

Development of agriculture in Kosovo and environmental impact

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1. Introduction

Agricultural land covers more than a half of the territory of Kosovo, and the percentage of population living in rural areas exceeds 60%. Agriculture is also recognized as one of the key development sectors, both by the central and local governments and by international donors. Funds invested in agricultural development are increasing every year. Compared to 2007 when the allocated budget of the Government of Kosovo for agriculture and rural development was about EUR 6 million, in 2013 this amount increased to around EUR 31 million. There is also a positive trend in case of international donors, which allocated EUR 300,000 in 2007, about 3 million in 2013 and 11 million in 2015.²

Environmental protection, agriculture and rural development are interrelated sectors, and the impact of agriculture on our environment should certainly not be neglected. Apart from positive effects, the measures implemented in order to intensify agricultural production also have negative effects on agricultural ecosystem. That is why the goal of sustainable agricultural production is production of high quality food while preserving natural resources and energy, protecting the environment, ensuring economic efficiency and improving the lives of farmers and the community in general.

This brief analysis shows the valid legislation and the current situation in the sector of agriculture and rural development in Kosovo, their impact on the environment and links to local economic development.

2. Legislative and institutional framework

In the process of establishing a legislative framework for agriculture and rural development in accordance with the EU *Acquis Communautaire* in Kosovo, numerous laws, by-laws and strategic documents were adopted. The most important legislation is the Law on Agriculture and Rural Development no. 03/L-098 adopted in 2009. A few years later (2012), the Law³ on Amendments of the Law on Agriculture and Rural Development were also adopted, which was partly harmonized with the EU legislation no. 73/2009.⁴ On the other hand, harmonization with EU legislation is still on hold for certain laws: Law on Land Regulation no. 04/L-040, Law on Agricultural Land no. 02/L-26, Law

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² IPA 2014-2020, *Further Support to Kosovo's Development of the Agri-Rural Sector and Food Safety, 2015.*, available at https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/pdf/kosovo/ipa/2015/ipa2015_ks_07_agri_vet.pdf, p. 7

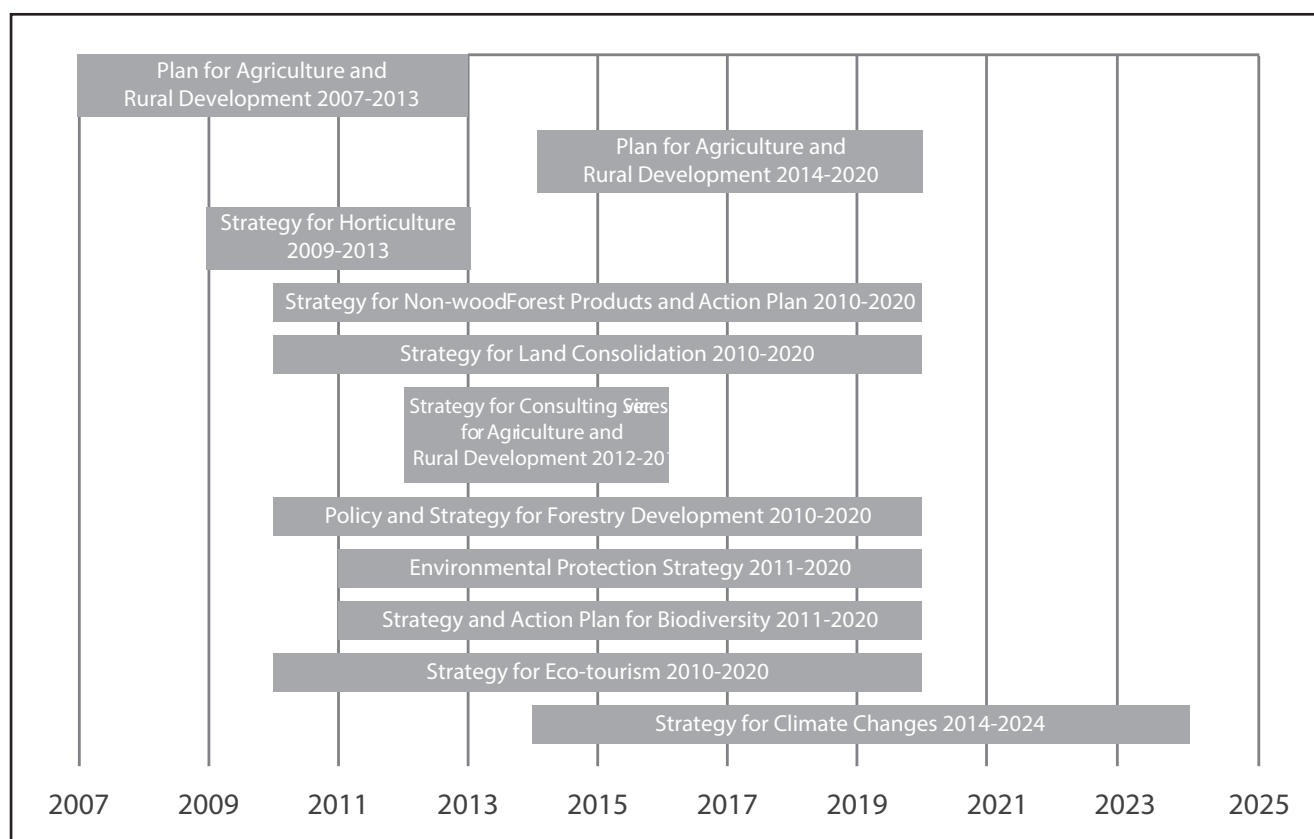
³ Law on. 04/L-090

⁴ Nacionalni program za implementaciju Sporazuma o stabilizaciji i pridruživanju, March 2016 available at http://www.mei-ks.net/repository/docs/3_pkzmsa_miratuar_nga_kuvendi_final_eng_.pdf, p. 176

on Irrigation of Agricultural Land no. 02/L-9, Law on Agricultural Inspection no. 03/L-029, Law on Cooperatives no. 2003/9. Apart from these laws, many laws directly or indirectly linked to agriculture and rural development have been adopted in Kosovo in recent years.⁵ Environment related legislation is also very important for agriculture and rural development. Crucial laws in this field which are also relevant for agriculture are: Law on Environmental Protection no. 03/L-025, Law on Environmental Impact Assessment no. 03/L-024, Law on Integrated Prevention and Control of Pollution no. 03/L-043, and other laws.⁶ According to some estimation, around 60% of the EU *Acquis Communautaire* covering environmental protection has so far been transferred to Kosovo's legislation.⁷

Several strategic documents have been developed in Kosovo in recent years in the field of agriculture and rural development. Also, strategies and action plans for environmental protection have been developed, which are closely linked to agriculture and rural development. The figure below shows the most important strategic documents for the period 2007 - 2024.

Chart 1 Strategic documents for agriculture and rural development in Kosovo



Taking into account the compatibility of these two areas, environmental standards definitely have to be incorporated in the development policy for agriculture and rural development. Hence, it is not surprising that sustainable environmental protection is one of the goals of the development of agriculture and rural development in the context of the Law on Agriculture and Rural Development (Article 4). In addition, measures that support environmental protection are proposed by the National Plan for Agriculture and Rural Development and organised in an action plan.

As for institutional infrastructure, Ministry of Agriculture, Forestry and Rural Development (MAFRD) is in charge of policy development and implementation in this area. In order to establish the necessary administrative structures in accordance with the Common Agriculture Policy of the European Union⁸ and be competent to implement

⁵ Law on Agriculture Inspection no. 03/L-029; Law on Plant Protection Products no. 03/L-042; Law on Agricultural Land no. 02/L-26; Law on Irrigation of Agricultural Land no. 02/L-9; Law on Planting Materials no. 2004/13; Law on Wine no. 02/L-8; Law on Veterinary Practice no. 2004/21; Law on Livestock no. 04/L-191; Law on Animal Treatment no. 02/L-10; Law on Land Regulation no. 04/L-040; Law on Organic Agriculture no. 04/L-085; Law on Advisory Services for Agriculture and Rural Development no. 04/L-074, etc.

⁶ Law on the Inspectorate for Environment, Water, Nature, Spatial Planning and Construction no. 04/L-175, Law on Chemicals no. 04/L-197, Law on Water no. 04/L-147, Law on Air Protection no. 2004/30. Law on Nature Protection no. 03/L-233, etc.

⁷ European Environment Agency, Report on the State of Environment, Kosovo 2015, available at <http://www.eea.europa.eu/soer-2015/countries/kosovo>.

⁸ More about Common Agriculture Policy available at http://europa.eu/pol/pdf/fipbook/en/agriculture_en.pdf.

IPARD⁹ policies on their road to the EU, MAFRD has reorganized their structure in previous years. The Agency for Agriculture Development was also established (AAD) in 2013, for implementation of support programmes for agriculture and rural development, as well as the Kosovo Institute for Agriculture. By adopting the Law on Food Safety in 2009, the Agency for Food and Veterinary Issues was established, with the activities closely linked to EU policy for public health and consumer protection. On the local level, municipalities are relevant institutions for policy implementation in agriculture and rural development.

In the municipalities in North Kosovo (Leposavic, Mitrovica North, Zubin Potok and Zvecan) local self-governments still do not enforce decrees in agriculture and rural development. On the other hand, there are officers in these municipalities in charge of implementation of measures and policies for agricultural development within the legal system of the Republic of Serbia.

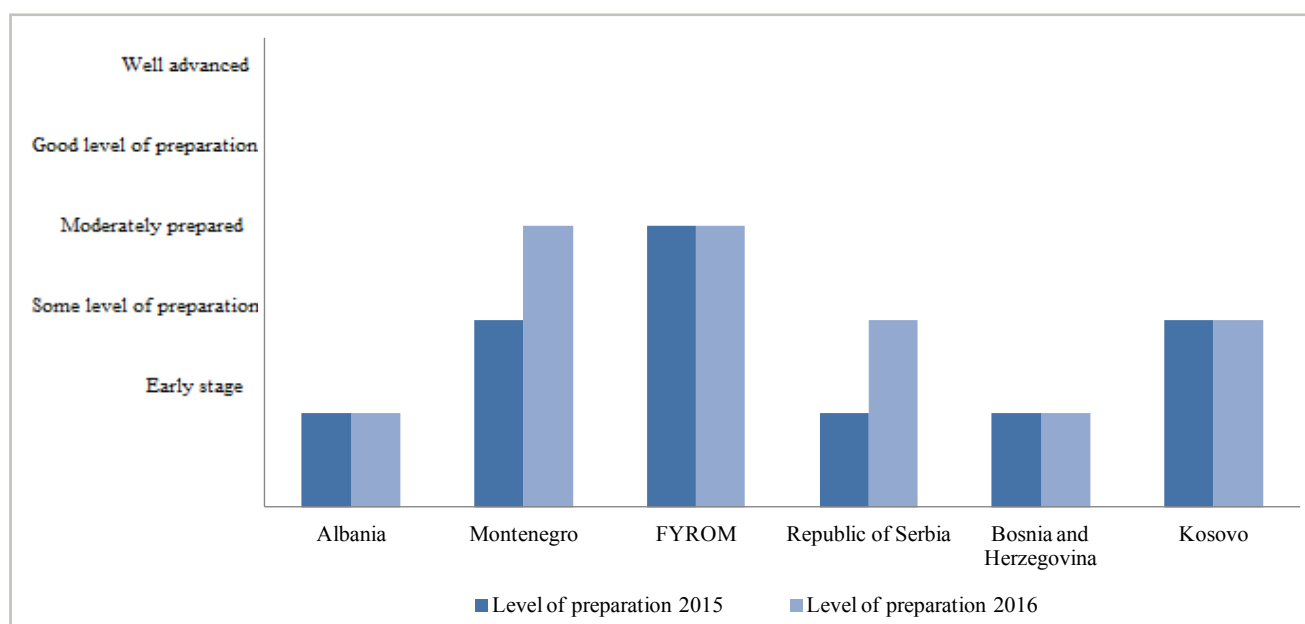
Relevant institution for environmental protection at the central level is the Ministry of Environmental Protection and Spatial Planning (MEPSP). Under the Ministry, the Kosovo Agency for Environmental Protection was established, as well as the Kosovo Cadastral Agency, which is very important for agriculture, primarily because of the importance of cadastral data. It is worth noting that the Kosovo institutions for environmental protection do not operate in the municipalities in North Kosovo.

On the road to the EU

Some of the most challenging sectors in the process of harmonisation with EU regulations are agriculture and environmental protection, and harmonisation with EU legislation requires investments that go way beyond the fiscal ability of the Government of Kosovo. This process is at the very beginning and the problem of ineffective enforcement of laws, regulations and other enactments is also significant. There is also a significant problem that legislation is adopted by simply taking over the solutions from the EU countries, which are often not compatible with the legal system of Kosovo, which prevents their simple enforcement. In addition, there is a necessity for a strong administration that has the capacity to implement public policy, both at the central and the local level. The practice of adopting public policy based on the facts is also missing, as well as the analysis of the effects of existing legislation.

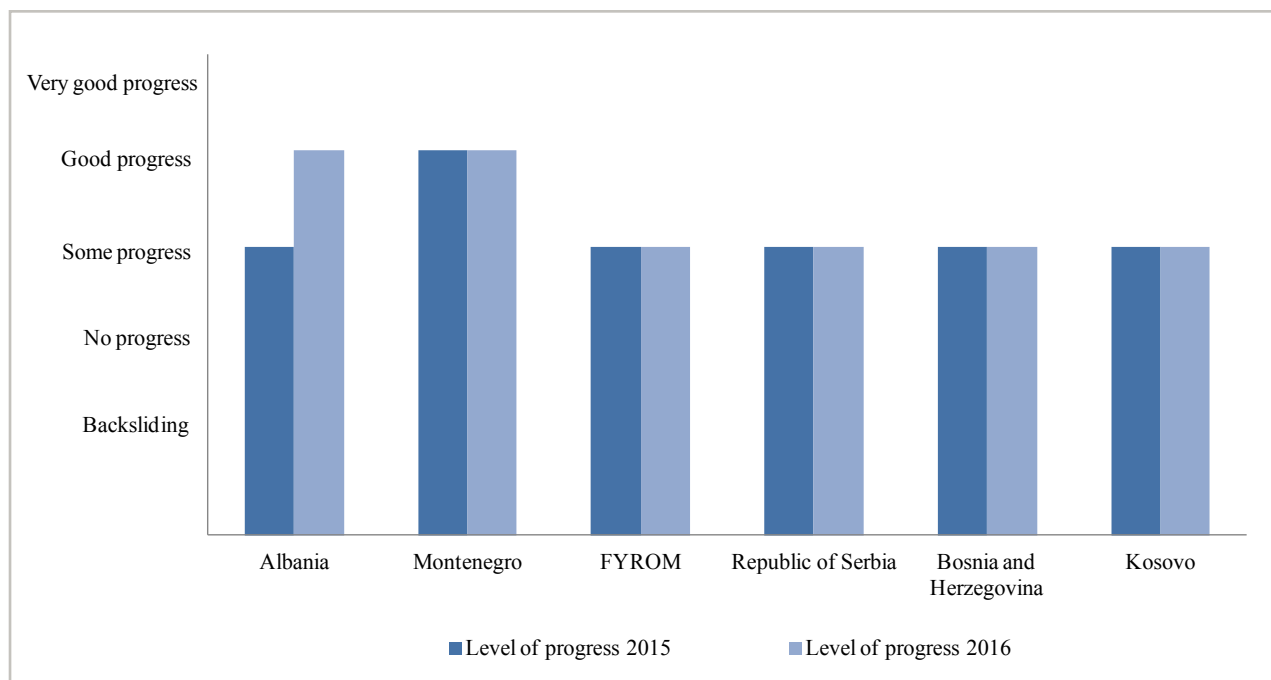
In the context of harmonisation with the EU Acquis in the field of agriculture and rural development, the figures below show the level of preparedness and the level of progress of the economy of the Western Balkans in the EU integration process, based on the criteria set out in the progress reports for each candidate.

Chart 2 Level of preparedness of candidate countries for EU membership in agriculture and rural development



Source: European Commission, Progress Reports for Western Balkan Countries 2015 and 2016

⁹ IPARD - Instrument for Pre-Accession Assistance in Rural Development.

Chart 3 Level of preparedness of candidate countries for EU membership in agriculture and rural development

Source: European Commission, Progress Reports for Western Balkan Countries 2015 and 2016

Common Agriculture Policy plays an important role in the development of agro-rural policies and on the way to the EU, Kosovo must adopt a large number of obligatory rules and regulations, important for the implementation of this policy. Main objective of the Common Agriculture Policy is to ensure a decent living standard for farmers, as well as stable and secure food supply with favourable prices for all consumers. This is ensured by providing support to farmers, promoting rural development, improving productivity and the quality of life for people in rural areas.¹⁰ Since Kosovo is rich in agricultural land, this policy can be a good opportunity for future development of agriculture, villages and rural areas. Common Agriculture Policy also affects other areas, such as environmental protection, animal protection and protection of natural resources. The rules of the Common Agriculture Policy ensure respect of environmental protection principles, and the policy measures promote environmentally sustainable agricultural practice.

As one of the biggest and most important joint EU policies, Common Agriculture Policy is mostly financed from the EU budget, around 40%.¹¹ This also shows the importance of agriculture and rural development in the harmonisation process. EU requirements for Kosovo are primarily related to the establishment of institutional structures for the implementation of strategies and action plans, strong administrative and executive bodies for law enforcement in this sector, as well as capacity building for adequate processing of applications and monitoring of grant schemes and subsidies.

Law enforcement capacity on national and local level is still not satisfactory, and it is necessary to work more on its strengthening.¹² The lack of capacity for law enforcement is especially emphasized in North Kosovo, where there is also a problem of the dual system. The existing municipal staff working on agriculture and rural development issues is employed within the system of the Republic of Serbia, and they have a very limited knowledge of the laws of Kosovo in this area. Administrative office Mitrovica North operates in the system of Kosovo, but due to small areas, there is almost no agricultural activity in the territory of this municipality¹³ and the needs for law enforcement are very small.

¹⁰ EU & Kosovo – Pregled ključnih politika evropskih integracija, 2014, available at http://www.mei-ks.net/repository/docs/EU_KOSOVO_SRB.pdf, p. 3

¹¹ EU agriculture spending, European Commission, September 2015, available at http://ec.europa.eu/agriculture/sites/agriculture/files/cap-funding/pdf/cap-spending-09-2015_en.pdf, p. 8

¹² EU & Kosovo – Pregled ključnih politika evropskih integracija, 2014, available at http://www.mei-ks.net/repository/docs/EU_KOSOVO_SRB.pdf, p. 3

¹³ In the territory of Mitrovica North municipality, agricultural activities are only present in the village Suvo Do

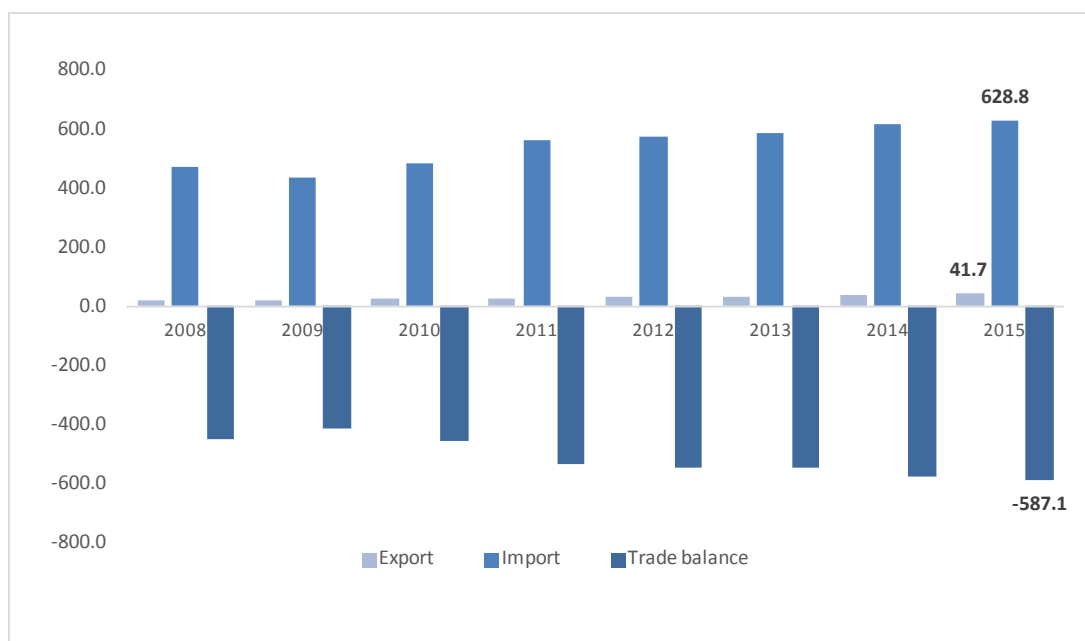
3. Situation in agriculture in Kosovo and environmental impact

Due to a large area of arable land, agriculture in Kosovo is one of the main economic activities. In 2014, 413,635ha of agricultural land was used, of which 197,012ha for cultivation of agricultural products.¹⁴ At the moment, agriculture's contribution to GDP is only 12%, and only 15% to total export value.¹⁵

The area of agricultural land is constantly decreasing due to inadequate spatial planning and poor enforcement of the Law on Agricultural Land, as well as regulations relating to soil protection and conversion of agricultural to construction land.

Even though there is potential for agriculture development, agricultural products still have a significant share in imports, as much as 24.4%. In 2011, Serbia accounted for 20% in the total import structure in Kosovo, as the biggest individual trade partner.¹⁶ The export-import ratio of agricultural products, as well as the trade deficit in 2008-2014 are presented in the figure below.

Chart 4 Import and export of agricultural products in million Euro, 2008-2015



Source: Green report Kosovo 2015, Ministry of Agriculture, Forestry and Rural Development and Agricultural Policy Puls, Kosovo

According to the Census of Agriculture 2014, where municipalities from North Kosovo refused to participate,¹⁷ there are 130,775 agricultural holdings in Kosovo, of which only 339 are registered as legal entities.¹⁸ According to the size, the prevailing agricultural holdings have 0.5-2 ha (46.5%),¹⁹ with the activity mostly covering family needs for food. Situation is similar in the municipalities in North Kosovo where the size of the majority of holdings (registered in the Serbian system) is 2-5 ha.²⁰

14 Green report Kosovo, 2015, available at http://www.mbpzhr-ks.net/repository/docs/Green_Report_Kosovo_2015_Eng_final.pdf, p. 24

15 Nacionalni program za implementaciju Sporazuma o stabilizaciji i pridruživanju, available at http://www.mei-ks.net/repository/docs/3_pkzmsa_miratar_nga_kuvendi_final_eng_.pdf, p. 168.

16 Study "Trgovina poljoprivrednim proizvodima između Srbije i Kosova", projekat "ReConnexion", Hartefakt Fond, 2013.

17 Census of Agriculture 2014, available at <http://ask.rks-gov.net/media/1376/konacni-rezultati-finale.pdf>, p. 4

18 Green report Kosovo, 2015, available at http://www.mbpzhr-ks.net/repository/docs/Green_Report_Kosovo_2015_Eng_final.pdf, p. 25.

19 FAO, Best practices in Green Jobs creation for ensuring sustainability of rural households and resource use as a part of Rural Development, 2012, available at: http://www.fao.org/fileadmin/user_upload/Europe/documents/Events_2012/3rdRD/07Bunjaku_Kosovo_Presentation_Prag_30.05.2012.pdf, p. 4.

20 Data about the structure of agricultural holdings in North Kosovo registered in the Kosovo system were not available during the data collection for the research.

Agricultural development in recent decades has led to over-exploitation of natural resources, neglecting the basic ecological principles along the way. The issue of environmental protection is crucial when considering the agriculture sector because agriculture is one of the biggest polluters. Although the environment has not been fully incorporated in the agricultural development policies in Kosovo, environmental impact of the current level of agricultural activity is considered low compared to neighbouring countries.²¹ Machinery used is generally light, and the negative impact on the environment and biodiversity is also lower compared to other countries in the region. However, there are problems related to the fragmentation of land, pollution of water and soil caused by improper use of agrochemicals (fertilizers and pesticides), soil erosion, land consolidation, etc. Overcoming these problems requires effective inspection structures, promotion of organic agriculture, addressing the issue of conversion of agricultural land, education of farmers, i.e. establishing a comprehensive and operational system in this field.

Current practice in agriculture and rural development is a significant source of pollution for the environment and it is necessary to modify them and switch to organic agriculture, which makes it possible, not only to produce ecologically health food, but to conserve natural resources as well. Development of organic agriculture in Kosovo is at the very beginning. In 2010, the Unit for Organic Agriculture was established in MAFRD, and in 2002, the Association of Organic Farmers of Kosovo was established. Main role of the Association is presentation of organic methods and education of farmers, as well as development of standards and legislation. The Plan for Development of Agriculture and Rural Development 2014-2020 has a special emphasis on the development of organic agriculture. A scheme for organic agriculture has been developed and organic farmers were prioritized within the scheme for investment support. Even though the Law on Organic Agriculture²² was adopted in 2008 (and amended in 2012), the implementation is still poor, and the establishment of the relevant body and the committee for organic production within MAFRD

²¹ *Amendments to the Environmental Protection Strategy 2011-2020*, available at http://www.kryeministri-ks.net/repository/docs/STRATEGIJA_ZA_ZASTITU_ZIVOTNE_SREDINE_2011-2020_I_AKCIONI_PLAN__2011-2015.pdf, p. 31.

²² *The Law on Organic Agriculture is partly harmonized with the EU regulations no. 834/2007 and no. 889/2008, Nacionalni program za implementaciju Sporazuma o stabilizaciji i pridruživanju, March 2016.*

has not started.²³ This law is partly harmonised with the EU regulations. A majority of farmers want to intensify production and they use fertilisers and pesticides without control and not considering a possible negative impact on the environment and health. There are very few farmers who advocate for ecological production and conservation of biodiversity, and who are against uncontrolled use of agrochemicals. At the moment, some farmers in Kosovo are in the conversion to organic agriculture²⁴ and the estimated area under conversion is 85 ha (16 crops exported as certified organic products).²⁵ Most exported products are herbs, with the area of 58 ha.²⁶ One of the main obstacles in organic agriculture is product certification. There is no accreditation body in Kosovo for certification of organic products, but the companies from Albania (Albinspekt) and Macedonia (Procert) are hired for those services. Since there are mostly small producers in the market, there is a possibility for group certification which requires farmers to be joined in associations.

When it comes to cooperation between farmers, the associations in Kosovo are still at a low level. According to the Law no. 03/L-044 on amendments to the Law no. 2003/9 on agricultural cooperatives, Article 3, a minimum of 5 farmers may establish a cooperative, and later a union by joining two or more cooperatives. Even though it brings many benefits, such as job creation, access to technology, better negotiating position with suppliers, retailers and banks, intensifying competition, there are very few effective cooperatives. So far, 83 cooperatives have been registered in Kosovo. There are three cooperatives in North Kosovo, in Zubin Potok, Leposavic and Zvecan.

There has been a significant growth in investments in agriculture and rural development in recent years. Aiming at improving agriculture, the Government of Kosovo allocates significant funds, and for investment grants, EUR 20 million was allocated in

²³ *EU Progress Report Kosovo 2015*, available at https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2015/20151110_report_kosovo.pdf, p. 48.

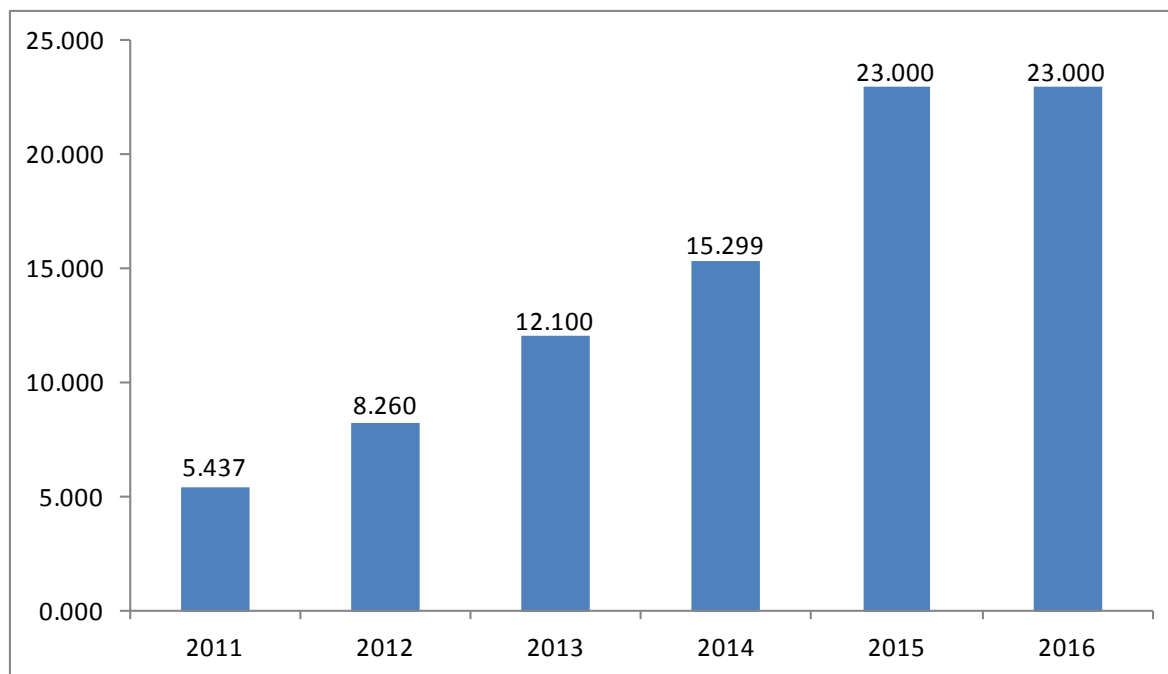
²⁴ *Conversion period is the time needed for transfer from other types of production to organic production. Kosovo Association of Organic Farmers (OAAK) supported the conversion for some farmers.*

²⁵ *Economic Development of Organic Agriculture in Kosovo, First Assessment, December 2013*, available at http://www.iadk.org/portals/0/2013%20organic_agriculture_report.pdf, p.3.

²⁶ *Nacionalni program za implementaciju Sporazuma o stabilizaciji i pridruživanju, mart 2016. p. 173.*

2015,²⁷ and EUR 23 million in 2016.²⁸ Also, through direct payments and grants, the Government supports farmers within the measures for agriculture development and rural development in Kosovo, and financial assistance has increased significantly in previous years (Figure 3). In 2015 and 2016 direct payments amounted to EUR 23 million, which is a significant growth compared to 2014.²⁹

Chart 5 Direct payments in thousand EUR, 2011-2016



Source: Green report Kosovo 2015, Ministry of Agriculture, Forestry and Rural Development and Progress Report Kosovo 2016, European Commission

In the last few years, international organisations, primarily the EU but others as well, have significantly supported the sector of agriculture and rural development by providing technical assistance to institutions for capacity building, grant award for farmers and the program for creation of market opportunities. Since 2000, the EU has allocated around EUR 100 million for support to this sector in Kosovo.³⁰ Since 2007, Kosovo has been using EU IPA funds³¹ (IPA 2007-2013 and IPA 2014-2020). However, Kosovo still does not have sufficient capacities to implement a special IPA component related to agriculture and rural development - IPARD. According to the European Commission, IPARD's goal is to provide assistance in the implementation of EU regulations and standards related to Joint Agriculture Policies and to contribute to sustainable adjustment of agriculture and rural areas in the candidate country.³² Kosovo still has to work hard to establish the necessary structures and build capacity in order to implement IPARD.³³ A large contribution from the EU is related to the opening of the European market for agricultural products from Kosovo. In 2007, CEFTA agreement came into force, which opened new opportunities for farmers in this territory.

27 EU Progress Report Kosovo 2015, available at https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2015/20151110_report_kosovo.pdf, p. 48.

28 EU Progress Report Kosovo 2016, available at https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_kosovo.pdf, p. 55.

29 EU Progress Report Kosovo 2016, available at https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_kosovo.pdf, p. 55.

30 EU&Kosovo – Pregled ključnih politika evropskih integracija, 2014, available at <http://www.mei-ks.net/sr/publikacije/eu-kosovo---pregled-kljucnih-politika-evropskih-integracija>, p. 6.

31 IPA - Instrument za pretprijetnu pomoć EU zemljama kandidatima, kao i potencijalnim kandidatima za članstvo u Evrop-sku uniju

32 EU & Kosovo – Pregled ključnih politika evropskih integracija, 2014, dostupno na http://www.mei-ks.net/repository/docs/EU_KOSOVO_SRB.pdf, str.6.

33 Empowering rural stakeholders in the Western Balkans, European Commission, 2014, available at a: http://ec.europa.eu/agriculture/enlargement/publications/western-balkans-report-2014_en.pdf, p. 43

Apart from the EU, the donors such as the World Bank, Danish International Development Agency (DANIDA), USAID, Austrian Development Agency (ADA), GIZ and others invest significant funds in agriculture and rural development in Kosovo. And at the same time, significant attention is paid to environmental impact achieved by implementing projects in this field.

4. Why (NOT) agriculture as an opportunity for the development of North Kosovo?

Agriculture in North Kosovo varies between mountainous areas dominated by livestock breeding, and activities in the valley of the river Ibar, which are mainly related to fruit growing, crop farming and vegetable growing. However, there are few examples of successful businesses and family farms in this sector. The main reasons for weak competitiveness of farmers in this area are a small market, lack of market information, small plots, extensive production, obsolete equipment, lack of funds for procurement of modern machinery, as well as the existence of numerous administrative barriers. The main problem is the fragmentation of land, which is an obstacle to sustainable production of agricultural products, profitable use of modern machinery and reduction of production costs. Apart from the impact on the competitiveness of farmers and economic development, fragmentation of land also affects the environment.

Legal framework in the field of agriculture and rural development currently offers no mechanisms for monitoring, sustainable collection practices for agricultural products, permits for collecting or collection quotas, which should ensure the protection of biodiversity in the region.³⁴ Contamination of soil, surface and ground waters due to inadequate use of agrochemicals, uncontrolled deforestation leading to soil erosion, air pollution due to gas emission into the environment from the stables, are some of the limiting factors for the development of this sector in North Kosovo. Effective inspection services still do not exist. According to the Law on Agricultural Inspection no. 03 / L-029, Article 5, inspections are carried out by inspectors from the central level in the entire territory of Kosovo, while municipal inspectors carry out inspections within the territory of the municipality, in accordance with legal authorization. Given that there are no inspectorates for agriculture in local governments in North Kosovo, no sanctions are applied for those who violate the law.

As for the development of organic agriculture, the demand for organic products in the European market is growing, as well as the requirements in terms of product quality, which is a challenge for farmers in this area. The potential certainly exists since most farms are small and located at higher altitudes, especially suitable for the development of organic farming, and significant funds are set aside for the financing of this branch of agriculture. However, lack of inspection and certification bodies for organic products makes it difficult to ensure high-quality products. Regardless of the fact that the institutional structure for the development of organic agriculture at the national level is established, the promotion of this branch of agriculture is insufficient and very few farmers are involved in organic production. What is important to note when considering the potential of this industry is the profitability of organic food production in Kosovo compared to conventional products. The question is whether the higher costs and lower returns that can be expected from organic agriculture can be substituted, or whether the purchasing power and the awareness of the population for the use of eco-friendly food is such that this branch of agriculture is profitable. Farmers are not familiar with the cost-benefit ratio in organic production.

One of the basic preconditions for the development of agriculture is adequate infrastructure, which includes irrigation systems, processing facilities and storage of crops. It is visible that such modern facilities are missing in North Kosovo. Obsolete machinery is a major problem for farmers and it is one of the main reasons for lower productivity and profitability. There are several companies in the municipalities of Leposavic, Zvecan and Zubin Potok which possess modern equipment for processing of fruits and vegetables, as well as production of milk and dairy products. In the municipality of Leposavic, there are three companies involved in the purchase and processing of fruits and vegetables, while one company is located in the municipality of Zubin Potok. Since September 2015, a tax of 3% of the total value must be paid for the entire purchase, and to sell products on the market it is necessary to do the analysis at the Institute of Public Health Pristina, with the office in Kosovska Mitrovica, which operates in the system of the Republic of Serbia. In addition, the tax and customs duties to be paid on exports further increase the costs for producers and processors. In case of export to the Republic of Serbia, there are certain problems for export of forest fruits due to inconsistency of documentation for customs procedures between Serbia and Kosovo, while the export of locally grown foods takes place without problems.

³⁴ Analiza lanca vrednosti – Ne-drveni šumski proizvodi, Region Mitrovice, UNDP 2015.

In recent years, there is a growing trend in North Kosovo of growing berry plants, especially raspberries, as well as greenhouse farming. Livestock breeding is also a popular branch of agriculture, which is characterized by small farms, mainly meeting the needs of households and a small portion intended for the market.

Access to the funds offered by the Governments of Kosovo and Serbia, as well as international donors, requires registration of agricultural holdings. Therefore, farmers from North Kosovo can be registered both in Serbian and Kosovo system. Registration of an agricultural holding in the Kosovo system for farmers from North Kosovo is done in the Administrative Office in Mitrovica North and in Pristina, in the Kosovo Business Registration Agency. In the Serbian system, a total of 3139 agricultural holdings are registered, of which the majority in the municipality of Leposavic (1811). Zubin Potok is the municipality where the population mostly works in agriculture, and this sector is recognized to have potential for economic development³⁵ (so far 414 registered agricultural holdings). In the municipality of Zvečan, in recent years agriculture has been subject to industrialization and it has almost disappeared. Today, more than a half of registered businesses are trading companies (53%), and agricultural production exists with a small number of businesses growing vegetables for sale.³⁶ The territory of Mitrovica North includes a small area of agricultural land, and potentials for agriculture development in this municipality are small.

One of the most important donors which supported the sector of agriculture and rural development in North Kosovo is the European Union Office in Kosovo. In the period between 2010 and 2015, EU allocated around EUR 3.1 million for this sector in several programmes (EURED III, Grant Scheme North I and II). Within Grant Scheme North I and II only 79 projects were approved³⁷ for municipalities in the north, of which as many as 44 projects targeting the development of agriculture and rural development.³⁸ Project distribution by municipalities is provided in the following table.

Municipality	Total approved projects in GS I and GS II	Agriculture development projects in GS I and GS II	Share of agriculture development projects (in %)
Mitrovica North	19	2	10.5%
Zvečan	16	8	50%
Zubin Potok	12	10	83.4%
Leposavic	29	24	82.7%

Source: Study "Do we live better", InTER, 2016

Apart from financial support from different donors, other support almost does not exist in North Kosovo. Agriculture loans are not approved by the banks. According to a UNDP's study from 2015, even though there are several banks in North Kosovo, loans are not approved for agriculture because repayment is not secure, collaterals from companies are not registered in Kosovo's institutions, the rule of law and judicial system are obstructed.³⁹ Besides, no availability of agriculture related data and their unreliability make it difficult for financial institutions to estimate the situation in the market, which is why it is considered highly risky for investment. What would certainly open more opportunities for farmers is to establish associations which would make the overall process easier and ensure access to more significant funds, modern equipment, new jobs.

These problems point to the need to undertake concrete measures, both by central and local authorities, which will ensure the sustainability of the agricultural sector in Kosovo. In addition, further efforts have to be made to reduce the negative impact of farming activities on the environment, given the fact that agriculture is one of its biggest polluters.

35 Development Strategy of the Municipality of Zubin Potok.

36 Official website of the Municipality of Zvečan, available at <http://www.opstinazvecan.rs/index.php/privreda/poljoprivreda>.

37 Of 79 approved projects within GS I and GS II, 3 projects are inter-municipal and not related to agriculture development.

38 The study "Do we live better", InTER, 2016, available at: bit.ly/2dGo1rR, p. 47.

39 Analiza lanca vrednosti – Ne-drveni šumski proizvodi, Region Mitrovice, UNDP 2015.

5. Conclusion and recommendations

As the main economic activity in Kosovo, agriculture has a large potential for development. This is also supported by the increasing investment in this sector in recent years, both by the Government of Kosovo and by international and bilateral organizations.

Institutions in Kosovo are focused on harmonizing legislation in the field of agriculture and rural development with the EU *acquis*, but this process requires additional efforts. A particular problem is the rapid adoption of laws, without conducting a detailed analysis of the effects of regulations, resulting in their ineffective implementation. Law implementation capacity at national and local level is not sufficient, and the problem is particularly significant in North Kosovo, with the duality of the system. Municipal officers for agriculture and rural development work within the system of the Republic of Serbia, and their knowledge about the laws of Kosovo in this area is very limited.

The impact of agriculture on the environment is huge, given the fact that agriculture is one of its biggest polluters. The use of agrochemicals is excessive and there are still no effective inspection services. The development of organic agriculture is at the very beginning and further efforts are needed to raise awareness about the need for food production in accordance with ecological principles.

Based on the analysis and conclusions, the following recommendations can be underlined:

- To strengthen institutional and organisational capacities for implementation of agriculture and rural development public policy on the local level, which includes capacity building for inspection services;
- To make a difference in public policies targeting small and large agricultural producers;
- To strengthen mechanisms for development of organic production, including the establishment of certification bodies and introduction of standards;
- To promote public policy in agriculture and rural development in North Kosovo municipalities.

InTER – Institute for Territorial Economic Development – is an independent non-governmental think tank with the mission to promote and improve sustainable socio-economic development in the Western Balkans.

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