenance of cultivated and populated landscape on protected areas
- Restructuring of farm animals breeding in the central area of large carnivores' habitat
- Maintenance of habitats of endangered bird species
- Soil coverage in water protection zones
- Permanent green cover and set aside

Of particular importance is the education of farmers, public administration servants and public institutes, and the promotion of measures and products for the general public, (providing public information on agri-environmental measures and on the quality of sustainably produced agricultural products and foodstuffs).

BENEFICIARIES

Heads of agricultural holdings are eligible for payments within the environmental measures if they meet the criteria set out in legal bases, and if they lodge a collective application within the prescribed time period.

Beneficiaries are obliged to continue the implementation of the same SAEP measures on the same locations and in an area that equals the extent of areas included in an individual SAEP measure in 2006, until the end of their 5-year commitments in 2010.



Table 2: Summary of the Lithuanian National agri-environmental programme

Agriculture in Lithuania causes some environmental problems such as water and soil pollution by nitrates, soil erosion, loss of grasslands (either due to abandonment and overgrowing with bushes, or ploughing) and biodiversity. Agriculture and other rural activities provide employment and income for roughly one third of the Lithuanian population. This is not directly connected with environment, but such an initiative as implementation of farming practices maintaining landscape and the countryside could promote certain employment in rural areas, also create conditions for rural tourism, and maintain traditional architecture, countryside, and landscape, which is already an environmental issue.

The main objective of the draft Agri-environmental programme is to prepare measures that ensure normal economic and social conditions for the rural population, decrease negative impact of agriculture on the environment, restore traditional landscape and increase biodiversity.

The draft of NAEP consists of a description of the relationship of Lithuanian agriculture and environment, current problems and possible solutions. The second part of the draft of NAEP describes agri-environmental schemes. Agri-environmental programme consists of three elements:

- Agri-environmental schemes (AES);
- Consultation and training; and
- Demonstration projects.

The AES will be applied in the whole territory of Lithuania according to the agri-environmental protection needs. Participants of the scheme who will fulfil the Programme's provisions get premium payment which cover income loss due to implementation of the provisions. Advisory services, district agricultural units, together with scientific and training institutions will organise courses where they explain agri-environmental schemes, the agreement process, implementation of measures, sustainable agriculture methods etc. Training and consultation for farmers participating in the programme will be free and financed from the Programme's funds. Demonstration projects will be implemented through demonstration days on farms that are already implementing agri-environmental schemes. Some demonstration projects are already being implemented in Lithuania.

The AES comprises the following measures that participant of the programme will be able to implement at farm level:

1. Fertilising and proper manure handling;
2. Sustainable application of plant protection measures;
3. Protective belts and other technical measures;
4. Landscape protection and increase of biodiversity;
5. Preservation of historic and archaeological objects;



6. Organic agriculture;
7. Local breeds in danger of extinction;
8. Water protection, care for agricultural run-off: (for implementation of this measure, sedimentation ponds have to be built on cultivated land);
9. Environmentally friendly farming: (the aim of this measure is to decrease possibility of leakage of nitrates and pesticides into layers of ground drinking water. The measure is applied in territories sensitive to ground water pollution.) and
10. Landscape management and enhancement of biodiversity.

It is expected that, in 5-10 years after implementation of NAES, run-off of nitrate from agricultural territories will decrease by 30-50%, that of phosphates by 10-20%. Establishment of individual farms will increase mosaic structure of Lithuanian landscape; smaller size of fields with crop rotation will decrease wind erosion. Measures related to the landscape and biodiversity protection will maintain traditional rural landscape and enhance biodiversity in agricultural lands. Protection belts, artificial wetlands, sedimentation ponds, replacement of some drainage collectors by ditches, re-naturalisation of the ditches and other anti-erosion measures will decrease run-off of P and N to the rivers. For evaluation of effectiveness of the agri-environmental measures and improvement of the programme, control of implemented measures and monitoring of their effect on water quality, landscape and biological diversity will be carried out.

Table 3: Hungarian NDRP agri-environment objectives

General objectives are to:

- maintain and improve the quality of environment, and reduce the environmental pressure of agricultural origin;
- enhance agricultural practices based on the sustainable use of natural resources (biodiversity, landscape, soils and water resources and genetic diversity); and
- To change land use to correspond to agro-ecological conditions towards environmentally aware farming and sustainable landscape management.

Specific objectives are to:

- protect and improve physical, chemical and biological soil conditions;
- preserve traditional low input farming systems and traditional landscapes;
- provide alternative use for areas with low potential, preserve valuable grassland habitats and arable land through extensive cultivation methods or landscape management on High Nature Value Areas preserving and protecting biodiversity, sensitive habitat types and specific rare species; and
- provide effective tools for the implementation of the NATURA 2000 network.

Operational objectives:



1. Entry Level Schemes

- to encourage farmers to introduce environmentally friendly farm management and maintain environmentally and culturally important low input farming systems in each agricultural land use;

2. Integrated Crop Management Schemes

- to encourage farmers to use integrated farming methods particularly by reduced and optimized use of chemicals and applying all available means of sound farming;

3. Organic Farming Schemes

- to encourage farmers to convert their production systems to organic production;

4. High Nature Value Area Schemes and environmental set-aside

- to encourage farmers to apply specific farming methods directly aimed at the conservation of important bird species and habitat development in designated areas;

- exclude environmental pressure from pesticides and fertilizers in designated zones of vulnerable freshwater aquifers, as well as to protect long term supplies of drinking water;

5. Supplementary Agri-environment Schemes

- to encourage farmers to apply farming methods that help combat soil erosion, preserve biodiversity and landscape.



AGRI-ENVIRONMENTAL ISSUES IN THE CONTEXT OF KOSOVO

GENERAL SITUATION

The environmental impact of the current level of agricultural activity on Kosovo is estimated to be lower than that in neighboring countries. Fertilizer and agro-chemical use are low (due to the high price of fertilizers and lack of government subsidies), thus not severely polluting the soil and the underground water. However, the use of fertilizers and pesticides has not been recorded since the end of the war in 1999. More so, fertilizers and pesticides are not produced in Kosovo, while their import started to be recorded by MAFRD in 2007. The level of mechanization is also low, so that small-scale agriculture with relatively light machines and mainly handwork remains. This also has a low impact on the environment.

Four main negative environmental impacts on Kosovo's agriculture at present are:

- Change of designation of agricultural land is estimated to be the leading threat towards the future of Kosovo's agriculture. Approximately 1,000ha annually have been converted from agricultural land to construction land before the war, while now there are estimates that this number is much larger. This conversion is irreversible. Land converted into industrial areas, business and shopping centres, private houses, public pools, and gas stations is one of the biggest problems of land conversion.
- Fragmentation of land parcels is another threat. The total space for domestic cultivation is separated in many parcels, leading to the lower limit of economic productivity of those parcels.
- Industrial pollution from "Trepca" industrial complex and "Obilic" electric plants, as well as other smaller pollutants, present a serious threat to agricultural development.
- Contamination of water and land from waste dumps is an environmental problem posing a direct implication to Kosovo's agricultural development.

According to the Kosovo Environmental Action Plan 2006-10, the major environmental impact of agriculture could be on biodiversity, soil erosion, and physical degradation of the cultural heritage, generated agricultural waste, and pollution of the surface and groundwater recipients by fertilizers and pesticides, as well as greenhouse gas emissions. According to ARDP 2007-13 (now updated to 2009-13), the current agri-environment situation is as follows:

- No minimum standard for "Good Farming Practice" for Kosovo that complies with EU requirements;
- No certification scheme for organic farming;
- National and local biomass strategies for agriculture and forestry have not been developed;
- No clear eco-tourism strategy;



- Consultations between government agencies and with municipalities on agri-environment issues are poor;
- Agricultural advisors need more information on agri-environment issues;
- No formal links between agricultural advisors and local agri-environmental NGOs, either in Kosovo or across borders;
- Insufficient public awareness about the benefits and challenges of agri-environment, forestry and biodiversity; and
- Schools have insufficient educational material.

Kosovo is a region with limited water resources i.e. 1,600m³/water per capita. Therefore, water resource use, protection, conservation and development are of great importance and represent a major environmental challenge. Specific water pollution from cropland and livestock production is not being monitored. Agricultural land is not under environmental monitoring, and there are no data for intensity and the extent of pollution of agricultural land. Pollution from livestock waste is evident. Farms do not have adequate infrastructure, septic tanks generally are not applied, and there is no sewage system.

Organic production activities have not been organized. Many small private farms have large possibilities to start organic production due to the low level of fertilizers and pesticides use over the last decades and low industrial development. The Law on Organic Agriculture was approved by the Kosovo Assembly in 2007. This Law contains the procedure for certification of organic production.

Forests cover about 40% of Kosovo, but only about a third of this area is considered ecologically healthy and economically productive. Most of the remaining two-thirds consist of immature trees and bushy low forests that are cut periodically for firewood. The pace of firewood harvesting increased during and since the war, but Kosovo imports more than half of its fuel wood and most of its construction timber. Mature oak forests are now threatened. Several species of plants are on the verge of extinction in Kosovo or are already locally extinct - largely due to human actions.

The Sharr/Sara Mountain National Park to the south covers 39,000 ha and a proposed new national park in the Albanian Alps west of Pejë/Peć will protect an additional 50,000 ha. Other protected areas include two protected landscapes and 38 natural monuments. When the new national park is formally declared, Kosovo will have protected almost 10% of its land area, which is the internationally accepted target.

The mainstreaming of environment into forestry and agriculture policies and programmes in Kosovo is recent, and has yet to be implemented in practice. Until recently, MAFRD mainly focused on protection of agricultural land from pollution, and less on pollution coming from agriculture. It claims that, due to lack of intensive



agricultural activities in Kosovo, and due to insufficient use of pesticides or fertilizers by farmers, agriculture cannot be seen as a pollutant.

Two recent policy documents - Kosovo Environmental Action Plan (KEAP) 2006-2010 and Agriculture Rural Development Plan (ARDP) 2007-13 (now updated to 2009-13) - are based on the principles of sustainable development and include mainstreaming of environment in the agricultural sector. Several internationally supported projects have focused on capacity building and strengthening of the MAFRD, including technical assistance. However, there were no direct capital investment projects which may impact on the environment. The MAFRD Advisory Services are newly established. There is an adviser appointed in each municipality. Advisers are not trained on issues of organic agriculture or the agri-environmental measures.

LEGISLATION

In the process of establishing a legal framework in Kosova, laws have been prepared to comply with agro-environment standards. To date, Kosova has adopted basic principles of EU legislation in respect of water, air protection, chemicals, nature conservation etc. A part of secondary legislation is in place, based on these laws. Until now, MAFRD has drafted 19 laws, and another 4 are in the process of being promulgated. The Ministry of Environment and Spatial Planning has drafted 6 laws, and another 3 are in the process of being passed by the Assembly. (**Annex 8, Appendix 1** presents the laws in force that comply with EU legislation.)

However, neither ministry has established all that is required to implement the laws. For example, the law on Air Protection from Pollution has been in force since 2004, but there are still no mechanisms to collect information on ambient concentrations of the relevant pollutants. The same situation applies to the law on irrigation which has been in force since 2005, but there are mixed competencies between MAFRD, MESP and KTA regarding the use of water and the management of socially owned enterprises. According to the Law on Natural Conversation, some comprehensive assessments on the existence and location of sites hosting natural habitats took place, but these assessments were primarily conducted by scientific researchers. There are no ongoing projects regarding the identification of protected area natural habitats. Most laws will have to be amended, and financial resources found to ensure their implementation. Much EU legislation relates to competencies of both MAFRD and MESP. Cooperation between these two ministries needs to increase to coordinate activities with regard to EU legislation e.g. drafting the Law on National Parks which has been initiated by MESP, and the Law on Forest which MAFRD is responsible for implementing. Also, the Law on Water and the Law on Irrigation of Agriculture Land need to be amended, but cooperation between these two ministries is required to determine who will be responsible for issuing permits regarding water use and water utilities/irrigation.



MAFRD drafted the Law on Agriculture and Rural Development (now passed through the Assembly), in order to establish a Paying Agency as foreseen under COUNCIL REGULATION (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy. Such an Agency would finance projects that deal with agriculture and rural development. However, at present, the establishment of the Paying Agency is in contradiction with Kosovo's Law on Management of Finance. In this regard, benefits from grants under (a) COUNCIL REGULATION No. 1782/2003 of 29 September 2003 that sets common rules for direct support schemes within the common agriculture policy, and (b) COUNCIL REGULATION No. 1698/2005 of 20 September 2005 that supports rural development through the European Agricultural Fund for Rural Development need to be reconciled with legislation in Kosovo.

EU legal acts relevant to cross-compliance:

COUNCIL REGULATION (EC) No 1782/2003

establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001

Amended by: Council Regulation (EC) No 583/2004 of 22 March 2004 L 91 1 30.3.2004

Corrected by: Corrigendum, OJ L 94, 31.3.2004, p. 70 (1782/2003)

Commission Regulation (EC) No 796/2004 of 21 April 2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in of Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers

Statistical Information needed for Indicators to monitor the Integration of Environmental concerns into the Common Agricultural Policy COM(2001) 144 final

REGULATION (EC) NO 396/2005 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin and amending Council Directive 91/414/EEC

COUNCIL DIRECTIVE of 27 November 1990 on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables (90/642/EEC)

COUNCIL DIRECTIVE of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin (86/363/EEC)

COUNCIL DIRECTIVE of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals (86/362/EEC)

COUNCIL DIRECTIVE of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables (76/895/EEC)

COUNCIL DIRECTIVE of 15 July 1991 concerning the placing of plant protection products on the market (91/414/EEC)

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS A Thematic Strategy on the Sustainable Use of Pesticides {COM(2006) 373 final}



DIRECTIVE 2000/60/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 23 October 2000 establishing a framework for Community action in the field of water policy
Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against
pollution caused by nitrates from agricultural sources

CURRENT POLICIES

The main policy documents that apply to the integration of environmental objectives in agriculture are the Agriculture Rural Development Plan (ARDP) 2007-13 (now updated to 2009-13), Kosovo Environmental Action Plan (KEAP) 2006-10 and Kosovo's European Partnership Action Plan 2006 (KEPAP). Their key agri-environmental elements are presented below. In broad terms, the three policy documents provide a coherent framework of objectives and proposed actions and measures, but these still need to be translated into practical actions in the countryside – the so-called operations.

AGRICULTURE AND RURAL DEVELOPMENT PLAN, 2009-13

The overall vision for ARDP i.e. the mission statement is to: **make a balanced contribution to the economic, environmental, social and cultural wellbeing of rural areas, and Kosovo as a whole, through effective and profitable partnerships between the private sector, central/local government and local communities within the European context.**

ARDP translates this overall vision into the following general objectives for agri-rural development in Kosovo:

1. additional income for farmers and rural dwellers, leading to improved living standards and working conditions in rural areas;
2. improved competitiveness and efficiency of primary agricultural production, in order to achieve import substitution and take advantage of export markets;
3. improved processing and marketing of agricultural produce, through increased efficiency and competitiveness;
4. improved onfarm/infactory quality and hygiene standards;
5. sustainable rural development and improved quality of life (including infrastructure) through promotion of farming and other economic activities that are in harmony with the environment;
6. creation of employment opportunities in rural areas, particularly through rural diversification;
7. alignment of Kosovo's agriculture with that of the EU.

ARDP has four axes which are consistent with current EU rural development strategy:

Axis 1 Competitiveness

- Development of vocational training to meet rural needs (Measure 1)



- Restructuring physical potential in the agrirural sector (Measure 2)
 - Managing water resources for agriculture (Measure 3)
 - Improving the processing and marketing of agricultural products (Measure 4)
- Axis 2 Environment and improved land use
- Improving natural resource management (Measure 5)
- Axis 3 Rural diversification and quality of rural life
- Farm diversification and alternative activities in rural areas (Measure 6)
 - Improvement of rural infrastructure and maintenance of rural heritage (Measure 7)
- Axis 4 Community based local development strategies
- Support for local community development strategies (Measure 8)

Although only Axis 2/Measure 5 directly addresses the environmental objectives, the other measures do address various environmental objectives (e.g. managing water resources, improvement of rural infrastructure, support for local community development strategies, improving processing, diversification and alternative activities).

KOSOVO ENVIRONMENTAL ACTION PLAN, 2006-10

Measures foreseen for the agricultural sector in KEAP 2006-10 are:

- Mainstreaming environmental concerns in the agriculture sector
- Promotion and support to organic production
- Optimizing the use of fertilizers and pesticides

The Plan specifically foresees the following actions to mainstreaming the environmental sector:

1. Completing legislation and its harmonization with EU legislation
2. Drafting of Agriculture Action Plan Rehabilitation of irrigation networks
3. Setting grounds for development of eco-tourism
4. Introduction of incentive instruments for applying alternative methods of agricultural products and compost
5. Ensuring suitable conditions when importing input for agriculture and placement of food products
6. Maintaining traditional farming methods
7. Development and implementation of training programmes for farmers tackling the issues of good agricultural practices
8. Developing agro-environmental indicators
9. Establishment of a modern certification system for organic products



EUROPEAN PARTNERSHIP ACTION PLAN, 2006

Kosovo's European Partnership Action Plan 2006 (KEPAP) contains references to rural development planning. According to the document, MAFRD is the responsible authority to design and begin implementing the 8 measures in ARDP using the Kosovo Consolidated Budget (KCB) and EC funds.

EXAMPLES OF GOOD PRACTICES IN KOSOVO

A number of initiatives compatible with the agri-environmental objectives and measures are already under way in Kosovo, many of them implemented with donor support. These initiatives can be used as pilot examples on which the design of specific measures may be based.

Table 4: Statistical Office of Kosovo (SOK)

The Department for Agriculture and Environmental Statistics is receiving continuous support from Swedish Sida for the environmental component. During 2005 - 2006, SOK was part of the regional project: Environmental Statistics Development in the Balkans. As part of this project, a publication "Facts of the Environment" was published.

In 2007-8, Sida supported a national project on development of statistics on the environment. The work based on the DPSIR model (**Driving forces** - Activities indirectly causing environmental problems; **Pressure** - Origin of the problem; **State** - State of the natural environment; **Impact** - Consequences of changes in the environment; **Response**)

Table 5: Sustainable Forest Management Project

The EC-funded Sustainable Forest Management Project (2007-9) had six components, of which four corresponded to the agro/environmental agenda: afforestation of abandoned agricultural land, forest management inside national parks, identification of possible Natura 2000 zones, and implementation of new wildlife management and hunting legislation. These activities produced valuable experience with afforestation, participatory management planning of protected areas, environmental impact assessment of management plans and a preliminary map of Natura 2000 sites.

Table 6: Local Development Strategies Project

The EC-funded Local Development Strategies Project (2007-9) established LEADER+ type Local Action Groups (LAGs) in each municipality of Kosovo. Environmental issues have been identified as a priority in all of these processes. The LAGs provide a good



framework to coordinate the interventions of the municipalities, the ministry and donors on specific projects that emerge from the local strategies

Table 7: Creation of GIS system for land resources and for sustainable use of land

FAO created a GIS system for land resources and for sustainable use of land. Its objective is to implement a detailed system for production and dissemination of information on agricultural land resources, to land users, and decision makers that will lead to improvement of agricultural practices, reduction of land degradation and environmental pollution, and security of the land ownership.

Table 8: Institutional Building of Water Department

With the assistance of the EC-funded project on **Institutional Building of Water Department**, MMPH, the existing water law is being revised (which already has elements of the Framework EU Water Directive). All 18 Administrative Instructions and four plans will be drafted based on the Water Directive. Three pilot projects were planned:

- Classification of superficial waters (Bistrica e Pejës river, with all parameters)
- River Klina, in Skenderaj protection against flooding
- Establishment of regional water authorities (as requested by the Water Directive)

Table 9: Integrated pest control

Integrated pest (IP) control has been promoted by the Swiss-funded project of Intercooperation. They demonstrated the approach through growing tomatoes in plastic tunnels. The project is continuing with more farmers and the involvement of Denmark as a donor. At present, farmers are involved in IP production of indoor tomatoes, and their products are marketed under the IP label. Six apple orchards also started to apply integrated production techniques. For 2009, the project applied integrated production in two other glass-framed cultures: peppers and cucumber.

Table 10: Horticultural Promotion in Kosovo

Horticultural Promotion in Kosovo, a project financed by Swiss and Danish governments, has subcontracted "Alb Inspect", a certifying body for organic agriculture from Albania, for trainings and certification of herbs in Kosovo. They have held two trainings for farmers, and are coaching two companies (in Istog and Dragash) in organic medicinal and aromatic herb collection and processing.



Table 11: Organic agriculture

Organic agriculture has been promoted in Kosovo through a 4 year project coordinated and supported by the Dutch Avalon Foundation. The result is an increased awareness about organic agriculture and the establishment of the Organic Agriculture Association of Kosova (OAAK). Although the possibilities for organic production are favourable, due to prevalent low-input agriculture, there are no known organic producers certified in Kosovo, mainly due to lack of market incentives for organic production.

Table 12: National Park Sharri and Proposed Bjeshkët e Nemuna National Park

There is an existing National Park on Sharri Mountains with the possibility of a cross-border protected area in cooperation with Macedonia. Another proposed trans-boundary park is Bjeshkët e Nemuna/ Albanian Alps/ Prokletije between Kosovo, Albania and Montenegro. A draft law on Bjeshkët e Nemuna NP has been prepared by the MMPH, but refused by the local communities. The NGO Era in Peja is now working with the local communities to promote the idea of the park, and build up local support along with sustainable rural development initiatives that are compatible with, and will support, the future park.

Table 13: Green Agenda – Project from Milieukontakt International

Green Agenda is a participatory method for developing and implementing local sustainable development strategies and plans with active involvement of the different sectors in the local community where the process is conducted. The method is special in 3 main aspects: the process starts out by identifying local values rather than problems; participation in the process is not limited to experts or certain stakeholder groups but is open to all; and the process and its results are genuinely owned by the local people.

The Green Agenda process in three pilot communities of Kosovo has been initiated by local NGOs representing civil society. In each of the communities, the local NGOs will be coordinating the process with the municipality for implementation. The NGO Liria is working with the municipality of Istog. In Peja, Environmentally Responsible Action (ERA) group is leading the Rugova Community in the Green Agenda sustainable development initiatives. In Prizren, the Green Agenda process is being coordinated by Natural Fresh.



Policy recommendations

DISCUSSION

Kosovo has clearly defined environmental and agricultural policy objectives. It has experience with various pilot projects that are already trying to implement various aspects of agri-environmental measures. For 2009, Kosovo started disbursing agricultural subsidies from its Consolidated Budget through MAFRD, to be followed later with IPA pre-accession funds. The EU requirements that are currently being transposed in the Kosovo legislation, the reforms of the CAP, including its increasing agri-environmental component and the existing initiatives in Kosovo, all provide a major opportunity for Kosovo to shape the future of its countryside and thus a major part of its environment, society and economy according to its own needs.

If this opportunity is taken, Kosovo can become a policy maker. Whilst Kosovo must accept, approximate and enforce the *Acquis Communautaire*, including the CAP and related Directives, it is a common objective of the EU Community and of Kosovo to reach the right balance between competitive agricultural production and the respect of nature and the environment. In the framework of the rural development policy, the Community offers a menu of measures to promote the protection of the farmed environment and its biodiversity that can be tailored to the specific local needs through the mechanism of the Local Action Groups. There are possibilities of support for less favoured areas and agri-environmental measures, which are particularly suitable where the primary production objective is to supply the domestic market for agricultural products rather than to compete with exports to the common EU market.

The main challenges in taking the opportunity of rural development are linked to available financial resources and implementation capacity, both of which are limited. Before major EU Funds can be mobilised, resources should be concentrated on⁷⁶:

1. Low cost/high return/sustainable activities such as developing vocational training to meet rural needs
2. Providing support for local community development, particularly getting rural economic operators to organize themselves more efficiently into public/private/3rd sector Local Action Groups (made up of the administration, businesses and Civil Society), Producers' Associations and Cooperatives
3. Continue the process of rural diversification.

Pilot agri-environmental measures can be an important part of such actions, especially responding to the needs already identified by Local Action Groups in their Local Development Strategies. They also have the potential of attracting additional funding from other donors that are active in local and rural development.

⁷⁶ Immediate priorities and measures as defined in ARDP 2009-13

In order to take advantage of these possibilities, MAFRD needs to develop policies and procedures on subsidies, and condition these with environmental policy protection measures. These conditions can be based on implementation of the laws already adopted. Along with the subsidies/grants, funding strategies involving cooperation with NGOs and donors on specific projects should be developed. Subsidy schemes should also support the development of domestic expertise through involvement of the Advisory Service, Local Action Groups, NGOs and local consultants in programming, planning and preparation of individual applications.

Concerning implementation capacity, MAFRD has nobody dealing specifically with agri-environmental issues, not to speak about a dedicated organisational unit in its structure. But, it is developing the Advisory Service and Local Action Groups that will form the institutional backbone for implementation of the rural development and agri-environmental measures. An overview of the existing institutions the functions they should perform in the process of planning and implementing the agri-environmental measures is presented in the **Figure 4**. Functional capacity for agri-environmental measures could be developed within the Rural Development Department, while the capacity for cross-compliance should be coordinated by the Policy Division in MAFRD in the proposed Department for EU Integration, Policy, and Project Coordination and Monitoring with involvement of all the technical line departments. MAFRD's Working Group on Agri-environment established in 2008 will facilitate this.

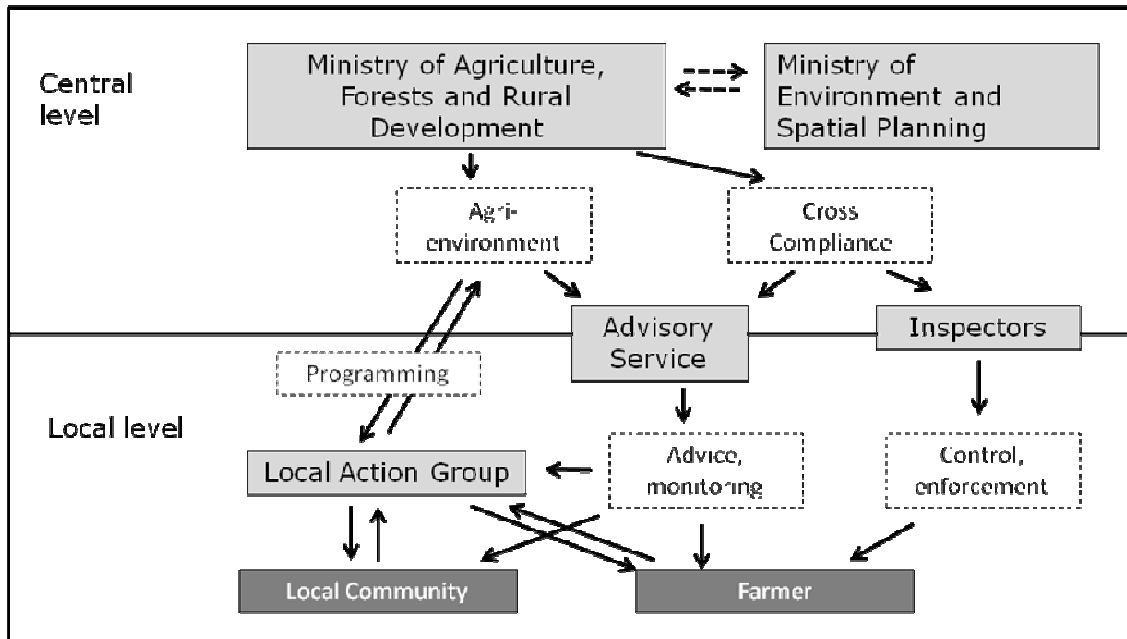


Figure 4: Overview of main institutions and functions related to agri-environmental issues in Kosovo



PROPOSED ACTIONS

WORKING GROUP ON AGRI-ENVIRONMENT

The MAFRD has established a Working Group on Agri-environment (11 July 2008), in order to raise awareness on environmental issues, as well as encourage and facilitate the integration of the environmental considerations in agriculture policies and its implementation in practice. Further purposes of the group are to:

1. raise awareness on integration of environmental consideration into sectoral programmes;
2. promote the agri-environmental component of CAP and its relation to the Kosovo context;
3. work on the Code of Good Agricultural Practices;
4. initiate, and support the establishment of, the Agri Environment function in MAFRD;
5. identify immediate agri-environment measures, and develop a catalogue of agri-environment measures based on an analysis of existing experience in Kosovo and the new EU member states that should be used in Kosovo; and
6. Work on the development of the organic agriculture subset of the agri-environmental measures.

DEVELOP THE CODE OF GOOD FARMING PRACTICE

The **Code of Good Agricultural Practice** is required by the Nitrates Directive, but could have a much wider application as a technical standard for agricultural activities. It should be developed taking into account specific circumstances of Kosovo, and include an overview of legislation and other standards applicable to agricultural practices in Kosovo and technical advice to farmers on issues such as:

- Nutrient Management
- Grassland Management
- Protection of Watercourses and Wells
- Maintenance of Wildlife Habitats
- Careful Use of Pesticides and Chemicals
- Protection of Features of Historical and Archaeological Interest
- Maintenance of the Visual Appearance of the Farm and Farmyard
- Maintenance on the Farm of Specified Records
- Animal Welfare
- Hygiene
- Non-use of prohibited Substances and responsible use of Animal Remedies
- Knowledge of Good Farming Practice



This work should be done in cooperation with the Ministry of Environment and Spatial Planning, and with full involvement of the various technical departments of MAFRD in the framework of the Working Group. It would be beneficial if relevant stakeholders (farmers' associations, university, NGOs, agribusiness...) are invited to the drafting process, in order both to tailor the work to the specific circumstances of Kosovo and secure wider ownership of the EU accession process.

DEVELOP A DRAFT CATALOGUE OF AGRI-ENVIRONMENT MEASURES

A national catalogue of agri-environment operations should be prepared by the Working based on experience with ongoing activities in Kosovo. During this process, based on environmental priorities, experience from other countries and ideas from the LAGs, new operations that have not yet been tried can be piloted through the same mechanism i.e. the LAGs. Operations that prove unsuccessful in achieving objectives or that are not taken up by local communities can be removed from the catalogue. It can include:

- the environmental and any other objectives it fulfils;
- a summary of existing experience in Kosovo;
- a technical description of expected activities;
- proposed definition of beneficiaries (single farmers, groups of farmers/villages, cooperatives, NGOs, municipalities);
- recommended levels of subsidies or grants and conditions;
- proposed indicators of success and methods of evaluation of results; and
- other relevant elements.

PILOT ACTIONS IN 2009

In 2009, MAFRD used part of its KCB-funded grant budget (totalling 5.267 million Euro) to introduce on a pilot basis improved manure storage facilities in Prizren municipality under Measure 5 of ARDP 2009-13 (totalling 40,000 euro). It is expected that such pilot measures will be extended in 2010 and later. The pilot measures should be selected from among those listed in the national catalogue by the MAFRD Working Group. All pilot operations should be subject to evaluation by MAFRD staff and independent evaluators. These should be selected from among Kosovo practitioners. In some cases, they could be international experts involved in relevant donor projects. The results of the pilot projects and their evaluation should be presented regularly at MAFRD workshops open to all practitioners in Kosovo.

INVOLVEMENT OF LOCAL ACTION GROUPS IN PROGRAMMING AND IMPLEMENTATION

For successful development and implementation of agri-environmental measures, the proposed strategy is to delegate the programming of specific actions to the local level



using the mechanism of Local Action Groups (LAGs) that have been established. The LAGs would then develop their local programmes using the elements of the catalogue of possible agro-environmental measures and operations, and would be responsible for programme implementation.

The Ministry should also provide a basic budget for LAGs for a period of at least 5 years. This will enable LAGs to mobilise funds from private investors, municipalities, donors, NGOs and other components of the Kosovo budget. This model can start working before the availability of dedicated EU funds from the rural development component of IPA 2007-13. If MAFRD provides modest, baseline financial support to each functioning LAG over the mid-term, supported by municipal funds, this will increase the possibility of obtaining project funds from a variety of donors.

STAFFING

There is a clear need to increase the capacity of MAFRD for the development and implementation of the agri-environmental measures. Capacity for this should be increased in all technical departments by dedicating at least one expert to follow the environmental cross-compliance and technical aspects of agri-environmental subsidies. The central coordination of agri-environmental measures should be located in, or close to, the department charged with the coordination of implementation of ARDP 2009-13 and the development of agricultural payments i.e. the Rural Development Department. In the context of establishing a structure for payments, a division for agri-environmental measures could be established.

INDICATORS

In order to devise the correct initiatives to improve agricultural environment and measure their success, it is essential to develop indicators, especially at regional/local level. Due to the specific situation and history of Kosovo, there is little statistical data available regarding environment and agriculture. The State of Environment Report of 2003 gives a very brief overview of information related to agriculture. The available expert knowledge, qualitative information and comparative information from other countries can provide a sufficient basis for formulation of an initial set of agri-environmental measures. But, the design of environmental and agriculture information systems will have to take into account the needs for statistics required for agri-environment policy along the lines of the Commission Communication on Statistical Information needed for indicators to monitor the Integration of Environmental Concerns into the Common Agricultural Policy: (see COM(2001) 144).

Agri-environmental indicators should serve to:



- provide information on the current state and changes in the conditions of the environment in agriculture;
- understand and monitor the linkages between agricultural practices and their beneficial and harmful effects on environment;
- identify the key agri-environmental issues that are of concern in Europe today;
- provide contextual information, particularly concerning the diversity of agri-ecosystems in the European Union;
- help targeting of agri-environmental measures, with the aim to achieve the most significant progress in reducing agriculture's impact on the environment where environmental pressures are greatest;
- assess the extent to which agricultural and rural development policies respond to the need to promote environmentally friendly farming activities and sustainable agriculture and to communicate this to policymakers and the wider public; and
- facilitate the global assessment process of agricultural sustainability.

A set of proposed EU indicators, and an overview of Kosovo institutions collecting data, are given in **Annex 8, Appendix 2**.

POSSIBLE MEASURES AND OPERATIONS

Agri-environmental measures are diverse, but have at least one of two broad objectives:

1. Reducing environmental risks (associated with modern farming); and
2. Preserving nature and cultivated landscapes.

ARDP has clustered agri-environmental measures into three groups that are similar to the Slovenian Agri-Environment Programme (SAEP).

ADRP

Group 1. Reduction of negative impact of agriculture on the environment

Group 2. Restoration of traditional landscapes

Group 3. Increase of biodiversity

SAEP

Group 1: Reduction of negative effects of agriculture on environment

Group 2: Maintenance of natural conditions, biodiversity, soil fertility and landscapes

Group 3: Conservation of protected areas

Initial ideas for discussion about possible agri-environmental measures that mostly correspond, but are not limited, to the above groups are as follows:



LAND TAKE

- Rural physical planning that protects farmland and habitats (forest, wetlands, grassland)

POLLUTION CONTROL

- Nitrates management: controlling inputs, manure management, protection of groundwater (vulnerability) and streams (trees)
- Pesticides: prohibitions, rules on application, education, control and enforcement
- Waste management: composting, hazardous waste (pesticide and medicine leftovers) storage, collection, solid waste collection and disposal
- Labour safety, Code of good practice

ENERGY FROM BIO-MASS⁷⁷

- Increase efficiency of using wood (better heating systems, better insulation of buildings)
- Using agricultural waste for energy
- Planting energy forests

HABITATS

- Support for priority habitats identified in Kosovo by SEE PEEN: alpine grasslands and shrubs, forests, other grasslands and shrubs, natural rivers using High Nature Value Farmland Concept
- Establishment and management of Nature parks (IUCN V) vs. National parks (IUCN II)
- Large protected areas (cross border): Sharr (Macedonia), Bjeshkët e nemuna (Albania, Montenegro)
- Preparation of Natura 2000 (list of sites, mapping)
- Action to preserve key animal species: Wolf, brown bear, Chamois, Otter
- Wetlands: mapping, protection of streams and wetlands, protection from drainage, maintenance of artificial reservoirs and fish ponds for birds
- Mountain pastures: preserving forests and grasslands support to pasture management (roads, dairies, pasture use rules)
- Forests: sustainability, integration of biodiversity objectives, increased resilience, productivity
- Soil erosion control – fields (rotation, green fertilization, tree belts), pastures (stocking levels, rules of pasture use)

⁷⁷ See the position paper on renewable energy (which refers to the EU bio-mass action plan) that was developed by MAFRD in 2008: http://www.ismafrd.org/Renewal_energy_policy.html.



- Sustainable use of medicinal plants, forest fruits and mushrooms (inventories, management plans, harvesting methods, cultivation)

POSSIBILITIES FOR INTEGRATION OF CROSS-COMPLIANCE MEASURES INTO OTHER MEASURES OF ARDP

At present, most holdings in Kosovo do not comply with the cross-compliance requirements. In order to achieve compliance for when Kosovo will be eligible for EU agricultural subsidies, environmental objectives can and should be included in other measures of ARDP 2009-13. Some possible approaches in this respect are presented below:

1. Measure 2 – Restructuring physical potential
 - investment in: insulation of buildings; better heating equipment to reduce use of wood and heating costs; septic tanks; waste water treatment; holding area and tanks for manure; composting on the farm
2. Measure 3 – Water resources
 - conservation of wetlands and floodplains as part of flood protection
3. Measure 4 – Food processing
 - requirement for environmental management in processing facilities, energy from biomass, composting of waste
4. Measure 6 – Diversification
 - rural tourism conservation management, direct marketing of products, wood and wool processing
5. Measure 7 – Rural infrastructure and heritage
 - water supply, well built roads, waste water, waste collection, community centres, rural broadband facilities



1.1.1.1 Annex 8, Appendix 1: List of EU legal acts relevant to cross-compliance relevant to Kosova legislation

Kosova Legislation	EU Legislation
Law on Agricultural Lands in Kosovo No. 02/L-26, UNMIK Regulation 2006/37, promulgated on 23 June 2006	No specific EU Legislation
<p>Law on Forests in Kosovo No. 2003/3, UNMIK Regulation 2003/6, promulgated on 20 March 2003</p> <p>Law on an Amendment to Law No. 2003/3 on the Forests of Kosovo No 2004/29, UNMIK Regulation 2004/40, promulgated on 14 October 2004</p>	<p>Commission Regulation (EEC) No 926/93 of 1 April 1993 amending Regulation (EEC) No 1696/87 laying down certain detailed rules for the implementation of Council Regulation (EEC) No 3528/86 on the protection of the Community's forests against atmospheric pollution;</p> <p>Commission Decision No. 96/653/EC: of 11 November 1996 authorizing Member States to permit temporarily the marketing of forest reproductive material not satisfying the requirements of Council Directives 66/404/EEC and 71/161/EEC;</p> <p>Commission Regulation (EC) No 1737/2006 of 7 November 2006 laying down detailed rules for the implementation of Regulation (EC) No 2152/2003 of the European Parliament and of the Council concerning monitoring of forests and environmental interactions in the Community;</p>
Law on Seeds in Kosovo No. 2003/3, UNMIK Regulation 2003/10, promulgated on 15 April 2003	COUNCIL DIRECTIVE 66/401/EEC of 14 June 1966 on the marketing of fodder plant seed;
Law on Artificial Fertilizers in Kosovo No 2003/20, UNMIK Regulation 2003/22, promulgated on 8 December 2003	COUNCIL DIRECTIVE 96/82/EC of 9 December 1996 on the control of major-accident hazards involving dangerous substances;
Law on Pesticides in Kosovo No. 2003/20, UNMIK Regulation 2003/35, promulgated on 8 December 2003	Model of USA was used to draft the Law. No refernce in EU legislation;
Law on Farmers Cooperatives in Kosovo No. 2003/9, UNMIK	No reference in EU legislation

Kosova Legislation	EU Legislation
Regulation 2003/21, promulgated on 23 June 2003	
Law on Planting Material of Kosovo No. 2004/13, UNMIK Regulation 2004/16, promulgated on 18 May 2003	<p>COUNCIL DIRECTIVE 92/33/EEC of 28 April 1992 on the marketing of vegetable propagating and planting material, other than seed;</p> <p>COMMISSION DIRECTIVE of 2 July 1993 setting out the schedules indicating the conditions to be met by vegetable propagating and planting material, other than seed pursuant to Council Directive 92/33/EEC;</p>
Law on Veterinary in Kosovo No. 2004/21, UNMIK Regulation 2004/28, promulgated on 30 July 2003	<p>Council Resolution of 22 July 1974 on the veterinary, plant health and animal feeding stuffs sectors;</p> <p>First Commission Directive 71/250/EEC of 15 June 1971 establishing Community methods of analysis for the official control of feeding-stuffs</p> <p>REGULATION (EC) No 726/2004 of the European Parliament and of the Council of 31 March 2004 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Medicines Agency;</p> <p>DIRECTIVE 2004/28/EC of the European Parliament and of the Council of 31 March 2004 amending Directive 2001/82/EC on the Community code relating to veterinary medicinal products;</p> <p>DIRECTIVE 2004/27/EC of the European Parliament and of the Council of 31 March 2004 amending Directive 2001/83/EC on the Community code relating to medicinal products for human use;</p> <p>COMMISSION DIRECTIVE 2003/63/EC of 25 June 2003 amending Directive 2001/83/EC of the European Parliament and of the Council on the</p>

Kosova Legislation	EU Legislation
	<p>Community code relating to medicinal products for human use;</p> <p>COUNCIL REGULATION (EC) No 1647/2003 of 18 June 2003 amending Regulation (EEC) No 2309/93 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Agency for the evaluation of Medicinal Products;</p> <p>DIRECTIVE 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use;</p> <p>DIRECTIVE 2001/82/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to veterinary medicinal products;</p> <p>DIRECTIVE 2001/20/EC of the European Parliament and of the Council of 4 April 2001 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use;</p> <p>COUNCIL REGULATION (EEC) No 2309/93 of 22 July 1993 laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products;</p>
Law on Livestock in Kosovo No.	European Convention for the protection of animals

Kosova Legislation	EU Legislation
2004/33, UNMIK Regulation 2004/39, promulgated on 14 October 2003	kept for farming purposes of 17 November 1978
Law on Animal Welfare in Kosova No. 02/L-10, UNMIK Regulation 2005/24, promulgated on 5 May 2003	<p>Council Decision 78/923/EEC of 19 June 1978 concerning the conclusion of the European Convention for the protection of animals kept for farming purposes 17 November 1978;</p> <p>COUNCIL DIRECTIVE 98/58/EC of 20 July 1998 concerning the protection of animals kept for farming purposes 8 August 1998;</p> <p>Commission Decision 2000/50/EC of 17 December 1999 concerning minimum requirements for the inspection of holdings on which animals are kept for farming purposes 25 January 2000;</p>
Law on Wine in Kosovo No. 02/L-8, UNMIK Regulation 2005/47, promulgated on 14 October 2005	<p>Commission Regulation (EC) No. 753/2002 lays down the description, designation, presentation and protection of certain wine sector products;</p> <p>Commission Regulation (EC) No. 1607/2000 lays down detailed rules for quality wines;</p> <p>Council Regulation (EC) No. 1493/1999 on the common organization of the wine market;</p>
Law on Hunting in Kosovo No. 02/L-53, UNMIK Regulation 2006/41, promulgated on 11 August 2006	<p>COUNCIL DIRECTIVE 79/409/EEC of 2 April 1979 on the conservation of wild birds;</p> <p>COUNCIL DIRECTIVE 91/477/EEC of 18 June 1991 on control of the acquisition and possession of weapons;</p>
Law on Fishery and Aquaculture in Kosovo No. 02/L-85, UNMIK Regulation 2006/58, promulgated on 20 December 2006	<p>COUNCIL DIRECTIVE of 22 July 1991 laying down the health conditions for the production and the placing on the market of fishery products 91/493/EEC;</p> <p>COUNCIL DIRECTIVE 91/67/EEC of 28 January 1991 concerning the animal health conditions governing the placing on the market of</p>

Kosova Legislation	EU Legislation
<p>Law on Plant Protection in Kosovo No. 02/L-95, UNMIK Regulation 2007/6, promulgated on 31 January 2007</p>	<p>aquaculture animals and products; COUNCIL DIRECTIVE 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community;</p> <p>COMMISSION DIRECTIVE 92/105/EEC of 3 December 1992 on establishing a degree of standardization for plant passports to be used for the movement of certain plants, plant products or other objects within the Community, and establishing the detailed procedures related to the issuing of such plant passports and the conditions and detailed procedures for their replacement;</p> <p>COMMISSION DIRECTIVE 92/90/EEC of 3 November 1992 on establishing obligations to which producers and importers of plants, plant products or other objects are subject and establishing details for their registration;</p> <p>COUNCIL DIRECTIVE of 15 July 1991 concerning the placing of plant protection products on the market (91/414/EEC);</p> <p>COMMISSION DIRECTIVE 2004/102/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community;</p> <p>COMMISSION DIRECTIVE 92/70/EEC of 30 July 1992 laying down detailed rules for surveys to be carried out for purposes of the recognition of protected zones in the Community</p> <p>COUNCIL DIRECTIVE 95/44 EEC of 26 June 2005, (amended) establishing the conditions under which certain harmful organisms, plants or plant products may be introduced within the</p>

Kosova Legislation	EU Legislation
	<p>Community for trial or scientific purposes or for work on varietal selection;</p> <p>COUNCIL DIRECTIVE 94/3/EEC of 3 May 2000 on Procedures for the notification of interception of a consignment or a harmful organism from third countries and presenting an imminent phytosanitary danger;</p> <p>COMMISSION DIRECTIVE 93/50/EEC of 24 June 1993 specifying certain plants not listed in Annex V, part A to Council Directive 77/93/EEC, the producers of which, or the warehouses, dispatching centres in the production zones of such plants, shall be listed in an official register;</p>
<p>Law on Irrigation of Agricultural Lands No. 02/L-9, UNMIK Regulation 2005/49, promulgated on 25 November 2005</p>	<p>Council Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy;</p>
<p>Law on Organic Farming in Kosovo No. 02/L-122, UNMIK Regulation 2008/2, promulgated on 8 January 2008</p>	<p>EU REGULATION (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs;</p>
<p>Law on Apiculture in Kosovo No. 02/L-111, UNMIK Regulation 2008/5, promulgated on 8 February 2008</p>	<p>COUNCIL DIRECTIVE 2001/110/EC of 20 December 2001 relating to honey;</p>
<p>Law on protection of plant varieties, No. 02/L-98 UNMIK Regulation No. 2008/24 promulgated on 16 May 2008</p>	<p>DIRECTIVE 98/44/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 6 July 1998 on the legal protection of biotechnological inventions;</p> <p>COMMISSION DIRECTIVE 2008/62/EC of 20 June 2008 providing for certain derogations for acceptance of agricultural landraces and varieties which are naturally adapted to the local and regional conditions and threatened by genetic erosion and for marketing of seed and seed potatoes of those landraces and varieties;</p>

Kosova Legislation	EU Legislation
<p>Draft Law on Food (still not promulgated)</p>	<p>REGULATION (EC) (28 January 2002, laying down the general principles and requirements of food law, establishing the European Food Safety Authority, No 178/2002)</p> <p>REGULATION (EC) No 882/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules;</p> <p>REGULATION (EC) No 853/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on the hygiene of foodstuffs</p> <p>REGULATION (EC) NO 1831/2003 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2003 laying down requirements for feed hygiene;</p> <p>DIRECTIVE 2000/13/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs;</p> <p>COUNCIL DIRECTIVE 89/107/EEC of 21 December 1988 on the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption;</p> <p>REGULATION (EC) NO 2581/97 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 January 1997 concerning novel foods and novel food ingredients;</p> <p>DIRECTIVE 2001/18/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 March 2001 on the deliberate release into the environment of genetically modified organisms</p>

Kosova Legislation	EU Legislation
Draft law on GMOs (still not promulgated)	and repealing Council Directive 90/220/EEC; <u>Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the deliberate release into the environment of genetically modified organisms and repealing Council Directive 90/220/EEC;</u>
Draft law on protection of plant production (still not Promulgated)	REGULATION (EC) NO 396/2005 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin and amending Council Directive 91/414/EEC; COUNCIL DIRECTIVE of 27 November 1990 on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables (90/642/EEC); COUNCIL DIRECTIVE of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin (86/363/EEC); COUNCIL DIRECTIVE of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals (86/362/EEC); COUNCIL DIRECTIVE of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables (76/895/EEC); COUNCIL DIRECTIVE of 15 July 1991 concerning the placing of plant protection products on the market (91/414/EEC); COUNCIL DIRECTIVE of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables (76/895/EEC);
Draft law agricultural inspection	No reference in EU Legislation

Kosova Legislation	EU Legislation
<p>(still not promulgated)</p> <p>Draft law on agriculture and rural development (still in drafting process)</p>	<p>COUNCIL REGULATION (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy;</p> <p>COUNCIL REGULATION No. 1782/2003 of 29 of September 2003 that sets common rules for direct support schemes within common agriculture policy;</p> <p>CUNCIL REGULATION No. 1698/2005 of 20 September 2005 on supporting rural development from European Agricultural Fund for Rural Development;</p>
<p>Amending Law on Environment Protection, LM-No.2003/8 UNMIK Regulation 2003/9 promulgated on 15 April 2003 (still not promulgated)</p>	<p>DIRECTIVE 2003/4/EC of 28 January 2003 on public access to environmental information and repealing Council Directive 90/313/EEC;</p>
<p>Law on Environmental Impact Assessment No. 03/L-024 (not yet promulgated)</p>	<p>COUNCIL DIRECTIVE 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment as amended by Directive 97/11/EC and by Directive 2003/35/EC;</p> <p>DIRECTIVE 2003/35/EC of the European Parliament and of the Council of 26 May 2003 providing for public participation in respect of drawing up certain plans and programmes relating to the environment and amending with regard to public participation and access to justice Council Directives 85/337/EEC and 96/61/EC;</p>
<p>Law on Environmental Strategic Assessment No. 03/L-015 (not yet promulgated)</p>	<p>DIRECTIVE 2001/42/EC of the EUROPEAN PARLIAMENT and the COUNCIL of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (SEA);</p>
<p>Law On Air Protection from Pollution No.2004//30, UNMIK</p>	<p>COUNCIL DIRECTIVE 96/62/EC of 27 September 1996 on ambient air quality assessment</p>

Kosova Legislation	EU Legislation
<p>Regulation 2004/48 promulgated on 25 November 2004</p>	<p>and management, as amended by Regulation (EC) 1882/2003</p> <p>Council Directive 1999/30/E of 22 April 1999 relating to limit values for sulphur dioxide, nitrogen dioxide and oxides of nitrogen, particulate matter and lead in ambient air, as amended by Decision 2001/744/EC;</p> <p>DIRECTIVE 2000/69/EC of the European Parliament and of the Council of 16 November 2000 relating to limit values for benzene and carbon monoxide in ambient air;</p> <p>Directive 2002/3/EC of the European Parliament and of the Council of 12 February 2002 relating to ozone in ambient air;</p> <p>COUNCIL DIRECTIVE 2004/107/EC of 15 December 2004 relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air;</p>
<p>The Law on Nature Conservation No-02/L-18, UNMIK Regulation 2006/22 promulgated on 24 April 2006</p>	<p>COUNCIL DIRECTIVE 79/409/EEC of 2 April 1979 on the conservation of wild birds as amended by Directives 81/854/EEC, 85/411/EEC, 86/122/EEC, 90/656/EEC, 91/244/EEC, 94/24/EC, 97/49/EC and Regulation (EC) 807/2003;</p> <p>COUNCIL DIRECTIVE 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, as amended by Directive 97/62/EC and Regulation (EC) 1882/2003</p> <p>COUNCIL REGULATION 338/97 of 9. December 1996 on the protection of species of wild fauna and flora by regulating trade therein, as amended by Commission Regulations 1497/2003 and 834/2004, 252/2005 and 1332/2005;</p> <p>COMMISSION REGULATION 1808/2001 of 30.</p>

Kosova Legislation	EU Legislation
	<p>August 2001 laying down detailed rules concerning the implementation of Council Regulation 338/97 on the protection of species of wild fauna and flora by regulating trade therein;</p> <hr/> <p>COMMISSION REGULATION 349/2003 of 25. February 2003 suspending the introduction into the Community of specimens of certain species of wild fauna and flora;</p>
<p>The Law on Waste No. 02 / L -30 UNMIK Regulation 2006/31 promulgated on 5 May 2006</p>	<p>DIRECTIVE 2000/76/EC of the European Parliament and of the Council of 4 December 2000 on the incineration of waste;</p> <p>DIRECTIVE 2006/12/EC of the European Parliament and of the Council of 5 April 2006 on waste;</p> <p>COUNCIL DIRECTIVE 91/689/EEC of 12 December 1991 on hazardous waste as amended by Directive 94/31/EC and Regulation (EC) 166/2006;</p> <p>COUNCIL DIRECTIVE 94/62/EC of 20. December 1994 on packaging and packaging waste amended by Regulation (EC) 1882/2003 and Directives 2004/12 and 2005/20/EC;</p>
<p>The Law on Water No. 02/L-24 UNMIK Regulation 2004/41 promulgated on 14 October 2004.</p>	<p>COUNCIL DIRECTIVE 91/271/EEC OF 21 MAY 1991 CONCERNING URBAN WASTE WATER TREATMENT (AS AMENDED BY COMMISSION DIRECTIVE 98/15/EC) AND REGULATION (EC) 1882/2003);</p> <p>COUNCIL DIRECTIVE 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources, as amended by Regulation (EC) 1882/2003;</p> <p>COUNCIL DIRECTIVE 98/83/EC of 3 November 1998 on the quality of water intended for human consumption (“drinking water”), as amended by</p>

Kosova Legislation	EU Legislation
	<p>Regulation (EC) 1882/2003;</p> <p>DIRECTIVE 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, as amended by Decision 2455/2001/EC;</p>
<p>The Law on Chemicals No. 02/L116 promulgated with UNMIK Regulation No. 2008/8 of 8 February 2008</p>	<p>COUNCIL DIRECTIVE 67/548/EEC of 27 June 1967 on the classification, packaging and labelling of dangerous substances;</p> <p>COUNCIL REGULATION E EC/793/93 of 23 March 1993 on the evaluation and control of the risks of existing substances, as amended by Regulation (EC) 1882/2003;</p> <p>Regulation EC/304/2003 of the European Parliament and of the Council of 28 January 2003 concerning the export and import of dangerous chemicals, as amended by Regulations (EC) 1213/2003, 775/2004 and 777/2006</p>
<p>Law on Integrated Pollution Prevention and Control (IPPC) /still in the process of drafting</p>	<p>COUNCIL DIRECTIVE 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (IPPC) as amended by Directives 2003/35/EC, 2003/87/EC, Regulation (EC) 1882/2003 and Regulation (EC) 166/2006;</p> <p>COUNCIL DIRECTIVE 96/82/EC of 9. December 1996 on the control of major-accident hazards involving dangerous substances replacing 82/501/EEC as amended by Directive 2003/105 and Regulation (EC) 1882/2003;</p> <p>DIRECTIVE 2001/80/EC of the EUROPEAN PARLIAMENT and of the COUNCIL of 23 October 2001 on the limitation of emissions of certain pollutants into the air from large combustion plants, as amended by Directive 2004/42;</p>

1.1.1.2 Annex 8, Appendix 2: Indicators

Modified summary table of the Commission Communication on Statistical Information needed for indicators to monitor the Integration of Environmental Concerns into the Common Agricultural Policy: (see COM(2001) 144).

DPSIR reference	Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
Public policy	b	1	Area under agri-environment support	Administrative	Access to administrative data	MAFRD, DRD, Advisory Services, Agriculture Statistics and Analyses Division, GIS unit	Advisory Services as the body that should give the advice to the farmers that for the first time apply agri-environmental measures, can collect data to support this indicator.
	b	2	Good farming practice	Administrative	Access to method, MS surveys Further research	MAFRD, DRD, Advisory Services	This indicator should cover the number of farms complying with regional standards of good farming practice.
	d	3	Environmental targets	*	Further study and research	No data available	Even in the EU further work is needed to develop this indicator.
	b	4	Nature protection	Information in Member States	Access to information	Kosovan EPA, Directory for Environmental Monitoring, RDP?	Data are already being collected by the Kosovan EPA Nature 2000 sites

Responses

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
Market signals	a	5.1	Organic producer prices	Agricultural price statistics	Extension coverage of	MAFRD, Agriculture Statistics and Analyses Division	Parallel with certification of organic farms (based on the approved law on organic agriculture), start collecting data on organic products (to use the system of agricultural price statistics and distinguish organic produce from conventional produce).	
	a	5.2	Agricultural income of organic farmers	FADN	Implementation	MAFRD, Agriculture Statistics and Analyses Division - FADN	Parallel with certification of organic farms (based on the approved law on organic agriculture), start collecting data on organic products (to use the system of agricultural price statistics and distinguish organic produce from conventional produce).	

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
Technology and skills	a/c	6	Holders' training levels	FSS Rural Development data	New characteristics Access to administrative data.	Statistical Office of Kosovo; MAFRD, Agriculture Statistics and Analyses Division - FSS	Agri-environmental training for farmers.	
	Attitudes	a/b	7	Organic farming	Administrative data Ad hoc questionnaire	Access to data New questions	Statistics Office of Kosovo collects and process data, while the MAFRD statistics and analyses division, is the main beneficiary	Statistics Office of Kosovo should complete the farm register, and include a variable on organic farming. Develop a voluntary questionnaire.
Driving forces	Input use	a	8	Fertiliser consumption	FADN and other sources Ad hoc survey	New characteristics Set up	MAFRD, Department for Plant production and Protection	It is not regulated, so far.
		a/c	9	Pesticide consumption	Administrative data Results of TAPAS actions	Research on aquatic risk indicator Data access	MAFRD, Department for Plant production and Protection	With the new Law on Pesticides, the user has to be certified and report the usage of pesticides.

DPSIR reference	Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
	a	10	Water use	FADN, specific surveys	New characteristics, set up	MAFRD, Agriculture Statistics and Analyses Division - FADN	Data on water purchased/used could be incorporated into FADN. Specific surveys of water use may need to be developed.
	a	11	Energy use	FADN	New characteristics	MAFRD, Agriculture Statistics and Analyses Division - FADN	Total expenditure on fuel should be collected in FADN.
Land use	b	12	Topological change	National administrative records	Access to data	MESP/ Institute for Spatial Planning Administrative records, covering the location, nature and scale of the changes.	Institute for Spatial Planning should become the focal point for recording land use changes. An inventory of developments (agricultural, transport urban developments, energy production and distribution, industry) is required classified by type and location.

DPSIR reference	Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
	a/c	13	Cropping/livestock patterns	National studies	Access to information encouraging harmonisation	MAFRD, DRD, Division for agricultural land; GIS unit	Carry out studies to classify strategies and practices of farmers on management of livestock and individual parcels (changes in land use may have an impact on the environment).
Management	d	14	Management practices	No proposals	Further study and research	?	According to the EC further work on the definition of this indicator is needed.
Trends	a/c	15	Intensification/extensification	FSS and FADN data	Fully exploitation of existing sources	MAFRD, Agriculture Statistics and Analyses Division - FSS and FADN data	Since intensification can concern all factors of production, the number of possible indicators is high. For example, the relation between livestock numbers and fodder areas may be appropriate for some types of livestock farming.
	a	16	Diversification	FSS, GIS	New characteristics and relocation of FSS data	MAFRD, Agriculture Statistics and Analyses Division - FSS, GIS	Ratio of farmers' agricultural/non-agricultural incomes. Additional question is needed to measure the scale of pluri-activity (off-farm activities).

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
		a/c	17	Marginalisation	FSS, national data	Relocation of data, new characteristics, availability	FSS, (additional questions, if needed) national data	Marginalisation may be defined in terms of the inability of holdings to provide an acceptable income.
Pressures	Pollution	a	18	Soil surface nutrient balance	FSS and administrative data	Methodological development	FSS and administrative data.	The soil surface nutrient balance is defined as total nutrient input (organic and mineral fertilisers, atmospheric deposition, fixation by leguminous crops) minus the uptake by crops (including removal by grazing).
		a	19	CH ₄ emissions	Inventories (EEA, MS) FSS	Access to existing inventories New characteristics	No responsible institution. FSS list of characteristics could be extended to collect information on installations, their capacity and use.	KEK is planning to start Green House Gas monitoring, including CH ₄ : (depends on donor assistance). Data on GHG are available from the EEA.

DPSIR reference	Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
	c	20	Pesticide soil contamination	*	Further needed work	Kosovo Agriculture Institute, Peja	The Kosovo Agriculture Institute has started testing/analysing pesticide residues. In 2009, it will continue with regular analyses of pesticide soil contamination. The Institute is fully equipped for chemical and physical analyses
	c	21	Water contamination	*	Further needed work	Hydro meteorological Institute / Kosovo Agriculture Institute, Peja	Focus on pollutants such as heavy metals and organic chemicals, including residues of veterinary products.
Resource depletion	a/c	22	Ground water abstraction/water stress	Survey Source of water	cf. Indicator 10 Availability from MS	Extend FADN with the requirement to include the source of the water pumped i.e. ground water (from a well) or from a river or stream.	Annual amount of ground water pumped directly by farmers from ground water sources.
	a/b/c	23	Soil erosion	Existing studies and GIS	Methodological development	Existing studies and GIS	Make maps of soil erosion risk: estimate amount of top soil loss, and location.

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
		a	24	Land cover change	LUCAS	Successful deployment	Introduce LUCAS (Land Use/Cover Area Frame Statistical Survey) - an area frame survey based on the visual observation of a sample of geo-referenced points, with the objective to provide representative and harmonised early estimates of land cover and land use at EU level as well as environmental information.	Matrix of changes in land cover, classified by type and size.

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
		b	25	Genetic diversity	Administrative data	Supplementary survey	Administrative data	Indicator 1) The total number and shares in production of main crop varieties/livestock breeds. Indicator 2) The number of national crop varieties/livestock breeds that are endangered.
Benefits		b	26	High nature value areas	NATURA 2000, CORINE land cover (CLC) and FSS	CLC update Integration of the sources	NATURA 2000, Kosovan Environmental Protection Agency (EPA)	This indicator is a subset of indicator 4.
		a	27	Renewable energy sources	Administrative data, FSS	Access to data, New characteristics	Ministry of Energy and Mines	Indicator - Area and volume of production of coppice woodland and of oilseed crop intended for production of bio diesel.

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
State	Biodiversity	d	28	Species richness	National data?	Further needed work	Kosovan EPA National data? Further study and research required.	Some species, linked to typical agricultural habitats, can be used as bio-indicators for certain developments in agriculture, although species diversity and number of individuals may be influenced by non-agricultural events.
	Natural resources	c	29	Soil quality	CLC and existing data	Identifying the most useful sources		Proposal: 1. determine soil limitations 2. derive crop sustainability zones 3. compare the capability maps with land use maps.
		d	30	Nitrates/pesticides in water	National data?	Further study and research	Hydro meteorological Institute, Kosovo Agriculture Institute(KIA), Peja	Nitrates in surface water are being analysed by Hydro meteorological Institute, while pesticides in water starting in 2009, will be analysed by KIA.
		d	31	Ground water levels	National data?	Further study and research	No responsible institution	Further work is needed to formulate the expectations from this indicator and to define it.

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
Impact	Landscape	b	32	Landuse matrix	LUCAS	Successful deployment	LUCAS	Landscape state diversity and composition. Environmental question to be introduced to the LUCAS
	Habitats and biodiversity	c	33	Habitat and biodiversity	LUCAS FSS/CLC	Successful deployment Studies on spatial relocation	LUCAS	Proposal to use environmental questions in LUCAS and additional questions in FSS.
	Natural resources	b	34.1	GHG emissions	Existing data	Modelling	No data available	KEK is planning to start GHG monitoring: (depend on donor assistance).
		b	34.2	Nitrate contamination	National data	Modelling and national data	Kosovo Agriculture Institute, Peja	There is no simple way to distinguish nitrates from agriculture from nitrates from other sources. Therefore models will need to be developed to estimate the run-off from agricultural land, the nitrate inputs from (mainly food industry and the nitrates from other sources.

DPSIR reference		Group	No.	Indicator	Data Sources	Requirements	Responsible Kosovan Institutions / data source	Recommendations/ Comments
		b	34.3	Water use	Water questionnaire	Add items to questionnaire	Water use, MMPH water department, or MAFRD irrigation unit	The water statistic questionnaires should be completed more exhaustively.
	Landscape diversity	c	35	Agricultural and global diversity	LUCAS CLC	Successful deployment Update	LUCAS	This indicator map agricultural diversity and its evolution through time.

DPSIR references

Driving forces	Activities indirectly causing environmental problems
Pressure	Origin of the problem
State	State of the natural environment
Impact	Consequences of changes in the environment
Response	What is done to reduce the problems

Eurostat focuses on Driving force (e.g. sectoral trends), Pressure and Response indicators, and on linking such indicators to standard socio-economic statistics. Complementary to this effort, the European Environment Agency (EEA) will concentrate on state and impact indicators, and on a comprehensive description of the full PSR chain.

Kosovan institutions responsible for data production and collection

Institution	Contact person	Function	Address	Telephone	e-mail
Kosovo Environmental Protection Agency (KEAP)	Ilir Morina	Director	Prishtina	044 504 013	ilirmo@yahoo.de
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MESP/Water Department	Violeta Hoxha	Director	Prishtina	038 211 804	violeta.hoxha@ks-gov.net
MESP/Department of Spatial Planning	Luan Nushi	Director	Prishtina	044 177 623	Luan.nushi@ks-gov.net
MESP/Hydro-meteorological institute	Syle Tahir Sylaj	Director	Prishtina	038 540 842	syle.tahirsylaj@mmp.h.org
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MAFRD / Policy Department / Statistics and Analyze Division	Hakile Xhaferi	Chief	Prishtina	038 212 335 044 689 912	Hakile.Xhaferi@ks-gov.net
MAFRD / DPPP	Shaban Hamzaj	Pesticides Secretary, Fertilizers Regulatory Service Administrator	Prishtina		Hazer.Susuri@ks-gov.net

		tor			
National Institute for Public Health / Department of Human Ecology	Tahire Gjergji	Chief of Department	Prishtina	044 238 136	tahagj@yahoo.com
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Kosovo Institute for Agriculture	Ismet Kastrati	Director	Peja		fadilmusa@yahoo.com
Statistical Office of Kosovo / Agriculture and Environment Statistics Department	Haki Kurti	Head of Division	Prishtina	044 178 029	Haki.kurti@gmail.com

ANNEX 9

BEST PRACTICE IN SELECTED COMMODITIES

Section A presents a comparative analysis (for wheat, milk, potato and lamb, as examples) of characteristics of:

1. best practice farmers in the EU generally, EU member states in the region, the CEFTA countries and Kosovo; and
2. typical farmers in Kosovo.

The note highlights differences in yield, where possible.

The same analysis can be prepared for other agricultural products e.g. horticulture and fruit.

Section B proposes an MAFRD action programme for ARDP 2009-13 that is targeted on raising efficiency amongst typical and best farmers in Kosovo. It draws on suggestions made by the World Bank in its April 2007 public expenditure review of Kosovo's agriculture sector. The action programme focuses on the general principles that need to be applied, in order to move towards best practice through improvements in:

1. the composition of MAFRD's public expenditure;
2. the quality of MAFRD's public spending;
3. MAFRD's budget effectiveness;
4. MAFRD's budget management;
5. capacity building for MAFRD institutions; and
6. public expenditure coordination

Section A

Comparative analysis

Best practice	EU member states	Wheat	Milk	Potato	Lamb
	<p>France is the EU's biggest grain producer having the following characteristics:</p> <ul style="list-style-type: none"> Produced 33 million tones of wheat in 2007, compared to 35.4 million in 2006 Average yield is 4.6-4.9 tones/ha Highest yields vary from 6.8-10+ tones/ha All agricultural mechanization is used properly and on time Farmers receive advice through advisory services Most wheat is exported Has an association of 10 ton producers Average farm's size is 42 ha About 10 % of farms are more than 100 ha, and account for over 40 % of total farm holdings Pest and disease control is at a high standard Seed varieties are high yield 	<p>Denmark is a leading EU dairy farming country with the following characteristics:</p> <ul style="list-style-type: none"> In last ten years, number of dairy farms has been reduced by more than 50%, and the number of dairy cows per herd has doubled to 110 cows - the largest in Europe The average annual milk yield of all breeds is 8.8 tones/cow Cattle database consists of information covering herd, cow, veterinary, animal movement register, state statistics, research, dairy plant and slaughterhouse Data flow to and from the Central Cattle Data Base includes all possible stakeholders in dairy sector Dairy production concentrates on : <ol style="list-style-type: none"> 1. Animal health 2. Food safety 3. Animal welfare and environment 4. Efficient breeding programmes 5. Investments in new production systems 	<p>The Netherlands produces some 8 million tones of potatoes per year, having the following characteristics:</p> <ul style="list-style-type: none"> Potatoes are grown on 175,000 ha Producers specialize in production (ware, starch and seed potatoes) Extremely suitable fertile fields for cultivation Healthy Dutch seed High degree of mechanization Favorable 	<p>There is continued decline in EU sheep production whilst demand remains strong. Characteristics include:</p> <ul style="list-style-type: none"> Self-sufficiency in EU sheep meat is forecast to fall to 77% by 2008 Ireland has significant sheep production (with ewe numbers of 3.3. million head) Sector is third most important farming enterprise, worth around 400 m euros annually 37,000 farmers, and an additional 3,000 jobs involved in processing and service provision to the sector Sector is export-orientated and generates foreign earnings of around 240 m euros per annum Average flock size continues to increase (112 ewes), compared to 100 in mid-90s Of +/- 35,000 sheep flocks, approximately 37% have under 50 ewes Sheep profit margins have improved vis-à-vis cattle and tillage - notwithstanding, farmers receive state support and incentive payments 	

	Wheat		Milk	Potato	Lamb
			<p>and new technology</p> <ol style="list-style-type: none"> 6. More than 10% of farms use milking robots 7. Roughage is a substantial part of the cow's feed 8. Proactive herd management 9. Advanced tools (chips/sensors) are becoming standard equipment in many barns - placed close to each cow, and GPS monitoring will make recorded data available to information systems 10. At each milking, a sample is analyzed to check cow's reproductive status, health and nutritional balances 	<ul style="list-style-type: none"> • climate • Expertise of well-trained growers • Hundreds of "growers" study clubs • Advisory services (from co-operatives or trading firms) • provide technical support throughout the growing season • Weather stations to predict late blight • Modern, environmentally friendly cultivation methods used • Optimally-equipped storage - 	<ul style="list-style-type: none"> • Recent strategy for developing sheep sector is based on the concept of "assisting producers to better themselves" • Two types of lamb production - early season and mid-season lamb • Further development of sheep production is based on: <ol style="list-style-type: none"> 1. improved efficiency and productivity at farm level 2. robust breeding programme 3. proper presentation of lambs involving castration and tail docking 4. effective research and advisory programmes 5. quality and animal health and welfare 6. introduction of a sheep meat quality assurance scheme

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	Wheat	Milk	Potato	Lamb
			<p>potatoes are stored at exactly the right relative humidity and temperature</p> <ul style="list-style-type: none"> • 250 varieties of potato • Close co-operation between growers, traders, researchers, consumers and environment organizations • Inspection service (NAK) applies strict controls - independent body which is comprises representatives of growers, 	

	Wheat	Milk	Potato	Lamb
Best practice				
Region EU member states	<p>Wheat production in Bulgaria is in first place with the following characteristics:</p> <ul style="list-style-type: none"> • Average total area of +/- 1.1 million ha with average yield of 3.8 tones/ha • Total domestic consumption is 2.2 million tones • Export reached around 0.5 million tones per year • Increase of average yield due to: <ul style="list-style-type: none"> ◦ Appropriate crop rotation on 71% of area under wheat ◦ 94% of crops fertilized with nitrogen ◦ Combined fertilizers used on 6.5% of sown area, mainly before sowing ◦ 65% of area sown with certified seeds ◦ 86% of area treated 	<p>Slovenia has a tradition of working in the dairy sector with the following characteristics:</p> <ul style="list-style-type: none"> • Milk production accounts for +/- 15% of gross agricultural output • 2005 production of dairy cow milk was 659,000 tones • Average number of dairy cows per holding was 6.6 (cf. EU 25 in 2005 of 13.3) • 40% of holdings have 1- 2 cows: 18% kept 2-4 cows; only 7% kept more than 20 cows, counting for 33 % of the total national herd • Small farms mainly produce for their own consumption • Less than 11,000 holdings are engaged in commercial dairy production • Milk collection is organized through cooperatives: in some cases, dairies collect milk themselves 	<p>breeders and traders</p> <ul style="list-style-type: none"> • Highest and most stringent requirements in the world <p>Romania is a top 20 potato producer with the following characteristics:</p> <ul style="list-style-type: none"> • Potato production has increased from 2.8 million tones in 1960s to more than 4 million tones in 2006 • Potato consumption per capita has more than doubled since 1990 • Total area 	<p>They are +/- 9.2 million sheep/lamb in Greece of which 95% of adult females are milked, primarily for cheese production with the following characteristics:</p> <ul style="list-style-type: none"> • Average size of units with more than 10 animals is 84 sheep/lamb • Sheep belong to dual-purpose breeds (milk and meat) • Extensive shepherding system for 85% of total number of animals • Sheep/lamb are farmed in all regions of the country • Majority of lamb are farmed within Less Favored Areas (LFA) (80%) • Systems of farming sheep/lamb are grouped as home fed, intensive and extensive, with or without transhumance • Most grazing area is located in mountainous and semi-

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		Wheat	Milk	Potato	Lamb
		<ul style="list-style-type: none"> with herbicides o Pest control carried out on 18% of area o Disease control carried out on 14% of area 	<ul style="list-style-type: none"> Collection infrastructure exists (refrigerators for storage) and transport of milk (refrigerated tankers) Quality of milk meets EU requirements Total consumption of milk (in raw milk equivalents) is estimated at +/- 240 kg per capita: of this, 125 kg is in the form of fresh milk and fresh milk products, 12 kg is cheese, 7kg is cream and 1.2 kg is butter Average yield is around 5.5 tones/year/cow 	<ul style="list-style-type: none"> sown with potato in 2007 was around 283,000 ha Average yield per ha was 12.3 tones Production of an early crop is traditional practice Crop allows growers to obtain a high income after a short period of time Research plays a crucial role in production to identify the best economical and technological combinations between cultivar, 	<p>mountainous area: more than half of this land (58%) belongs to communal pastures</p>

	Wheat	Milk	Potato	Lamb
			<p>density and culture system</p> <ul style="list-style-type: none"> • Cultivars Agata, Impala, Condor and Ostara have given best results • Potato is cultivated in big plots, as well as medium and small plots • Around 2.2 million Romanians cultivate and harvest potato from their own small potato patches each year 	
Best practice	<p>Serbia</p> <ul style="list-style-type: none"> • Wheat production is an important sub-sector within agriculture • Wheat is considered officially as a strategic product • Average planted area is +/- 650,000 ha, and average yield 	<p>Serbia</p> <ul style="list-style-type: none"> • Has less than 1.1 million cattle, out of which 700,000 are cows/heifers • Average milk production per year of recorded cows of Simmental breed is around 4.2 tones (fat 3.91%): for 	<p>Croatia</p> <ul style="list-style-type: none"> • Total area under potatoes is around 65,000 ha • Average yield is 10 	<p>Bosnia & Herzegovina</p> <ul style="list-style-type: none"> • Local Pramenka breed accounts for 80% of the sheep flock • 95% of production takes place on small private farms • Around 93% of farms had flocks of fewer than 20 sheep,

	Wheat	Milk	Potato	Lamb
	<ul style="list-style-type: none"> • is 4 tones/ha • As wheat production exceeds domestic demand, te surplus is exported • Farmers plant good varieties with high biological potential, adaptability and stability features that apply to different types of soil and climatic conditions • Varieties are created in Institute of Grains in Novi Sad, e.g. Lijana, Dragana, Sonata, Cipovka, Mina etc. • Best results are achieved in Vojvodina, where farmers have larger plots and use appropriate agro-technical measures and a high level of mechanization • Advisory services are available throughout country networks • There is state budgetary support 	<ul style="list-style-type: none"> • black-white and HF breeds it is +/- 6.2 tones (fat 3.73%). • During last 30 years, dairy production has decreased • Milk production is generally based on either Simmental or Black-White breeds • Average number of cows in small farms is less than 5, although the number is increasing • Number of middle-size farms with more than 25 animals is increasing • Simmental is the preferred breed in small and medium size farms: the black-white breed features on large farms with more than 50 cows • Transportation of milk is organized by dairies or sometimes delivered directly to the dairy • Dairies support farmers financially and technically to increase the size of farm, as well as quantity and quality of milk • Dairies also help farmers to build barns and purchase new animals 	<ul style="list-style-type: none"> • tones/ha • Maximum yield is 50 tones/ha • Dominant production is in patches around the house • All agro-technical measures are applied on commercial production • Main varieties were Condor and Desire: now moving towards Kenebek, Agria, Romana etc. • Most potato production is for family use • Production is oriented 	<ul style="list-style-type: none"> • and less than 1 % had flocks of more than 100 • Two types of farmers: those dedicated to farming as their principle source of income; and those engaged in it as supplemental income • Very fragmented market across thousands of villages throughout B&H • Most sheep income is derived from meat (80%) and high quality cheese (15%) for which there is strong demand on local markets and long-term export potential • Wool of Pramenka is typically heavily knotted due to poor (winter) animal nutrition, and is of little value • Total sheep numbers have fallen from 4 million in 1939, 1.3 million in 1990 and +/- 0.5 million in 2008 • Profitability is low, but can be improved through better marketing of meat, cheese and wool • Problems with Brucellosis. • The market for lamb meat is active • Exports of lamb are falling annually, and the value has declined • Live sheep are mostly slaughtered in villages by

	Wheat	Milk	Potato	Lamb
Current practice in Kosovo			<ul style="list-style-type: none"> toward tourism season Prices vary from 0.27-0.45 Euros/kg 	<ul style="list-style-type: none"> buyers for their own consumption Sheep destined for export are slaughtered at the slaughterhouse or at butcher's premises
Best practice farmer	<ul style="list-style-type: none"> has a tradition and knowledge about wheat production; uses good quality and proper seed (Luna and Isingen); received training in 2002, and technical support through advisory services and Agricultural Faculty and other Institutions); invested in new technology (sowing machinery obtained and harvesting machinery obtained from Caritas, Massey Ferguson, England); uses proper fertilizer i.e. N:P:K (10:30:20); uses proper pesticides/herbicides applies technology at the right time to cultivate wheat using sowing machinery; applies technical advice on growing wheat: advice was not paid for, because farmers are not paying for services visited wheat producers in Croatia; 	<ul style="list-style-type: none"> has a tradition of working with dairy cows: (family tradition over more than 20 years; his father is working in dairy farming in Switzerland); selected a proper breed of cow: (Simmental); invested in a new barn (built in 2001); changed the animal feed ration from a low composition of protein and energy feed regime, to a balanced composition of protein and energy feed regime. (by introducing premixes); prepares proper grass silage, (by making big bale grass silage - 500 kg); increases the degree of mechanization to prepare silage: (renting grass silage machinery, but owning machinery for maize silage); keeps the silage in a proper manner (in modern silage 	<ul style="list-style-type: none"> has a long family tradition of cultivating potatoes; is a member of the CIDA potato association; selected proper potato seed varieties: (Agnia, Fontana, Agata, Kondor, Romana and Sinora for consumption; Red Clare and Red Rozeta for processing); 	<ul style="list-style-type: none"> invested in the business through: <ol style="list-style-type: none"> change in the feed regime in 2001, (using a feed mixer to produce more silage, wheat, barley and maize); built two new sheep stalls in 2003 (80m²) made from wood and brass, costing about euro 20,000; bought new sheep in 2001 and 2003, costing about euro 16,000, adding the same breed ("Rud and Merino"); bought new land in 2003 (at about euro 15,000 for 1.5 ha); and bought meat mixer in 2003, costing about euro 3,000, to process meat; diversified business activities into trade: (other than his own lambs, the farmer buys them in the animal market and from individual lamb producers, which he

		Wheat	Milk	Potato	Lamb
	<ul style="list-style-type: none"> uses all correct processes for cultivating wheat (preparation of soil, sowing, treating, harvesting on time); owns machinery, (purchased in 2001, 2002, and 2003), 	<ul style="list-style-type: none"> keeps a high level of hygiene in the barn (including dry bedding, and cows' tails tied up with rope); invested in milking machinery; invested in a new milk cooling tank of capacity 1,200 litres; received technical advice from KCBS project; visited milk producers in the USA. 	<ul style="list-style-type: none"> invested in new machinery: (land preparation , sowing, spraying, fertilizing and harvesting, all obtained free from the CIDA potato association) ; uses proper fertilizer: NPK 15:15:15, and MAP (mono ammonium phosphate); uses proper pesticides: Herbicide – Sencor; Fungicides – Dithan M -45 and Ridomil; Insecticides – Apach and Mospilan; uses 	<ul style="list-style-type: none"> slaughters and sells as meat in his butcheries: he also buys live beef for slaughter, and processes and sells it as meat products e.g. meat, sausage, lung, kebab etc.: he owns a slaughterhouse, and sells milk, cheese and wool); has financially stability: whereas he used to get financing from commercial banks in 2001 (euro 10,000), his business creates enough cash: the farmer is well known, and sometimes takes lambs as collateral against future payments by clients; owns his own land i.e. 8 ha; has the possibility to rent land e.g. 10 ha., as land is currently under-utilised; has access to free pastures, as SOE and Municipality land is not utilised. 	

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
AUGUST 2009

		Wheat	Milk	Potato	Lamb
				<ul style="list-style-type: none"> • gravity irrigation; applies technology at the right time to cultivate potatoes: (sowing at the end of March for that region; as well as fertilizing, protecting, irrigating and harvesting on time); received technical advice on growing potatoes: (the farmer is an agronomist, and is receiving advices from the KDC project); visited potato producers 	

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
AUGUST 2009

		Wheat	Milk	Potato	Lamb
				<p>through CIDA in Holland</p> <ul style="list-style-type: none"> improved sale/marketing of potatoes, by better labeling (to cover information about the region and production information); stored potatoes with the association; improved packaging of potatoes, (not just in simple bags of 510 kg, but introducing small weight packaging, as well as different/more attractive packaging). 	

Current practice in Kosovo	Typical farmer	Wheat	Milk	Potato	Lamb
		<ul style="list-style-type: none"> Lack of knowledge on impact of quality seed Uses his own seed for planting or purchases from his neighbor. Wheat is monoculture, or crop rotation is only with maize Uses fertilizer NPK 15:15:15 Uses old YU varieties (Evropa, Pobeda, Novo Sadska Rana 5 etc.) Uses pesticide without advice, or not at all Farm machinery is older than 15 years Usually is late with all agro technique measures (preparation, planting, fertilizing, pest treatment and harvesting) Receives intermittent training Doesn't have proper storage facilities Mainly uses wheat for own consumption or animal feed 	<ul style="list-style-type: none"> Has 1-3 cows in barn Zootechnical conditions in the stable are very weak Produces animal feed only for six months due to lack of land availability Purchases animal feed once a year Takes cows to open field for feeding annually Lack of light and hygiene in the barn Breed of cow is local breed Busha, or mixed breed with Simmental breed Has problems with animal health Average production is less than 10 litres Milking is done by hand - so, problems with mastitis Uses milk for own consumption, or produces cheese or other milk products Sells milk to his neighbours or to Milk Collection Centre 2-3 times per week Number of bacteria in milk is very high, and price received for milk is lower No plan to extend or improve his farm due to lack of finance and land availability. 	<ul style="list-style-type: none"> Plants 0.2-0.5 ha of potatoes annually Uses his own potato as seed Does not prepare potatoes properly in advance for planting Preparation of soil is not done properly, bad ridging Planting is done by hand Varieties used are Condor or Desire Pest treatment is only a few times annually Diseases are spread often: California beetle is present 	<ul style="list-style-type: none"> Has 20-30 sheep in an old barn Usually situated in mountain areas Does not use veterinary services: Brucellosis is frequently present Does not use the advisory service Quality of animal feed during winter months is very low One sheep produces 1 lamb annually Mainly uses old local breed Bardhoka or mixed breed, both of which are low productivity Sheep graze from May until October in village pastures and meadows Buys animal feed from other farmers for winter period Has 2 - 3 ha of his own land partly producing animal feed for sheep, partly for own food Plans to increase herd numbers but cannot, due to financial conditions Sells lambs on a needs' basis, and usually on holidays to get the best price Price of a live weight lamb is around 2.5 Euro/kg Lambs are usually sold directly in the livestock market or to a known person

► AGRICULTURE AND RURAL DEVELOPMENT PLAN 2009-13
AUGUST 2009

		Wheat	Milk	Potato	Lamb
				<ul style="list-style-type: none"> • annually Irrigation system is absent or not functioning • Harvesting is done by hand usually: packing is done in 50 kg bags • Storage is not adequate: need to dig out potatoes from a soil pit before selling them in the market • Sorting, grading, sizing and packaging is inappropriate, and makes marketing more difficult. • Sales are occasional 	

		Wheat	Milk	Potato	Lamb
Efficiency	EU best practice	6.8 – 8.3 tones/ha (max – 12 tones)	8.8 tones per cow/ year - average	when money is needed for the family <ul style="list-style-type: none"> Only small portion of potatoes are sold in the market, and usually not cleaned properly 	
	EU region member states	3.8 tones/ha (max 8 tones)	5.5 tones per cow/ year - average	70 tones/ha	
	CEFTA (non-EU member states)	4 tones/ha (max 9 tones)	4.2 tones per cow/ year - average	50 tones/ha	
	Kosovo best practice farmer	6 tones/ha (max 8 tones)	5 tones per year/cow - the best	60 tones/ha	
	Kosovo typical farmer	3 tones/ha (max 4 tones)	1.5 – 2 tones per year/cow - average	10 tones/ha	

Section B

5 year MAFRD action programme (2009-13) to raise efficiency and reach best practice in the region - key actions for improvement

1. Composition of public expenditure

- direct MAFRD resources towards priorities with expected high impact on agriculture e.g. agricultural extension services, promoting knowledge of EU compliant food safety control systems and quality standards, technical support to Water User Associations and irrigation companies, and land consolidation;
- do not provide input or production subsidies; and
- reduce the number of staff and the share of salaries in MAFRD's agriculture budget.

2. Quality of public spending

- orient future expenditure programmes in line with ARDP 2009-13;
- monitor and assess agriculture programme spending through MAFRD and donor funding to ensure future resources are directed to most successful programmes; and
- address with commercial banks and sources of micro-finance the structural constraints to rural credit, such as improving access to long-term collateral and extension services, instead of subsidizing credit.

3. Budget effectiveness

- focus on improving basic services (agriculture extension), infrastructure (irrigation, roads), and structural support (land consolidation; competitive investment grants; early retirement scheme for farmers) rather than subsidies of inputs, production or credit⁷⁸;
- increase funding for agriculture extension systems that closely align spending with farmers' demonstrated needs;
- Increase spending on the institutions and capacity necessary to become an EU candidate country, and make prompt use of pre-accession IPARD funds, particularly to comply with food safety and standards requirements.

⁷⁸ International cross-country studies suggest that investments in public goods, particularly in rural infrastructure, generation and dissemination of improved technology, soil conservation, sanitary and phyto-sanitary protection, communications and information services contribute more strongly to agricultural growth than other forms of public spending in agriculture, particularly subsidies which distort farmers' production decisions.

4. Budget management

- use ARDP 2009-13 as a planning tool for directing the government budget and donor funding on priority activities
- improve communication with the Ministry of Economy and Finance on future budget needs, likely budget envelopes and donor funding;
- anticipate future financing needs to sustain investments financed by donor-funded projects i.e. identify the operation and maintenance requirements;
- improve budget transparency about agriculture programmes, and spending on agriculture extension services; and
- integrate expenses financed from MAFRD's 'own income' into the budget.

5. MAFRD institutions

- continue capacity building within MAFRD and its organizations by improving analytical capacity for prioritizing, operationalizing, budgeting and implementing ARDP 2009-13;
- monitor implementation of ARDP 2009-13; and
- Learn lessons from previous candidate countries on how to prepare to meet EU requirements to access pre-accession IPARD funds.

6. Coordination

- increase effectiveness of coordination with other central government institutions, such as the Ministry of Transportation and Telecommunication and the Ministry of Environment and Spatial Planning, municipalities, and publicly owned enterprises in charge of water supply, by implementing procedures for jointly identifying and directing critical infrastructure investments and services to rural areas;
- increase coordination with the Faculty of Agriculture at the University of Prishtina and other evidence-based policy analysis institutions (e.g. the American University in Kosovo, Riinvest and the Kosovo Civil Society Foundation) on the strategic orientation and organization of research through intensifying information exchange, initiating consultations on the strategic orientation and organization of agriculture research, and on cooperation possibilities in providing agriculture extension and related services; and
- involve and coordinate all agriculture sector institutions and other stakeholders in planning for and providing agriculture extension services through consultations and elaboration of work plans.



ANNEX 10
SUMMARY OF NEXT STEPS PROGRAMME

Outline of MAFRD Next Steps Programme, 2009-13

Offices/Departments	M'ster	P S	Le gal	El U	Pol icy	Sta ts.	L' stk	Pl an t	R D	For est	KV FA	Central	Twin ning	Relevant projects	TAIE X? SUPP ORT (Y/N)
Main MAFRD person to drive Next Steps programme	XL/FI	S X	IR	F O	SD	HX	A M	IC	A F	HA	QK	FB	Link		
1 Coordination of all Next Steps actions with EPAP/AEI													C1-5	ISMAFRD/MAFRD twinning	
2 Legislative actions towards transposing the acquis															
1 Approve the draft Food Law	FOOD LAW PASSED, 12 FEBRUARY 2009: SIGNED BY PRESIDENT												C1	ISMAFRD/KVFA twinning	No
2 Approve the draft Law on ARD (LARD)	MEETING WITH AGRICULTURE COMMITTEE OF ASSEMBLY PLANNED												C1	ISMAFRD/MAFRD twinning	No
3 Prepare and approve related secondary legislation on the new/amended laws	PRIORITY SECONDARY LEGISLATION FOR LARD IDENTIFIED, AND BEING DRAFTED												C1	ISMAFRD/MAFRD twinning	No
4 Transpose and implement the acquis in agriculture and rural development	PRIORITY SECONDARY LEGISLATION FOR LARD IDENTIFIED, AND BEING DRAFTED												C1	ISMAFRD/MAFRD twinning	No
5 Start transposing agro-environmental legislation	STATUS OF AGRO-ENVIRONMENTAL LEGISLATION BEING CHECKED												C1	ISMAFRD/MAFRD twinning	Yes
6 Amend the current law on Organic Farming	REVISED LAW AND RELATED AIs ARE AVAILABLE												C1	ISMAFRD/MAFRD twinning	No
7 Develop and adopt Law on FADN	LAW ON FADN DRAFTED												C1	ISMAFRD/MAFRD twinning	Yes
8 Propose necessary corrections for harmonization of legislation on (rural) spatial planning	LETTER TO PSMESP DRAFTED AND SENT BY PSMAFRD												C1	ISMAFRD/MAFRD twinning	No
9 Implement Government's strategy for translating the acquis, (which may include signing an MOU with Albania to share an agreed translation work programme)	STATUS OF THIS MOU UNDER REVIEW												C1	ISMAFRD/MAFRD twinning	No
3 Administrative structures to implement Chapter 11															
1 Streamline MAFRD organisational structure, and include:													C2	ISMAFRD/MAFRD twinning	
1 structures to implement Food Law and ARD Law	KOSOVO FOOD SAFETY AND VETERINARY AGENCY ESTABLISHED UNDER PMO												C2	ISMAFRD/MAFRD twinning	No
2 an Agro-Environment Unit	UNDER REVIEW												C2	ISMAFRD/MAFRD twinning	No
3 an organic unit to develop the organic sector and establish certification and control bodies for organic farming	UNDER REVIEW												C2	ISMAFRD/MAFRD twinning	No
2 Establish Managing Authority and Monitoring Committee for ARDP 2009-13	MANAGING AUTHORITY AND MONITORING COMMITTEE ESTABLISHED												C2	ISMAFRD/MAFRD twinning	No
3 Ensure MAFRD's HRD and training strategy reflects the needs of the new structure	TO BE DEVELOPED UNDER IPA 2008 TWINNING PROJECT TO SUPPORT MAFRD												C2	ISMAFRD/MAFRD twinning	No
	UNDER REVIEW												C2	ISMAFRD/MAFRD twinning	No
													C2	ISMAFRD/MAFRD twinning	No

4	Establish a working group on cross border cooperation
5	Establish an inter-ministerial working group to formulate a strategy to upgrade agro-processors to European standards, based on an EC check list
6	Review options for the competent authority to absorb and manage national and EU funds for agriculture and rural development – the National Paying Agency (NPA)
7	Identify a certifying body for the NPA

MAFRD MEETING 24 MARCH 2009: 11 CBC PROJECTS + ROZAJE TRIANGLE IDENTIFIED													
Q4/09 IN LINE WITH EPAP: MAFRD, MOH, MTI, KVFA, MOEF: PRODUCE ACTION PLAN													
DETAILS ISSUED (STEPS 1-3): UNDER IMPLEMENTATION BY GMC													
TO BE DEVELOPED UNDER IPA 2008 TWINNING PROJECT TO SUPPORT MAFRD													
TO BE DEVELOPED UNDER IPA 2008 TWINNING PROJECT TO SUPPORT MAFRD													

C2	ISMAFRD/MAFRD twinning	No
C2	ISMAFRD/KVFA twinning	No
C2	ISMAFRD/KVFA twinning	No
C2	ISMAFRD/MAFRD twinning	No
C2	ISMAFRD/MAFRD twinning	No
C2	ISMAFRD/MAFRD twinning	No

Strategies and action plans	
1	Review policy options to address renewable energy issues
2	Introduce Bio-mass Action Plan to Government for approval
3	Initiate cooperation with MESP to address the unplanned building in rural areas
4	Agree procedures for out-sourcing the management of complex technical programmes e.g. land consolidation and irrigation rehabilitation

MAFRD/MEM MEETING HELD 25 MARCH 2009: JOINT WORKING GROUP PROPOSED													
TO BE DEVELOPED UNDER THE IPA 2009 FORESTRY PROJECT													
LETTER TO PSMESP DRAFTED AND SENT BY PSMAFRD													
UNDER REVIEW													

C5	ISMAFRD/MAFRD twinning	Yes
C5	ISMAFRD/MAFRD twinning	Yes
C5	ISMAFRD/MAFRD twinning	No
C5	ISMAFRD/MAFRD twinning	No
C5	ISMAFRD/MAFRD twinning	No

Other priority actions to meet challenges	
1	Provide grants for farmers: implement land consolidation (Measure 2)
2	Support irrigation providers and users' associations (Measure 3)
3	Modernise agro-food establishments (Measure 4)
4	Implement local community development strategies (Measure 8)
5	Prepare a grant/subsidy scheme to stimulate conversion to organic production
6	Establish a quality assurance scheme for organic food
7	Develop further the Code of Good Farming Practice
8	Update statistical information needs: farm register, FADN, land register and agro-environment
9	Establish the Grant Management Committee to implement the 2009 KCB-funded grant programme 1/



GRANT MANAGEMENT COMMITTEE (GMC) APPOINTED BY MINISTER													
KCB BUDGET IN 2009, AND SUBSEQUENTLY													
Q4/09 IN LINE WITH EPAP: MAFRD, MOH, MTI, KVFA, MOEF: PRODUCE ACTION PLAN													
GRANT MANAGEMENT COMMITTEE (GMC) APPOINTED BY MINISTER													
GRANT MANAGEMENT COMMITTEE (GMC) APPOINTED BY MINISTER													
SECONDARY LEGISLATION TO BE REVIEWED													
UNDER REVIEW													
FADN/GMC-PAYING AGENCY DBASES DEVELOPED TO BE DEVELOPED UNDER IPA 2008 LAND UTILISATION/FARM REGISTER PROJECTS													
GRANT MANAGEMENT COMMITTEE (GMC) APPOINTED BY MINISTER													

C4	ISMAFRD/MAFRD twinning	No
C4	ISMAFRD/MAFRD twinning	No
C4	KCB	No
C4	KCB	No
C4	ISMAFRD/KVFA twinning	No
C4	IPA 2009	No
C4	IPA 2009	No
C4	ISMAFRD/MAFRD twinning	No
C4	ISMAFRD/MAFRD twinning	No
C5	ISMAFRD/MAFRD twinning	Yes
C5	ISMAFRD/MAFRD twinning	Yes
C3	IPA 2008	No
C3	ISMAFRD/MAFRD twinning	No
C4	ISMAFRD/MAFRD twinning	No
C4	ISMAFRD/MAFRD twinning	No

1	Implement grant schemes, including pilot project to improve manure handling and storage	GRANT MANAGEMENT COMMITTEE (GMC) APPOINTED BY MINISTER MAFRD/MTI MEETING HELD 7 MAY 2009: MAFRD TO BE INCLUDED IN SME WG UNDER REVIEW WITH KPA											C4	ISMAFRD/MAFRD winning	No	
0													C4	ISMAFRD/MAFRD winning	No	
1	Develop rural SME policy, addressing needs of gender, ethnicity and youth, as well as migrant remittances													C5	ISMAFRD/MAFRD winning	No
2	Establish Stewardship Board to oversee SOE Sharr P.													C5	ISMAFRD/MAFRD winning	No

6 ARDP financing - domestic		APPROVED BY MINISTER: DETAILS BEING FINALISED the ministries that are responsible for providing/upgrading rural infrastructure i.e. Measure 7 APPROVED BY MINISTER: DETAILS BEING FINALISED											C5	ISMAFRD/MAFRD winning	No	
1	Meet with MEF and other key ministries to confirm the availability of financial resources that have been budgeted for the 8 measures during 2009-13, particularly													C5	ISMAFRD/MAFRD winning	No
														C5	ISMAFRD/MAFRD winning	No
														C5	ISMAFRD/MAFRD winning	No
														C5	ISMAFRD/MAFRD winning	No
2	Meet with commercial banks and micro-finance institutions to review their current lending policies													C5	ISMAFRD/MAFRD winning	No

7 ARDP financing - external		APPROVED BY MINISTER: DETAILS BEING FINALISED											C5	ISMAFRD	No	
1	Hold Spring 2009 donor information meeting chaired by Minister (coordinated with AEI of PMO) to identify possible donor programmes (technical assistance, investments and grants/matching grants) that address immediate priorities and challenges, particularly:													C5	ISMAFRD	No
	strengthening key public sector institutions at Central/Municipality levels that are responsible for policy formulation and implementation, including the development of legislation and the regulatory framework approximating national legislation with the													C5	ISMAFRD	No
	acquis, including implementation													C5	ISMAFRD	No
	helping develop the private sector to:													C5	ISMAFRD	No
	1 Restructure the agricultural sector (M2)													C5	ISMAFRD	No
	2 Support irrigation, particularly tertiary irrigation (M3)													C5	ISMAFRD	No
	3 Modernise agro-food establishments (M4)													C5	ISMAFRD	No
	4 Implement local community development strategies (M8)													C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No
														C5	ISMAFRD	No

-  Main department responsible for coordinating Next Steps programme
-  Other departments responsible for supporting main department

Twinning components

- C1 Legislation and gap analysis
- C2 Institutional structures and human resources
- C3 Administrative procedures and IT
- C4 Management of pilot measure
- C5 Agriculture and Rural Development policy assessment, making and implementation

Annex 11

Summary of implementation of Chapter 11 of the acquis communautaire

Horizontal Issues

I) Administrative structures required by the acquis include:

- Handling CAP expenditure under the EAGF (European Agricultural Guarantee Fund) and the EAFRD (European Agricultural Fund for rural development);
- Paying Agency;
- Integrated Administration and Control System (IACS); and
- Implementation of FADN (Farm Accountancy Data Network) - through establishing a) a National Committee, and b) a liaison agency.

II) Examples of the key functions to be carried out by administrative structures not specified as such in the acquis include:

- Common Market Organization Mechanisms, governing trade with third countries;
- Requirements of the statistical elements of the acquis;
- Implementing Community legislation on organic farming; and
- Quality Policy.

Common market organization and animal products

I) Administrative structures explicitly required, by the acquis include:

- Intervention Agencies and Centres required for implementation of intervention and withdrawal of produce in selected sectors;
- Operation of the EC supply management instruments, which in some sectors requires specific administrative structures;
- In selected sectors, the acquis specifies precise rules for Producers' organisations, which must be fulfilled if such an organisation is to benefit from Community Support; and
- Establishing a vineyard register.

II) Examples of the key functions to be carried out by administrative structures not specified as such in the acquis include:

- Operation of the EC supply management instruments;
- Carcass classification and reporting of prices for livestock, e.g. bovine animals (council regulation EC 1234/2007); and
- Specific rules of the common market organisation for particular sectors, relating to the free movement of agricultural products.

Rural Development

Concerning guidance given in Council Regulation (EC) No. 1698/2005.

a) Administrative structures explicitly required by the acquis:

Designation for each rural development programme of the following authorities:

- **Managing Authority (which may be either a public or private body acting at national or regional level);**
- Paying Agency (within the meaning of article 6 of regulation (EC), No 1290/2005 (and a Coordination Body, if there is more than one Paying Agency);
- Certifying Body (within the meaning of article 7 of regulation (EC), No 1290/2005); and
- Monitoring Committee, for each rural development programme.

b) Additional requirements of the acquis:

- Local public-private partnerships;
- At decision-making level, economic and social partners, as well as other representatives of civil society; and
- Agri-environmental measures are the only compulsory part of rural development programming, under current rural development acquis provisions (Council Regulation (EC) No. 1698/2005).

Chapter 11 - EU Legislation

Horizontal Issues:

Direct Payments, IACS:

- **COUNCIL REGULATION (EC) No 1782/2003** of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001;
- **COMMISSION REGULATION (EC) No 795/2004** of 21 April 2004 laying down detailed rules for the implementation of the single payment scheme provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers;
- **COMMISSION REGULATION (EC) No 796/2004** of 21 April 2004 laying down detailed rules for the implementation of cross-compliance, modulation and the integrated administration and control system provided for in Council Regulation (EC) No 1782/2003 establishing common rules for direct support schemes under

- the common agricultural policy and establishing certain support schemes for farmers;
- **COMMISSION REGULATION (EC) No 1973/2004** of 29 October 2004 laying down detailed rules for the application of Council Regulation (EC) No 1782/2003 as regards the support schemes provided for in Titles IV and IVa of that Regulation, and the use of land set aside for the production of raw materials;
 - **COMMISSION REGULATION (EC) No 552/2007** of 22 May 2007 establishing the maximum Community contribution to financing the work programmes in the olive oil sector and fixing for 2007 budgetary ceilings for the partial or optional implementation of the Single Payment Scheme and the annual financial envelopes for the Single Area Payment Scheme, provided for in Council Regulation (EC) No 1782/2003, and amending that Regulation.

Paying Agency, Financing of the CAP (2 pillars):

- **COUNCIL REGULATION (EC) No 1290/2005** of 21 June 2005 on the financing of the common agricultural policy;
- **COMMISSION REGULATION (EC) No 885/2006** of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD;

Trade Mechanisms:

- **COMMISSION REGULATION (EC) No 376/2008** of 23 April 2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products;
- **COMMISSION REGULATION (EC) No 514/2008** of 9 June 2008 amending Regulation (EC) No 376/2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, as well as Regulations (EC) No 1439/95, (EC) No 245/2001, (EC) No 2535/2001, (EC) No 1342/2003, (EC) No 2336/2003, (EC) No 1345/2005, (EC) No 2014/2005, (EC) No 951/2006, (EC) No 1918/2006, (EC) No 341/2007 (EC) No 1002/2007, (EC) No 1580/2007 and (EC) No 382/2008 and repealing Regulation (EEC) No 1119/79;
- **COMMISSION REGULATION (EC) No 1301/2006** of 31 August 2006 laying down common rules for the administration of import tariff quotas for agricultural products managed by a system of import licences;
- **COMMISSION REGULATION (EEC) No 2220/85** of 22 July 1985 laying down common detailed rules for the application of the system of securities for agricultural products;

- **COMMISSION REGULATION (EC) No 800/1999** of 15 April 1999 laying down common detailed rules for the application of the system of export refunds on agricultural products;
- **COMMISSION REGULATION (EC) No 3122/94** of 20 December 1994 laying down criteria for risk analysis as regards agricultural products receiving refunds;
- **COMMISSION REGULATION (EC) No 2090/2002** of 26 November 2002 laying down detailed rules for applying Council Regulation (EEC) No 386/90 as regards physical checks carried out when agricultural products qualifying for refunds are exported;
- **COMMISSION REGULATION (EEC) No 3515/92** of 4 December 1992 laying down common detailed rules for the application of Council Regulation (EEC) No 1055/77 on the storage and movement of products bought in by an intervention agency;
- **COMMISSION REGULATION (EEC) No 3002/92** of 16 October 1992 laying down common detailed rules for verifying the use and/or destination of products from intervention.

Farm Accountancy Data Network

- **Regulation No. 79/65/EEC of the Council of 15 June 1965** setting up a network for the collection of accountancy data on the incomes and business operation of agricultural holdings in the European Economic Community;
- **Commission Regulation (EC) No. 868/2008 of 3 September 2008** on the farm return to be used for determining the incomes of agricultural holdings and analyzing the business operation of such holdings;
- **Commission Regulation (EC) No. 1453/2007 of 10 December 2008** fixing a standard fee per farm for the accounting year of the farm accountancy data network;
- **Commission Regulation (EEC) No. 1915/83 of 13 July 1983** on certain detailed implementing rules concerning the keeping of accounts for the purpose of determining the incomes of agricultural holdings;
- **Commission Regulation (EEC) No. 1859/82 of 12 July 1982** concerning the selection of returning holdings for the purpose of determining incomes of agricultural holdings;
- **Commission Regulation (EEC) No. 2237/77 of 23 September 1977** amending Regulation No. 118/66/EEC on the form of farm return to be used for the purpose of determining incomes of agricultural holdings.

Note that this is not an exhaustive list.

Promotion of agricultural products

- **Council Regulation (EC) No. 3/2008 of 17 December 2007** on information provision and promotion measures for agricultural products on the internal market and in third countries;
- **Commission Regulation (EC) No. 501/2008 of 5 June 2008** laying down detailed rules for the application of Council Regulation (EC) No. 3/2008 on information provision and promotion measures for agricultural products on the internal market and in third countries.

Quality Policy

- **Council Regulation (EC) No. 510/2006 of 20 March 2006** on the protection of geographical indications and designations of origin for agricultural products and foodstuff;
- **Commission Regulation (EC) No. 1898/2006 of 14 December 2006** laying down detailed rules of implementation in Council Regulation (EC) No. 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuff;
- **Council Regulation (EC) No. 509/2006 of 20 March 2006** on agricultural products and foodstuffs as traditional specialities guaranteed;
- **Commission Regulation (EC) No. 1216/2007 of 18 October 2007** laying down detailed rules for the implementation of the Council Regulation (EC) No. 509/2006 on agricultural products and foodstuffs as traditional specialities guaranteed.

Organic Farming

- **Council Regulation (EC) No. 834/2006 of 28 June 2007** on organic production and labeling of organic products and repealing Regulation (EEC) No.2092/91;
- **Commission Regulation (EC) No. 345/2008 of 17 April 2008** laying down detailed rules for implementing the arrangements for imports from third countries provided for in Council Regulation (EEC) No.2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs;
- **Commission Regulation (EC) No. 605/2008 of 20 June 2008** laying down detailed rules for implementing the provisions concerning the certificate of inspections for imports from third countries under Article 11 of Council Regulation (EEC) No.2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs;
- **Commission Regulation (EC) No. 889/2008 of 5 September 2008** laying down detailed rules for the implementation Council Regulation (EC) No. 834/2007 on organic production and labeling of organic products with regard to organic production, labeling and control.

Note that further updated implementing rules are being prepared.

State Aids

- **Commission Regulation (EC) No. 1857/2006 of 15 December 2006** on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001;
- **Community guidelines for state aid in the agriculture and forestry sector 2007 to 2013;**
- **Commission Regulation (EC) No. 1535/2007 of 20 December 2007** on the application of Articles 87 and 88 of the EC Treaty to “de minimis” aid in the sector of agricultural products.

Note that these are the main regulations, but are not exhaustive.

Common Market Organization (CMO):

Horizontal Regulation – Single CMO

- **Council Regulation (EC) No. 1234/2007** establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)

Note that the list of implementing regulations per sector below is not exhaustive. Most regulations concerning trade with third countries have been omitted.

Cereals

- **Commission Regulation (EC) No. 428/2008 of 8 May 2008** on determining the intervention centres for cereals;
- **Commission Regulation (EC) No. 687/2008 of 18 July 2008** establishing procedures for taking over cereals by intervention agencies or paying agencies and laying down methods of analysis for determining the quality of cereals;
- **Commission Regulation (EC) No. 2131/93 of 28 July 1993** laying down the procedures and conditions for the sale of cereals held by intervention agencies.

Note that regulations are currently under revision.

Milk and Milk Products

- **Commission Regulation (EC) No. 595/2004 of 30 March 2004** laying down detailed rules for applying Council Regulation (EC) No.1788/2003 establishing a levy in the milk and milk products sector (*amended by Commission Regulation (EC) No.1468/2006 of 4 October 2006 and by Commission Regulation (EC) No. 228/2008 of 13 March 2008*);

- **Commission Regulation (EC) No. 415/2004 of 8 May 2008** on the division between deliveries and direct sales of national reference quantities fixed for 2007/08 in Annex I of Council Regulation No.1788/2003;
- **Commission Regulation (EC) No. 657/2008 of 10 July 2008** laying down detailed rules for applying Council Regulation (EC) No.1234/2007 as regards Community Aid for supplying milk and certain milk products to pupil in educational establishments;
- **Commission Regulation (EC) No. 657/2008 of 10 July 2008** laying down detailed rules for the application of Council Regulation (EC) No.1234/2007 as regards authorizations for the use of casein and caseinates in the manufacture of cheeses.

Sugar

- **Council Regulation (EC) No. 320/2006 of 20 February 2006** establishing a temporary scheme for the restructuring of the sugar industry in the Community and *amending Regulation (EC) No.1290/2005 on the financing of the common agricultural policy.*

Note that implementing rules are not included here.

Tobacco

- **Commission Regulation (EC) No. 709/2008 of 24 July 2008** laying down detailed rules for implementing Council Regulation (EC) No.1234/2007, as regards inter-branch organizations and agreements in the tobacco sector.

Wine and Spirits

- **Commission Regulation (EC) No. 555/2008 of 27 June 2008** laying down detailed rules for implementing Council Regulation (EC) No.479/2008 on the common organizations of the market in wine as regards support programmes, trade with third countries, production potential and on controls in the wine sector;
- **Regulation (EC) No. 110/2008 of the European Parliament and of the Council of 15 January 2008** on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No.1576/89.

Note that remaining implementing rules of wine reform published in 2009 apply from 1 August 2009. The Council Regulation 479/2008 is to be integrated into the single CMO.

Fruit and vegetables

- **Commission Regulation (EC) No. 1580/2007 of 21 December 2008** laying down implementing rules of Council Regulation (EC) No.2200/96. (EC) No.2201/96 and (EC) No.1182/2007 in the fruit and vegetable sector;
- **Council Directive 2001/112/EC** is related to fruit juices and certain similar products intended for human consumption;

- **Council Directive 2001/113/EC** is related to fruit jams, jellies and marmalades and sweetened chestnut puree intended for human consumption.

Olives

- **Commission Regulation (EC) No.2153/2005 of 23 December 2005** on the aid scheme for the private storage of olive oil;
- **Commission Regulation (EC) No.867/2008 of 3 September 2008** laying down detailed rules for the application of Council Regulation (EC) No.1234/2008 as regards operators' organizations in the olive sector, their work programmes and financing thereof;
- **Commission Regulation (EC) No.1019/2002** concerns marketing standards for olive oil;
- **Commission Regulation (EEC) No.2568/91 of 11 July 1991** on the characteristics of olive oil and olive-residue and on the relevant methods of analysis;
- **Commission Regulation (EC) No.1345/2005 of 16 August 2005** laying down detailed rules for the application of the system of import licenses for olive oil.

Beef, sheep and goats, pig meats

- **Regulation (EC) No.1760/2000 of the European Parliament and of the Council of 17 July 2000** establishing a system for the identification and registration of bovine animals and regarding the labeling of beef and beef products and repealing Council Regulation (EC) No.820/97;
- **Commission Regulation (EC) No.566/2008 of 18 June 2008** laying down detailed rules for the application of Council Regulation (EC) No.1234/2007 as regards the marketing of the meat of bovine animals aged 12 months or less;
- **Commission Regulation (EC) No.22/2008 of 11 January 2008** laying down detailed rules for the Community scale for the classification of carcasses of ovine animals.

Note that a new implementing regulation on carcass classification and price reporting for beef, pigs and sheep (single CMO) applies from 1 January 2009.

Poultry and Eggs

- **Commission Regulation (EC) No.617/2008 of 27 June 2008** laying down detailed rules for implementing Regulation (EC) No.1234/2007 as regards marketing standards for eggs for hatching and farmyard poultry chicks;
- **Commission Regulation (EC) No.543/2008 of 16 June 2008** laying down detailed rules for the application of Council Regulation (EC) No.1234/2007 as regards the marketing standards for poultry meat;
- **Commission Regulation (EC) No.589/2008 of 23 June 2008** laying down detailed rules for implementing Council Regulation (EC) No.1234/2007 as regards the marketing standards for eggs.

Beekeeping and Honey

- **Commission Regulation (EC) No.917/2004 of 29 April 2004** on detailed rules to implement Council Regulation (EC) No.797/2004 on actions in the field of beekeeping;
- **Council Directive 2001/110/EC** relating to honey.

Flax and Hemp

- **Commission Regulation (EC) No.507/2008 of 6 June 2008** laying down detailed rules for the application of Council Regulation (EC) No.1673/2000 on the common organization of the markets in flax and hemp grown fibre.

Silkworms

- **Commission Regulation (EC) No.1744/2006 of 24 November 2006** on detailed rules for aid in respect of silkworms;
- **Commission Regulation (EC) No.223/2008 of 12 March 2008** laying down conditions and procedures for the recognition of producer organizations of silkworms rearers.

Seeds

- **Commission Regulation (EC) No.491/2007 of 3 May 2007** laying down detailed rules for implementing Council Regulation (EC) No.1947/2005 as regards the communication of data concerning seeds.

hops

- **Commission Regulation (EC) No.1557/2006 of 18 October 2006** laying down detailed rules for implementing Council Regulation (EC) No.1947/2005 as regards registration of contracts and the communication of data concerning hops;
- **Commission Regulation (EC) No.1850/2006 of 14 December 2006** laying down detailed rules for the certification of hops and hop products;
- **Commission Regulation (EC) No.1299/2007 of 6 November 2007** on the recognition of producers groups for hops.

Oilseeds

- **Council Directive No.76/621/EEC of 20 July 1976** relating to the fixing of the maximum level of erucic acid in oils and fats intended as such for human consumption and in foodstuffs containing added oils or fats.

Dried Fodder

- **Commission Regulation (EC) No.382/2005 of 7 March 2005** laying down detailed rules for the application of Council Regulation (EC) No.1786/2003 on the common organization of the market in dried fodder;
- **Commission Regulation (EC) No.778/2008 of 4 August 2008** setting the final amount of aid for dried fodder for the 2007/2008 marketing year.

Cocoa and chocolate

- **Directive 2000/36/EC of the European Parliament and of the Council of 23 June 2000** relating to cocoa and chocolate products intended for human consumption;
- **Directive 1999/4/EC of the European Parliament and of the Council of 22 February 1999** relating to coffee extracts and chicory extracts.

Rural Development

- **Council Regulation (EC) No.1698/2005 of 20 September 2005** on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- **Commission Regulation (EC) No.1974/2006 of 15 December 2006** laying down detailed rules for the application of Council Regulation (EC) No.1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);
- **Commission Regulation (EC) No.1975/2006 of 7 December 2006** laying down detailed rules for the application of Council Regulation (EC) No.1698/2005, as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures;
- **Commission Regulation (EC) No.1396/2007 of 28 November 2007** correcting Regulation (EC) No.1975/2006 laying down detailed rules for the implementation of Council Regulation (EC) No.1698/2005, as regards the implementation of control procedures as well as cross-compliance in respect of rural development support measures;
- **Council Decision No.2006/144/EC** concerning Community Strategic Guidelines for Rural Development (programming period 2007-13).

MAFRD recognises that it is not possible to put in place quickly the main legal and administrative structures required implementing Chapter 11 of the acquis communautaire. The matrix below sets out an indicative five year framework for achieving the work. As there will inevitably be some slippage, this matrix will need to be updated annually.

Administrative structures/key stakeholders	Actions	Acquis (only the most relevant AC)	2009	2010	2011	2012	2013
<p>Horizontal issues</p> <p>National Paying Agency (NPA) MAFRD MEF</p>	<p>Adopt Law on Agriculture and Rural Development (LARD). Remove legal obstacles to LARD by amending Law on Management of Public Finances and Responsibilities (LMPPFR). MAFRD and MEF to act. NPA is main institution for implementing, managing and conducting check ups regarding CAP. It handles CAP expenditures under EAGF.</p>	<p>COUNCIL REGULATION (EC) No.1698/2005; COUNCIL REGULATION (EC) No 1290/2005;</p>	<p>Generally: Approve LARD, Amend LMPPFR Obstacles arising from LMPPFR should be resolved by respective ministers. Specifically: Adopt secondary legislation regarding implementation of LARD: 12 AIs proposed to be drafted initially (and currently under preparation) to implement the law 1) AI on criteria and the ways of managing the Programme for Agriculture and Rural</p>	<p>Recruit and train staff of the Paying Unit, that will form the basis of the future NPA</p>	<p>Establish and make operational NPA,</p>	<p>Accredit NPA Accreditation shall be based in Community rules. Article 6 of COUNCIL REGULATION (EC) No 1290/2005 on the financing of common agricultural policy lays down conditions for Accreditation and withdrawal of accreditation of Paying Agencies and coordinating bodies. Member States shall provide sufficient guarantees that: (a) the eligibility of requests and, in the framework of rural development,</p>	<p>NPA fully staffed and efficient to become capable of absorbing IPA RD funds under Component 5, once Kosovo has become a candidate country. (Note that it is assumed that Kosovo will become a candidate country on 1 January 2012 when it will be able to access fully assistance provided by the EC under component 5 on Rural Development envisaged by Article 3 of COUNCIL REGULATION (EC) No 1085/2006 establishing an Instrument for Pre-Accession Assistance (IPA). Kosovo would</p>

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		<p>Development, based on art. 6.5</p> <p>2) AI on documentation to be kept by the beneficiary that has profited from the programme's funds, based on art.9.2;</p> <p>3) AI on procedures, criteria for benefit of the beneficiaries and the means of direct payments, based on art. 13.2;</p> <p>4) AI on the means of implementing these measures and the criteria for support of the rural development policy, based on art. 15.3d</p> <p>5) AI on duties and responsibilities of the Inter-ministerial Committee for agriculture and rural development as an advisory body of the Government, based on art.</p>		<p>the procedure for allocating aid, as well as their compliance with Community rules are checked before payment is authorized;</p> <p>(b) accurate and exhaustive accounts are kept of the payments made;</p> <p>(c) the checks laid down by Community legislation are made;</p> <p>(d) the requisite documents are presented within the time limits and in the form stipulated by Community rules;</p> <p>(e) the documents are accessible and kept in a manner which ensures their completeness, validity and legibility over time, including with regard to</p>	<p>also be able to access funds available under Components 3 and 4 of IPA which are only available to candidate countries.)</p>
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			<p>20.2; 6) AI on organization and the way of functioning of the Paying Agency, based on art. 21.4; 7) AI on the terms and the ways for database maintenance, based on art. 22.4; 8) AI on an information system on market prices, based on art 26.3; 9) AI on criteria for determination of the farms that will be part of the farm accountancy system, based on art. 27.2; 10) AI on the forms of the organization of producers, processors and traders of agricultural and agro-food products, based on art 28; 11) AI on criteria to be met by the organizations</p>		<p>electronic documents within the meaning of Community rules (See Article 6 (1)).</p>	
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<p>Integrated Administration and Control System (IACS) <i>MAFRD</i></p>	<p>Adopt secondary legislation to implement LARD IACS is controlling mechanism of subsidies that works within NPA.</p>	<p>COUNCIL REGULATION (EC) No 1782/2003 amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) 1868/94, (EC) No 1251/1999, (EC) No 1254/1999, (EC) No 1673/2000, (EEC) No 2358/71 and (EC) No 2529/2001; COMMISSION REGULATION (EC) No 795/2004;</p>	<p>and associations of producers and processors of agricultural and agro-food products in order to benefit support, based on art. 29; 12) AI on criteria applied and required for the professional qualification of supervision of public services, based on art. 34.3;</p>	<p>Adopt secondary legislation for organization and functioning of NPA and IACS.</p>	<p>Train professional staff</p>	<p>Initial phase of developing IACS software. Elements of the integrated system to be in place. Elements are envisaged in Article 18 of COUNCIL REGULATION (EC) No 1782/2003. According to Article 18 (1), the Integrated System comprises the following elements: (a) a computerized</p>	<p>Progress in parallel with development of the NPA</p>		<p>IACS fully efficient and technically equipped (staff and software).</p>
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<p>FADN (Farm Accountancy Data Network <i>MAFRD, Farmers, NGOs and other Institutions</i>)</p>	<p>Adopt legislation for FADN</p>	<p>COMMISSION REGULATION (EC) No 796/2004; COMMISSION REGULATION (EC) No 1973/2004; COMMISSION REGULATION (EC) No 552/2007</p>	<p>Improve data collection, training, software management, etc. Adopt the relevant AI based on Art. 27.2 of LARD</p>	<p>Complete implementation of LARD by adopting secondary legislation. According to the Next Steps Plan of 15 January 2009, include Law on FADN in MAFRD's Legislative Strategy</p>	<p>Set up National Committee for data network responsible for the selection of return holdings that should have the characteristics provided by Council Regulation No.79/65/EEC such as: - be capable of approving a plan for the selection of the</p>	<p>Make National Committee functional, and start to set up a body (liaison agency) or charge an existing department to be capable of: - producing a plan for the selection of returning holdings and reporting on the implementation of this plan;</p>	<p>Update continuously FADN to meet EC requirements</p>
					<p>data base, (b) an identification system for agricultural parcels, (c) a system for the identification and registration of payment entitlements as referred to in Article 21, (d) aid applications, (e) an integrated control system, (f) a single system to record the identity of each farmer who submits an Aid application.</p>		

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<p>Unit for Organic Agriculture MAFRD</p>	<p>Adopt Law amending current Law on Organic Farming</p>	<p>COUNCIL REGULATION (EC) No. 834/2006; COMMISSION REGULATION</p>	<p>Approval by the Assembly of the Law that amends the current law on Organic Agriculture</p>	<p>Establish Unit for Organic Agriculture. Establish an inspection system.</p>	<p>The designated competent authority must be able to carry out administrative management</p>	<p>At least 70% of the legislation to be harmonised with relevant <i>acquis</i>.</p>	<p>Effective enforcement measures</p>
	<p>returning holdings and a report on the implementation of this plan; - follow the rules set out in the legislation for appointment of its chairman and for taking decisions;</p>	<p>- verifying farm returns. The role of liaison agency should be performed by the Policy Department in MAFRD.</p>					

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<p>MTI (Foreign and internal Trade Divisions) MAFRD FVA KCS</p>	<p>Adopt relevant legislation on quality policy</p>	<p>Council Regulation (EC) No. 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuff; Commission Regulation (EC) No. 1898/2006 of 14 December 2006 laying down detailed rules of implementation Council Regulation (EC) No. 510/2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuff; Council Regulation (EC) No. 509/2006 of 20 March 2006 on agricultural products and foodstuffs as traditional specialities guaranteed;</p>	<p>Include into legislative strategy for 2010 legislation to be adopted or amended if it is in place already regarding geographical indication, designation of origin or certificate of special character is justified;</p>	<p>Adopt legislation based on relevant <i>acquis</i>. Clarify division of responsibilities between stakeholders and within stakeholders.</p>	<p>Set up and ensure that inspection structures are in place.</p>	<p>Cooperate regarding quality policy with neighbouring and regional countries.</p>	<p>Respective structures to become fully efficient.</p>
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<p>Committee on Exports and Imports <i>KCS (Kosovo Custom Service);</i> <i>MTI</i> <i>MAFRD</i> <i>MEF</i> <i>OPM</i> <i>KPS (Kosovo Police Service)</i></p>	<p>Establish the Committee composed by Stakeholders related to Foreign Trade and Taxes Role of the Committee shall be regulated by legal acts as appropriate based on international treaties signed by Kosovo and the relevant <i>acquis</i>. Prior to this, legal arrangements shall be conducted, such as Amending Customs Code, etc.</p>	<p>Commission Regulation (EC) No. 1216/2007 of 18 October 2007 laying down detailed rules for the implementation of the Council Regulation (EC) No. 509/2006 on agricultural products and foodstuffs as traditional specialities guaranteed. Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Customs Tariff; Commission Regulation (EC) No 376/2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products; Commission</p>	<p>To be discussed between relevant Stakeholders - the possible organization of the Committee, its role, mandate, etc.</p>	<p>Committee agrees for the following tasks: - management of export refunds and export taxes; - import/export licensing; - tariff quota system on exports, etc. - application of the relevant rules of the Community Customs Code Agree on composition, mandate and role of Committee.</p>	<p>Further development of Committee based in respective fields. MAFRD shall be able to conduct /participate in: -agricultural census; -agricultural structural surveys; -farm income survey (FIS); etc.</p>	<p>Active cooperation with counterpart bodies in neighbouring countries.</p>	<p>Fully efficient and capable to cope with <i>acquis</i> updates.</p>
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	<p>It is not a specific administrative structure required by the acquis.</p> <p>Kosovo has to establish this structure based on its current administrative system.</p>	<p>Regulation (EC) No 514/2008 amending Regulation (EC) No 376/2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, as well as Regulations (EC) No 1439/95, (EC) No 245/2001, (EC) No 2535/2001, (EC) No 1342/2003, (EC) No 2336/2003, (EC) No 1345/2005, (EC) No 2014/2005, (EC) No 951/2006, (EC) No 1918/2006, (EC) No 341/2007 (EC) No 1002/2007, (EC) No 1580/2007 and (EC) No 382/2008 and repealing and Regulation (EEC) No 1119/79;</p> <p>Commission Regulation (EC) No 1301/2006 laying down common rules for the</p>				
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						<p>administration of import tariff quotas for agricultural products managed by a system of import licences;</p> <p>Commission Regulation (EEC) No 2220/85 laying down common detailed rules for the application of the system of securities for agricultural products;</p> <p>Commission Regulation (EC) No 800/1999 laying down common detailed rules for the application of the system of export refunds on agricultural products;</p> <p>Commission Regulation (EC) No 3122/94 of laying down criteria for risk analysis as regards agricultural products receiving refunds;</p>					
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		<p>Commission Regulation (EC) No 2090/2002 laying down detailed rules for applying Council Regulation (EEC) No 386/90 as regards physical checks carried out when agricultural products qualifying for refunds are exported;</p> <p>Commission Regulation (EEC) No 3515/92 laying down common detailed rules for the application of Council Regulation (EEC) No 1055/77 on the storage and movement of products bought in by an intervention agency;</p> <p>Commission Regulation (EEC) No 3002/92 laying down common detailed rules for verifying the use and/or</p>					
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Administrative Structures/key stakeholders	Actions	destination of products from intervention	2009	2010	2011	2012	2013
Common Market Organization and animal products							
FVA	Include into the legislative strategy legislation to be adopted regarding Common Market Organization and animal products.	Council Regulation (EC) No. 1234/2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation); Commission Regulation (EC) No. 428/2008 on determining the intervention centres for cereals;	Adopt legislation based on the <i>acquis</i> . Lobby more to improve Kosova's situation in CEFTA	Start implementation of legislation for the following tasks; -Regular market and price monitoring; -Buying-in, public storage, sales and stock control in premises approved to EC standards; -Operation of control system on the use / destination of intervention products; - Further sector specific tasks and requirements.	Develop further mechanisms such as monitoring of prices, etc.	Introduce further arrangements to comply with <i>acquis</i> .	Establish fully efficient mechanisms to cope with continuous <i>acquis</i> updates.
<i>Policy Department (MAFRD)</i> <i>Department of Animal Production (MAFRD, and other Departments depending on the issue (MAFRD)</i>	Adopt proper legislation or amend existing legislation in order to be efficient and remove possible legal obstacles.	Commission Regulation (EC) No. 687/2008 establishing procedures for the taking-over of cereals by intervention agencies or					

<p><i>Department on Animal Production (MAFRD)</i></p>	<p>Approve legislation to adopt supply management instruments. MAFRD shall task any of its Department or NPA to enforce rules of the Common Market Organization for particular sectors, relating to the free movement of agricultural products. In this context, despite strengthening the public sector and encouraging the private sector to</p>	<p>paying agencies and laying down methods of analysis for determining the quality of cereals; Commission Regulation (EC) No. 2131/93 laying down the procedures and conditions for the sale of cereals held by intervention agencies.</p>	<p>Arrange within the Department to comply with this new competence.</p>	<p>Continue to approve purchasers (dairies) in the milk sector. Purchasers as such shall: - provide proof of their status as dealers under national provisions; - record all quantities of milk delivered to them; - keep detailed stock accounts and specified records; - forward various statements and</p>	<p>Recruit and train additional staff.</p>	<p>Apply substantially transposed legislation</p>	<p>Be fully efficient and capable of coping with new <i>acquis</i> requirements.</p>
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	<p>strengthen competitiveness of the agricultural economy, it should be coordinated cooperation of MAFRD with MTI to start introducing marketing standards and rules on presentation and labelling of products. Compliance shall apply also as regards health and environmental standards.</p>	<p>Commission Regulation (EC) No. 428/2008 of 8 May 2008 determining the intervention centres for cereals;</p> <p>Commission Regulation (EC) No. 687/2008 of 18 July 2008 establishing procedures for taking over of cereals by intervention agencies or paying agencies</p>	<p>Establish sound cooperation between MAFRD and Producer Organizations, related to agricultural products intended for human consumption.</p>	<p>Partial harmonization with <i>acquis</i>.</p>	<p>Recruit sufficient staff to ensure proper implementation of legislation.</p>	<p>Substantial or full harmonization with <i>acquis</i>.</p>	<p>Full implementation as a candidate country.</p>
<p>MAFRD Producer Organization</p>				<p>declarations to the competent authority periodically, etc.</p>			

						<p>and laying down methods of analysis for determining the quality of cereals;</p> <p>Commission Regulation (EC) No. 2131/93 of 28 July 1993 laying down the procedures and conditions for the sale of cereals held by intervention agencies;</p> <p>Council Regulation (EC) No. 320/2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community and amending Regulation (EC) No.1290/2005 on the financing of the common agricultural policy;</p> <p>Commission Regulation (EC) No.382/2005 laying down detailed rules for the application of Council</p>					
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		<p>Regulation (EC) No.1786/2003 on the common organization of the market in dried fodder;</p> <p>Commission Regulation (EC) No.778/2008 setting the final amount of aid for dried fodder;</p> <p>Commission Regulation (EC) No.1557/2006 laying down detailed rules for implementing Council Regulation (EC) No.1947/2005 as regards registration of contracts and the communication of data concerning hops;</p> <p>Commission Regulation (EC) No.1850/2006 laying down detailed rules for the certification of hops and hop products;</p> <p>Commission Regulation (EC) No.1299/2007 on the recognition of</p>					
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					<p>producers' groups for hops;</p> <p>Commission Regulation (EC) No.491/2007 laying down detailed rules for implementing Council Regulation (EC) No.1947/2005 as regards the communication of data concerning seeds.</p> <p>Commission Regulation (EC) No.2153/2005 on the aid scheme for the private storage of olive oil;</p> <p>Commission Regulation (EC) No.867/2008 laying down detailed rules for the application of Council Regulation (EC) No.1234/2008 as regards operators' organizations in the olive sector, their work programmes and financing thereof;</p> <p>Commission</p>				
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		<p>Regulation (EC) No.1019/2002 concerns marketing standards for olive oil;</p> <p>Commission Regulation (EEC) No.2568/91 on the characteristics of olive oil and olive-residue and on the relevant methods of analysis;</p> <p>Commission Regulation (EC) No.1345/2005 of 16 August 2005 laying down detailed rules for the application of the system of import licenses for olive oil.</p> <p>Commission Regulation (EC) No.507/2008 laying down detailed rules for the application of Council Regulation (EC) No.1673/2000 on the common organization of the markets in flax and hemp grown fibre.</p>					
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		<p>Commission Regulation (EC) No. 1580/2007 laying down implementing rules of Council Regulation (EC) No.2200/96. (EC) No.2201/96 and (EC) No.1182/2007 in the fruit and vegetable sector;</p> <p>Council Directive 2001/112/EC is related to fruit juices and certain similar products intended for human consumption;</p> <p>Council Directive 2001/113/EC is related to fruit jams, jellies and marmalades and sweetened chestnut puree intended for human consumption.</p> <p>Regulation (EC) No.1760/2000 of the European Parliament and of the Council establishing a system for the identification and</p>					
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		<p>registration of bovine animals and regarding the labeling of beef and beef products and repealing Council Regulation (EC) No.820/97;</p> <p>Commission Regulation (EC) No.566/2008 laying down detailed rules for the application of Council Regulation (EC) No.1234/2007 as regards the marketing of the meat of bovine animals aged 12 months or less;</p> <p>Commission Regulation (EC) No.22/2008 of 11 January 2008 laying down detailed rules for the Community scale for the classification of carcasses of the ovine animals.</p> <p>Commission Regulation (EC) No.617/2008 laying down detailed rules for implementing</p>					
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					<p>Regulation (EC) No.1234/2007 as regards marketing standards for eggs for hatching and farmyard poultry chicks;</p> <p>Commission Regulation (EC) No.543/2008 laying down detailed rules for the application of Council Regulation (EC) No.1234/2007 as regards the marketing standards for poultry meat;</p> <p>Commission Regulation (EC) No.589/2008 laying down detailed rules for implementing Council Regulation (EC) No.1234/2007 as regards the marketing standards for eggs.</p> <p>Commission Regulation (EC) No.917/2004 on detailed rules to implement Council</p>					
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		<p>Regulation (EC) No.797/2004 on actions in the field of beekeeping; Council Directive 2001/110/EC relating honey. Commission Regulation (EC) No.1744/2006 on detailed rules for aid in respect of repealing s; Commission Regulation (EC) No.223/2008 laying down conditions and procedures for the recognition of producer organizations of silkworms rearers. Directive 2000/36/EC of the European Parliament and of the Council relating to cocoa and chocolate products intended for human consumption; Directive 1999/4/EC of the</p>					
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<p><i>Department of Plant Protection;</i> <i>Wine Institute</i></p>	<p>Review Law on Wines if necessary</p>	<p>European Parliament and of the Council relating to coffee extracts and chicory extracts. Commission Regulation (EC) No. 709/2008 laying down detailed rules for implementing Council Regulation (EC) No.1234/2007, as regards inter-branch organizations and agreements in the tobacco sector.</p>	<p>Complete recruitment of staff, especially in Wine Institute.</p>	<p>Establish and finalise vineyard register. Update the register regularly.</p>	<p>Adopt measures to stimulate further export and increase productive and export capacities.</p>	<p>Substantial (or if possible full) harmonization of legislation with the <i>acquis</i>.</p>	<p>Wine sector to be able to compete and follow up on new <i>acquis</i> requirements.</p>
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					controls in the wine sector; Regulation (EC) No. 110/2008 of the European Parliament and of the Council on the definition, description, presentation, labeling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No.1576/89.					
Administrative Structures/key stakeholders	Actions	Acquis (only the most relevant AC)	2009	2010	2011	2012	2013			
Rural Development	Adopt LARD	Council Regulation (EC) No.1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD);	Generally: Approve LARD and amend LMPFR Specifically: Adopt secondary legislation regarding implementation of LARD, and specifically on the Managing Authority .	Establish and make operational the Managing Authority . Recruit and train staff	Managing Authority to perform following competences, as much as it is mandatory: a.) ensuring that operations are selected for funding in accordance with criteria applicable to the rural development	Develop in parallel with NPA	Fully staffed and efficient			
Managing Authority										

			<p>Appoint the Managing Authority. Obstacles arising from LMPFR to be solved by respective ministers.</p>		<p>programme; b.) ensuring that there is a system to record and maintain statistical information on implementation in computerised form adequate for the purposes of monitoring and evaluation; c.) ensuring that beneficiaries and other bodies involved in the implementation of operations are aware and informed about their obligations, etc. d.) ensuring that programme evaluations are conducted within the time limits laid down, and conform to the common monitoring and evaluation framework and for submitting evaluations undertaken to the relevant national authorities and</p>		
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		the EC							
		e.) assisting the Monitoring Committee and sending it the documents needed to monitor implementation of the programme in the light of its specific objectives;							
		f.) ensuring compliance with the obligations concerning publicity referred to in Article 76 of Regulation (EC) 1698/2005;							
		g.) drawing up the annual progress report, and after approval by the Monitoring Committee , submitting it to the Commission;							
		h.) ensuring that the Paying Agency receives all necessary information, in							

<p>Certification Body</p>	<p>Adoption of LARD Discuss its status (profile).</p>	<p>Council Regulation (EC) No 1290/2005 on the financing of the common agricultural policy</p>	<p>Generally: Approve LARD, Amend LMPFR Specifically: Adopt secondary legislation regarding implementation of LARD Obstacles arising from LMPFR to be solved by respective ministers</p>	<p>Recruit and train staff for the Paying Unit that will later become the Paying Agency.</p>	<p>particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised</p>	<p>Develop in parallel with NPA</p>	<p>Fully staffed and efficient</p>
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Annex 12

Summary of TAIEX Programme, 2009-11

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Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
Legislation						
Start transposing agro-environmental legislation	X See TORs: Study visit agro-environment RB		X See TORs: Expert mission agro-environment RB		Isah Rudaku Isah.rudaku@ks-gov.net Shaban Dershaj Shaban.dresaj@ks-gov.net	
Review procedures for developing and adopting Law on FADN			X See TORs: Expert mission FADN law RB		Shyhrete Bunjaku Shyhrete.bunjaku@ks-gov.net Mediha Halimi Mediha.halimi@ks-gov.net	
Approximate EU Legislation: • Law on Seeds • Law on Seedling materials • Law on Wines			X See TORs: Expert mission legislation RB		Isah Rudaku Isah.rudaku@ks-gov.net Adem Arifaj adem.arifaj@ks-gov.net Valdete Avdiu valdete.avdiu@ks-gov.net Nesim Morina nesim_morina@hotmail.com Bali Lestrani Bali.lestrani@ks-gov.net	
Review secondary legislation related to the establishment of a quality assurance scheme for organic food, and review legislation for establishing a Certifying Body for Organic Agriculture			X See TORs: Expert mission organic RB		Skender Jonuzi kender.jonuzi@ks-gov.net	
Renewable energy						

Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
Review policy options to address renewable energy issues	X See TORs: Study visit renewable energy RB				Lulzim Shamolli Lulzim.shamolli@ks-gov.net	
Data requirements						
Update statistical information needs: farm register, FADN, land register and agro-environment indicators. Review of current situation of agriculture statistics and assessment for the future needs to meet the EU standards and requirements			X See TORs: Expert mission statistics RB		Hakile Xhaferi Hakile.xhaferi@ks-gov.net Mediha Halimi mediha.halim@ks-gov.net	
Good farming practice						
Develop further the Code of Good Farming Practice			X See TORs: Expert mission good farming practice RB		Shaban Dreshaj Shaban.dershaj@ks-gov.net Habil Zeqiri Habil.zeqiri@ks-gov.net Arsim Memaj Arsim.memaj@ks-gov.net	
Wine sector						
Improve maintenance of the register of vineyards	X				Nesim Morina nesim_morina@hotmail.com	

Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
(cadastral vineyard and vine industry)	See TORs: Study visit wine institute RB					
Organic agriculture						
Review Organic Agriculture (OA) legislation and related promotion programmes implemented by MS ministries/EC, including the establishment of an Inspection Body and Certification Bodies for Organic Agriculture	X See TORs: Study visit organic agriculture RB				Habil Zeqiri Habil.Zeqiri@ks-gov.net Valdete Avdiu valdete.avdiu@ks-gov.net	
Plant production and protection						
Increase knowledge of European Scheme for Certified Plant Production	X Department of Horticulture, University of Florence		X		Isuf Cikaqi (IC) isuf.cikaqi@ks-gov.net Habil Zeqiri Habil.Zeqiri@ks-gov.net Valdete Avdiu Valdete.avdiu@ks-gov.net	Study trip approved for IC by TAIEX Office, Brussels Date to be determined Application forms not currently available
Draft secondary legislation for Plant Protection Products (PPP) 1. Determine maximum residual levels in plants and			X See TORs: Expert mission PPP RB		Shaban Hamzaj Shaban.hamzaj@ks-gov.net	

Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
<p>2. plant products Identify method of use of plant protection products, data keeping, storage and plant protection products waste management</p> <p>3. Test PPP, analysis and implementation of good laboratory practices</p> <p>4. Re-package, using proposed PPP trade mark that will be placed in Kosova's market, as well as PPP documentation and request that the same is authorized to be used in the EU member states</p> <p>5. Identify obligations to perform professional services by individuals and legal persons in</p>						

Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
the area of PPP and equipment for their application Draft by-law "General Conditions to be meet in PP production"						
Seed development						
Improve seed quality			X See TORs: Expert mission seeds RB		Adem Arifaj adem.arifaj@ks-gov.net Drita Bislimi Drita.bislimi@ks-gov.net	
Genetically modified organisms						
Improve understanding of GMOs, risk management in using GMOs and drafting secondary legislation harmonized with international legislation			X See TORs: Expert mission GMOs RB		Adem Arifaj adem.arifaj@ks-gov.net Drita Bislimi drita.bislimi@ks-gov.net	
Continuation of land reform 1/						
Forestry						
Develop agro-eco forestry tourism strategy	X		X		Bajram Batusha Bajram.batusha@ks-gov.net	

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Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
	See TORs: Study visit agro-eco forestry tourism RB		See TORs: Expert mission agro-eco forestry tourism RB			
Develop a 10 year hunting strategy based on existing legislation			X See TORs: Expert mission hunting RB		Bejram Batusha Bejram.batusha@ks-gov.net	
Irrigation						
Provide technical support to irrigation and drainage section in Law on Irrigation and Drainage and project implementation, as well as approximation with EU criteria, building up cooperation with relevant institutions				X See TORs: Expert mission - irrigation	Bali Lestrani Bali.lestrani@ks-gov.net Fatime Jonuzi Fatime.jonuzi@ks-gov.net	Supporting EU institution – Netherlands Preferred adviser – Rutger Kuiper Target date – to be determined
Livestock						
Provide technical assistance to draft secondary legislation and fishing water management plans				X See TORs: Expert mission - fisheries	Agim Nuha Agim.nuha@ks-gov.net	Assistance approved by TAIEX Office, Brussels, which recruiting a suitable expert Target date - to be determined

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Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
RDAS (Rural Development and Advisory Service)						
Draft and update advisory services' strategy for 2010-13, including programme for monitoring and evaluation of KCB-funded projects			X See TORs: Expert mission advisory services RB		Shaban Dreshaj Shaban.Dreshaj@ks-gov.net	
Facilitate rural development and diversification	X See TORs: Study visit rural diversification RB				Shaban Dreshaj Shaban.Dreshaj@ks-gov.net	
Support for senior management						
General accession support			X See TORs: Expert mission general accession support RB		Shqipe Dema Shqipe.Dema@ks-gov.net	
Support for agro-processors						
Creation of inter-ministerial working group to assist in the upgrading of agro-			X See TORs: Expert mission		Shqipe Dema Shqipe.Dema@ks-gov.net	

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Training subject/legislation	Study trip	Workshop	Classic TAIEX (5 days) in Kosovo	Extended TAIEX (up to 6 months) in Kosovo 2/	Contact in MAFRD	Status of application
processors			agro-processors strategy RB			



Annex 13
**MAFRD experience of administering the 2009 KCB grant
programme**

Outline of 2009 Grant/Subsidy Programme Administered by MAFRD's Grant Management Committee

Measure	Title	Activity	Grant total ('000€)	Public contrib. %	Beneficiary contrib. (cash and/or kind)	Max. value of project? (€)	Max. public contribution (€)	Purpose of grant	Total value of grants issued at 31 July 2009 (€)	Number of grants issued at 31 July 2009 (€)	Av. value of grant issued at 31 July 2009 (€)
2	Restructuring physical potential in the agri-rural sector ⁷⁹	Vineyards ⁸⁰	500	40	60	10,000	4630	Supply of grape saplings only	500,000	147	3,401 per beneficiary
		Greenhouses	150	30	70	10,000	3,000	Greenhouse construction only	63,000	40	1,575
		Livestock (dairy cows)	350					Subsidies	350,000	636	550
		Support for wheat harvesting ⁸¹	500					50€ per cow Subsidies			
		Support to sheep farmers ⁸²	1,500					35 cents/litre Subsidies			
								10€ per sheep			
5	Agro-environmental support for natural resource management										

⁷⁹ Planned support for orchards under this measure (supply of fruit tree saplings) postponed until 2010

⁸⁰ Up to 30 June 2009, only 460,000 euro had been disbursed. 40,000 euro remains to be disbursed in this or another sub-sector.

⁸¹ Euro 500,000 for fuel for wheat combine harvesters, at 35 cents/litre for diesel (funded through the Prime Minister's Office)

⁸² Euro 1.5 million subsidy for sheep: +/- 10 euro per head (funded through the MAFRD KCB)

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Measure	Title	Activity	Grant total ('000€)	Public contrib. %	Beneficiary contrib. (cash and/or kind)	Max. value of project? (€)	Max. public contribution (€)	Purpose of grant	Total value of grants issued at 31 July 2009 (€)	Number of grants issued at 31 July 2009 (€)	Av. value of grant issued at 31 July 2009 (€)
		Manure storage (ongoing)	40	60	40	6,000		Manure storage construction only			Selection process for beneficiary farmers is ongoing: finish by the end of August 2009
8	Support for local community development strategies (for general equipment)	Local community development	43	40	60	10,000	4,000	Projects identified	43,000	11	+/- 4,000 per beneficiary to date Selection process for beneficiary is ongoing: finish by the end of August 2009
		Machinery component	43	50	50	3,000	1,500	Equipment	43,000	35	+/- 1,230 per beneficiary to date Selection process for beneficiary is ongoing: finish by the end of August 2009

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Measure	Title	Activity	Grant total ('000€)	Public contrib. %	Beneficiary contrib. (cash and/or kind)	Max. value of project? (€)	Max. public contribution (€)	Purpose of grant	Total value of grants issued at 31 July 2009 (€)	Number of grants issued at 31 July 2009 (€)	Av. value of grant issued at 31 July 2009 (€)
		Agro processing component ⁸³	43	50	50	10,000	5,000	Equipment and buildings for processing	43,000	11	+/- 4,000 per agro-processor to date
											Selection process for beneficiary is ongoing: finish by the end of August 2009
	Total		3,169								

⁸³ For example, improved honey packaging.



Annex 14
Outline monitoring and evaluation framework for
ARDP 2009-13

Monitoring indicators for ARDP 2009-13

Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline)	Source
Agriculture and Rural Development Plan 2009-13	<ol style="list-style-type: none"> 1. Additional income for farmers and rural dwellers, leading to improved living standards and working conditions in rural areas 2. Improved competitiveness and efficiency of primary agricultural production, in order to achieve import substitution and take advantage of export markets 3. Improved processing and marketing of agricultural produce, through increased efficiency and competitiveness 4. Improved onfarm/infactory quality and hygiene standards 5. Sustainable rural development and improved quality of life (including infrastructure) through promotion of farming and other economic activities that are in harmony with the environment 6. Creation of employment opportunities in rural areas, particularly through rural diversification 7. Alignment of Kosovo's agriculture with that of the EU 			Annual income per farmer	
				Annual income per rural dweller	
				Import of agricultural products	
				Export of agricultural products	
				Number of farms/factories with quality standard e.g. HACCP	
				Share of households connected to drinking water	
				Share of households connected to road	
		Share of households connected to waste water treatment			
		Concentration of Nitrogen in major rivers			
		Surface of protected areas (Natura 2000)			
		Number of workplaces in rural			

Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline) areas	Source
				Degree of legal transposition of EU regulations	
				Compliance with EU regulations	
(Measure 1) Development of vocational training to meet rural needs	<ol style="list-style-type: none"> 1. Preparation of farmers for qualitative reorientation of production, the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare, and acquisition of the skills needed to enable them to manage an economically viable farm 2. Preparation of forest holders and other persons involved in forestry activities for the application of forest management practices to improve the economic, ecological or social functions of forests 	<p>Number of rural dwellers trained</p> <p>Number of training days received</p> <p>Number of farmers supported</p>			
(Measure 2) Restructuring physical potential in the agricultural sector	<ol style="list-style-type: none"> 1. Investment in machinery/equipment at farm level (including building renovation and new building), as well as in improved inputs, funded through increased credit available from commercial banks and microfinance institutions, particularly targeted at young farmers 2. Achieve voluntary land consolidation 3. Improvement of structure of agricultural holdings, increase of family farm size and development of economically strong agricultural units 	<p>Average size of a farm</p> <p>Average capital investment in a farm</p> <p>Number of farm holdings that received investment support</p> <p>Total volume of investment in the agriculture sector</p>			

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Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline)	Source
	<ol style="list-style-type: none"> 4. Improvement of farm efficiency by reducing costs of production and increasing the competitiveness of farms and agricultural enterprises 5. Increase in the level of income and improvement of living and working conditions of the farming population 6. Promoting reorganisation of production in order to implement EU requirements on hygiene, sanitation, animal welfare and environmental protection 7. Promotion of quality improvements of agricultural produce according to EU standards 	Number of operations supported			
(Measure 3) Managing water resources for agriculture	1. Rehabilitation of existing irrigation and drainage networks	Added value per ha of irrigated land			
	2. Improved field irrigation, shorter rotation periods and smaller unit flows to individual water users	Total volume of investment			
	3. Prevention of sewage entering irrigation canals	Number of operations supported			
	4. Introduction and implementation of a satisfactory water fee system	Number of farm holding that received investment support			
	5. Strengthening of Water Users' Associations	Number of IPs and WUAs supported			
	6. Strengthening Irrigation Providers by pursuing better adherence to water fee payments				
Measure 4) Improving the processing and marketing of agricultural products	1. Support innovation and modernization in the agro-processing sector	Total volume of investment			
	2. Restructure the agro-processing sector to develop higher value-added products that fulfil	Number of food-			

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Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline)	Source
	<p>international hygiene, food safety and quality standards for consumers</p> <ol style="list-style-type: none"> 3. Introduce environmentally friendly technologies whilst improving efficiency 4. Improve the marketing and labelling of quality products (processed and fresh) 5. Improve the structure for, and enforcement of, quality, sanitary, veterinary and plant-health controls 	<p>processors that received investment support</p> <p>Number of food-processors achieving HACCP accreditation</p> <p>Number of farm holding that received investment support</p> <p>Number of supported farm holdings participating in a quality scheme</p>			
<p>(Measure 5) Improving natural resource management</p>					
	<ol style="list-style-type: none"> 1. First time afforestation on agricultural land in areas with low agricultural production value 2. Change of land use in Natura 2000 areas (by implementation of Natura 2000 protection schemes) 3. Improvements in biodiversity in existing forests 4. Establishment and operation of Pasture Users' Associations 	<p>Number of supported holdings in mountain areas</p> <p>Supported agricultural land in mountain areas</p> <p>Number of supported holdings in Natura 2000 areas (under the Water Framework Directive – WFD)</p> <p>Supported agricultural land under Natura 2000/ under WFD</p> <p>Number of farm holdings</p>			

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Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline)	Source
		and holdings of other land managers receiving support Total area under agri-environmental support Total Number of contracts Number of actions related to genetic resources Number of beneficiaries receiving afforestation aid Number of ha of afforested land			
(Measure 6) Farm diversification and alternative activities in rural areas	<ol style="list-style-type: none"> 1. Increase the level of income of rural inhabitants and farmers 2. Maintain present employment and create new/ alternative jobs 3. Encourage diversification of rural activities and services, co-operation of activities and development of small and medium businesses 4. Provide more tourist accommodation facilities 5. Increase the volume of services for rural inhabitants and improve the quality of the services provided 	Number of beneficiaries Total volume of investments Number of micro-enterprises supported/ created Number of new tourism actions supported Number of tourists Number of supported			

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Level	Objective	Performance indicator (output + result) actions	Source	Impact indicator (impact +baseline)	Source
(Measure 7) Improvement of rural infrastructure and maintenance of rural heritage	<ol style="list-style-type: none"> 1. Improve the life and work conditions in rural areas 2. Improve the quality and performance of infrastructure at municipal level 3. Create appropriate conditions for economic and social activities 	Total volume of investments			
		Number of supported actions			
		Length constructed of rural roads			
(Measure 8) Support for local community development strategies	<ol style="list-style-type: none"> 1. Establishment and operation of local action groups (LAGs), including the appointment and funding of a full-time rural development 	Number of households connected to the sewerage and water supply systems			
		Number of schools and health centres upgrade			
		Number of rural heritage actions supported			
		Number of rural broadband connections achieved			
		Number of local action groups			

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Level	Objective	Performance indicator (output + result)	Source	Impact indicator (impact +baseline)	Source
	<p>coordinator for each LAG</p> <p>2. Elaboration of Community Area Development Plans at village level, (developed through a participatory approach with all local stakeholders (through local workshops, as well as individual and focus group discussions)</p> <p>3. Development of cross-border cooperation projects</p>	<p>Total size of the LAG area (km2)</p> <p>Total population in LAG area (km2)</p> <p>Number of projects financed by LAGs</p> <p>Number of beneficiaries supported</p> <p>Number of cooperation projects</p> <p>Number of cooperating LAGs</p> <p>Number of actions supported</p> <p>Number of cross border cooperation projects started</p>			

Although ARDP 2007-13 has been updated to 2009-13, evaluation of overall Plan performance (in 2014) will need to be against the initial set of objectives set in 2007. It is for this reason that the outline table below refers to ARDP 2007-13 rather than to ARDP 2009-13.

Evaluation framework for ARDP 2007-13

Evaluation criteria	Question to be asked	Indicators from the monitoring table above (where applicable)	Initial value 2007	Target value 2013	Actual value	Remarks
Relevance	Does the activity meet the needs of the beneficiary?					
Coherence	Are the objectives of the activity consistent with the objectives of ARDP 2007-13?					
Effectiveness	Have the the objectives of the activity been fulfilled?					
Effects	What is the assessment of: <ul style="list-style-type: none"> • Dead weight effect • Additionality effect • Leverage effect • Displacement effect 					
Cost effectiveness	What is the relationship between the cost and the volume/quality of the output?					
Efficiency	How well have resources (time, money, people) been used?					
Utility	How useful are the outputs?					
Sustainability	Will the output, result and impact last in the longer term, or will they be eroded? What financial resources are required (for operation and maintenance purposes) to achieve long term sustainability?					