



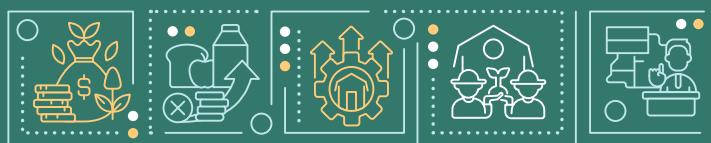
POLICY BRIEF -



AGRICULTURAL POLICY DEVELOPMENTS TOWARDS EU INTEGRATION



Kosovo*



1. INTRODUCTION

Agriculture is a key component of Kosovo's* economy, **contributing 9.3% to GVA** (0.4 percentage points increase compared to average contribution of the previous last three years) and plays an important role in employment of the rural population which counts 50% of the country population. Total output of the **agriculture industry** counts 1,020.4 million EUR, **crop production** participates with 57.9%, followed by **livestock production** with 36.3% and 5.8% is the contribution of agriculture services output and non-agriculture secondary activities that are inseparable from agriculture. Agriculture continues to be dependent on **import of agri-food** products from other countries with 22% participation of agri-food products in total imports while **export** have also almost the same share. **The small size of farms** in Kosovo* reduces the profitability of agricultural production and limits farmers' ability to compete effectively in the market.

The aim of this policy brief is to assess Kosovo's* current agricultural policies with respect to alignment with the EU's Common Agricultural Policy (CAP), identify existing gaps, and outline pathways for policy reform to support EU accession efforts.

This policy brief presents **the current state and recent developments** of agriculture policies in Kosovo* in the context of **country's path toward EU integration**. It focuses on aligning national policies, regulation and institutional framework with Common Agriculture Policies. It aims to highlight challenges and opportunities for reform to ensure Kosovo's* agricultural sector is better prepared for EU accession. Key areas of analysis include budgetary support and subsidies structure, rural development and food safety standards and environmental sustainability. The brief also identifies key challenges and opportunities for Kosovo's* agriculture sector in the pre-accession phase and offers policy recommendations to support a more competitive, sustainable, and EU-compliant agricultural system.

2. AGRICULTURAL POLICY TRENDS

Ministry of Agriculture, Forestry and Rural Development bases the support to agriculture sector on the Strategy for Agriculture and Rural Development 2022-2028. The main objectives of the strategy are: Increasing the competitiveness of the agri-food sector and improving the efficiency and sustainability of farm production; Sustainable management of natural resources; Support for businesses in rural areas, increasing employment and improving social infrastructure and Comprehensive institutional and sectoral reform to create efficient public services. Based on the national development policies and in coherence with other related sectoral policies and strategies, MAFRD with support from donors has prepared the Strategy for Forestry Development 2022-2030 which is also in line with the EU Strategy for Forestry 2030 which sets the vision and concrete steps to enhance forest protection, restoration, and resilience while contributing to climate and biodiversity goals. The SFD focusing on the following objectives: Improving the state of forest resources; Protection of forest resources; Sustainable and multifunctional use of forest resources; Development of forestry sector capacities and Digitalization and improvement of communication. In order to contribute to the achievements of the

overall objectives of the SARD Kosovo* has also approved the Program and Action Plan for Digital Agriculture 2025 – 2028, which supports also the implementation of the Strategies for Digitalization in Kosovo*. For knowledge transfer and innovation in agriculture sector, the Strategic Plan of the Kosovo* Advisory System for Agriculture and Rural Development 2023-2027 was adopted, aiming to improve knowledge sharing, collaboration and a fully functional AKIS system.

In general, the country's policies for agriculture and rural development are gradually aligning with the EU's Common Agricultural Policy (CAP), with the aim of making the agro-rural sector competitive in the region and in the European Union.

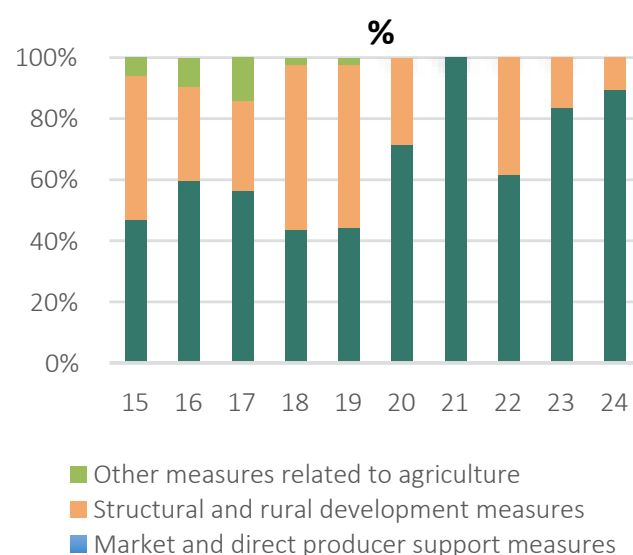
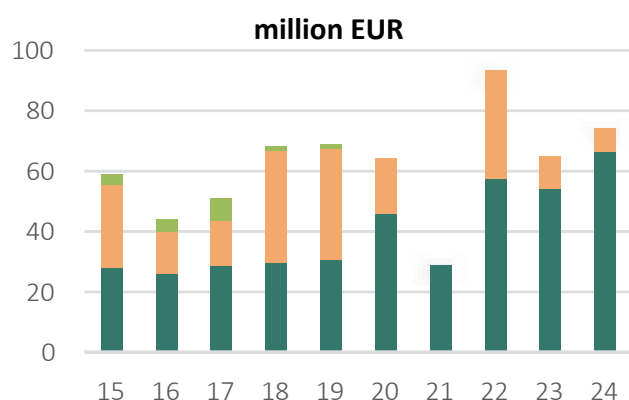
In continuation the Agriculture sector in Kosovo* was supported based on measures on:

1. **Direct Payment Program, and**
2. **Rural Development Program.**

- In 2024, total budget of Kosovo* was **3,028 million EUR** and share of **the budget allocation for agriculture was 3%** (the same like in year 2023).
- In the **last five years** the total budget distributed to agriculture sector in form of direct payments and support for investment was **325.7 million EUR** with **an average of 65.1 million per year**.
- In 2024, total budget support to agriculture was **74.3 million EUR- 14% increase compared to the average of the last five years**, of which:
 - » 89%- 66.5 million EUR for the first pillar- Market and direct producer support, and
 - » 11%- 7.9 million EUR for second pillar- Structural and rural development measures

The **market and direct producer support** measure through all the period have **higher share** compared to support for **structural and rural development** measures.

Figure 1: Total budgetary support to agriculture



Source: APMC database for Kosovo* 2025

In 2024, the total support within **market and direct producer measure** consist:

- » **76% of production coupled direct payments** (of which 81.1% based on current area/animal, 18.6% based on output and 0.3% based on other criteria such as organic certification)
- » **24% of variable input subsidies** (of which 58.4% for fertilizers support and 41.6% for fuel subsidies).

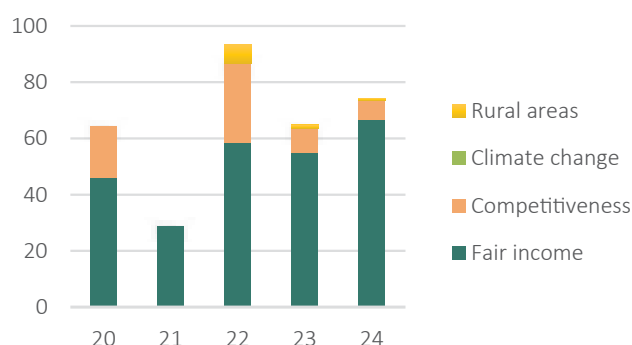
The **support for inputs** was introduced in **the last three years** as a tool to stabilize farmer's income due to very high increase in input prices.

Lower support was given to Structural and rural development measures, with majority of support for on farm investments including: modernization of agriculture holding, investments in permanent crops plantations and greenhouses and other on farm investments and investments in on-farm storage, processing and marketing.

The majority of agricultural support in Kosovo* in last five years is consistently directed towards the EU CAP objectives of **fair income** and **competitiveness**, with these two categories making up the largest share of support each year.

This demonstrates a strong alignment with the CAP's aim of ensuring a viable agricultural sector by improving farmers' income stability and boosting the sector's overall competitiveness.

Figure 2: Total budgetary support by CAP objectives (million EUR)



Source: APMC database for Kosovo* 2025

3. EU INTEGRATION AND AGRICULTURAL POLICY ALIGNMENT

EU integration remain a priority for Kosovo's* government and this is driven by the desire to secure a better future for its citizens through stronger governance, rule of law, and alignment with European standards. **After the SAA**, signed in **October 2015** and entered into force in April 2016, as an important element in the process towards EU accession, **in December 2022** Kosovo* has submitted also the **membership application**.

Current country Strategy for Agriculture and Rural Development outlines objectives to harmonize with EU CAP principles but the implementation has been slow, particularly in areas like water management and resource conservation. Kosovo* is actively advancing its alignment with the European Union by ensuring that the preparation of legislative and strategic documents in the agricultural sector is closely harmonized with EU requirements. These efforts are integral to Kosovo's* broader EU integration objectives and the modernization of its agriculture sector.

The EU integration process needs to be supported by alignment of the national agriculture policies and legislation related to food safety, animal health, environment protection and ensuring that national laws and policies facilitate the trade and international cooperation. A lot of effort should be given to product quality and production processes to maintain and use the free tariff access to EU markets. Taking into consideration the current development related to climate changes and effort given to address them, MAFRD in the strategic document has as main objective the sustainable management of natural resources which contribute to climate change adaptation and mitigation but more focus should be given to implement sustainable practices

and environmentally friendly farming. Country should adapt policies and incentives to encourage farmers to implement sustainable practices.

Current **institutional framework** does not align fully with EU requirements, there is **no accredited** Paying Agency to administer subsidies and rural development fund and also **agricultural data systems** is not fully compatible with EU statistical standards. Country is in a **good path** when it comes to **digitalization**, modernization, and rural development projects as the national documents (SARD and DAPAP) are designed to align with EU Common Agricultural Policy (CAP) standards and support sustainable agricultural practices.

Even the country has made significant progress in aligning the agriculture policies and legislation with EU standards and requirement, **challenges remain**. These include the need for continued institutional capacity building, significant changes in farming methods when it comes to environmental sustainability, farmers resistance to policy changes, trade and market access barriers due to administrative procedures complexity, and also financial constrains as support to agriculture sector is just based on national budget. Private sector assesses to finance also remains a significant challenge particularly for small and medium-sized enterprises (SMEs) and agribusinesses. Even there have been improvements in the financial sector, agriculture businesses face obstacles in obtaining affordable and timely funding necessary for growth, innovation, and competitiveness as they are often perceived as high-risk borrowers due to limited collateral, short business histories, and low financial literacy. Addressing these challenges presents opportunities for Kosovo* to strengthen its agricultural sector and advance its EU integration process.

When considering the alignment of Kosovo's* national agriculture policies with EU standards, the country needs to focus on some areas like: designing the direct payments programs with specifics addressing the issue of **farm sustainability and environmental protection** also when it comes to RDP to intensify the support for **improving the rural livelihoods** and **applying sustainable agricultural practices** as well as for rural **innovation** and **research**. Attention should be given also to adaptation and implementation of regulatory framework regarding the food safety and quality, animal health and welfare and also to market transparency. As stated also in the Kosovo* Progress report there is some level of preparation when it comes to Agriculture but there is need for strengthening administrative and technical capacities, adopt law for advisory service and implement law on market organization and also amend or repeal the Law on agricultural land.

In line with the **EU Green Deal**, Kosovo's* agriculture policies should address the issue of pest management and reducing the chemical input use, promoting organic farming and increasing the organic production share, develop incentives for carbon-friendly farming practices, soil health, reduce of greenhouse gas emission, improve water management and efficient irrigation as well as implement monitoring systems for environmental and climate impacts.

4. POLICY RECOMMENDATIONS

To build a strong and prepared agriculture sector for upcoming future developments it is important to do the **changes** and **shifts gradually**, and with policies, information and knowledge sharing to ensure that all stakeholders are gradually prepared and empowered. Using participative governance and early involvement of stakeholder in the policy design will ensure collaboration in decision making process and create more effective, inclusive and sustainable agriculture policies. The participative governance should be applied in the whole policy cycle from problem identification to monitoring and evaluation, and while designing and harmonizing the policies with CAP objective country specifics should be always taken into consideration.

Considerable attention should be given to create **strong institutional structures** and to **build instructional capacities** to follow the process of reform implementation to align with EU's CAP. Special focus should be given for **reform in public administration** when it comes to keeping the capacities and institutional history.

While at the moment the **effect of direct payments** is mostly linked to the **farmer's incomes**, they should address also environmental and market issues and more structural transformation. **Direct payments** should be designed to promote agriculture good practices (ex. cover crops, crop rotation) and also even just few of the measures under the direct payment program are linked to production quantity they should be linked more to criteria's that make farmers more oriented in market demand and value chain creation. By intensifying the support to organic farming, use of fertilizers is reduced, affecting the increase in soil fertility and also the well-being of animals. Higher direct payment can be given to young farmers in their first year of engagement in agriculture.

The measures under **the rural development program** should be more diversified and **more funds should be allocated to RDM**. To ensure the achievement of competitiveness in the measure for investing in physical assets it can be included also the support for precision farming using sensors, smart machinery and variable rate technology which will contribute to improvement of yield, reduction of input cost and also to better resources use. Making available support for the farmers group can create short supply chains and made possible for them to have their own production processes and sell directly to consumers. Long term planning and investments into irrigation and water management as well as supporting investment for afforestation, agroforestry and fire prevention will contribute on building resilience and sustainability in rural areas. Also supporting other activities not directly linked with agriculture will help to reduce dependence on traditional farming alone and open new income streams for rural communities.

To **enhance productivity and sustainability** in agriculture sector it is useful to **integrate digital tools and solutions** into agriculture practices and activities. Supporting investments for smart irrigation systems, crop monitoring systems and farm management digital tools will contribute to improvement of the living welfare and also in the increase of efficiency.

Effective outcomes in agriculture cannot be achieved without proper **knowledge transfer** and professional and **well-prepared advisory service** and this can be addressed by more financial support and implementation of regular training program for advisors and also for producers, including adoption of new technologies, digital upskilling and promoting of good agriculture practices. Despite **AKIS** being recognized in strategic planning, its institutionalization and interlinkages among actors remain limited and require targeted support. Focus should be given also to effective functioning of AKIS system as it is crucial for connectivity of research, education, advisory and farmers.

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