AGRICULTURE INSURANCE IN KOSOVO:
A TOOL TO INCREASE THE COMPETITIVENESS OF FARMERS

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## Kosovo' Agriculture Sector Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Actions To Increase Competitiveness of Kosovo’ Agriculture</th>
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<tbody>
<tr>
<td>Small farmers – 50% farming less than 1 ha</td>
<td>Stimulate farmers to grow or aggregate in some business way</td>
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<td>50% of land is on low profit/low margin cereal crops</td>
<td>Focus on more high profitable crops with export potential</td>
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<td>Close to EU</td>
<td>Improve export potential:</td>
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<td></td>
<td>- Food security and standards</td>
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<td></td>
<td>- Logistic and infrastructure capacity</td>
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<td>Good climate</td>
<td>Increase access to finance:</td>
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<td></td>
<td>- To improve technologies which allow farmers to improve productivity</td>
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<td>- To develop processing and value added chains</td>
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<td>4% lending in Agriculture</td>
<td>Improve:</td>
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<td>- Veterinary standards, genetics</td>
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<td></td>
<td>- Access to finance</td>
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<tr>
<td>Variety of high value fruit and vegetable crops</td>
<td>Develop processing and value added chains</td>
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<td>Livestock and dairy suitable to smaller farms</td>
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**KOSOVO PROFILE**

**WORLD BANK GROUP**
AGRICULTURE AS VERY IMPORTANT SECTOR IN KOSOVO

- Kosovo has high quality arable land
- Good climate conditions and strong support from the government for the development of the agricultural sector
- But only 4% of the country's credit portfolio is in the agricultural sector

Gross value added generated by agriculture (in millions of EUR)

However, 45% of farmers reported that access to finance is a major limitation to the growth and expansion of their enterprises
ECA AGRI-FINANCE PROJECT INCREASES ACCESS TO FINANCE

- Building capacity in agriculture and agriculture lending with financial intermediaries
- Understanding and mitigating agriculture risks

**LEGISLATIVE & REGULATORY REFORM:**
- fostering an enabling environment for agri-business

**SECTOR DEVELOPMENT:**
- increasing knowledge and information for our partners, clients, and agriculture producers

**EXAMPLES OF SUCCESS WITH PRIVATE SECTOR PARTNERS:**
- creating real impact through proven implementation of tools and strategies

Our approach systematically increases access to finance, benefiting farmers, financial institutions and the country
**WHY AGRI-INSURANCE IS IMPORTANT TO KOSOVO?**

**Farmers:** Insurance helps farmers to take necessary risks, afford loans, and keep farmers into the business, invest in competitive technologies

**Government:** Insurance shares the risk of bad weather between the government, insurance companies, and farmers ensuring that farmers do not suffer at the cost of natural calamities and sudden disasters

**Insurers:** Agriculture is a diversifying risk to other insurance lines of business and is attracting more reinsurance capacity

**National:** Agriculture is a very important component of Kosovo economy, employing >35% of workforce and accounting to 20% of GDP, therefore, it is in the national interest to have a financially stable agricultural sector

Agriculture is an important sector of the Kosovo economy, therefore, it is in the public interest to have a financially stable agricultural sector
ECA AGRI-FINANCE PROJECT to increase access to finance for SME farmers focuses on:

**Legislative advancements**
1. Draft Article 21 Law on Insurance in Rural Development Law
2. Regulation on Risk Management & Agriculture Insurance
3. By-laws for the creation of the Risk Management Division (RMD) in the Ministry of Agriculture

**Creation and Development of the RMD**
1. Government assigned 6 people
   - 2. They have had 3 weeks of training
   - 3. Study tour to Canada
   - 4. Helped on awareness campaigns & data management/product development/event organizations etc.

**Capacity Building & Product development**
1. Data organized at the Statistical Agency of Kosovo
2. Created 6 agriculture insurance products (apple, raspberry, strawberry, plum, grapes, and pepper)
3. Awareness campaign for farmers and intensive training sessions for farmers and insurance sector

A systematic approach will lead to sustainable agri-insurance system development
ECA AGRI-FINANCE PROJECT

to increase access to finance for SME farmers focuses on:

**Legislative advancements**
1. Administrative instruction to enable agri-insurance subsidies in 2019
2. Push adoption of Law that enable Agri-Insurance System in Kosovo

**Creation and Development of the RMD**
1. On-job training and support in new insurance product development
   • 2. Launch of informational system to administer agri-insurance

**Capacity Building & Product development**
1. Develop New insurance products
2. Build Loss adjustment expertise of insurance companies
3. Continue Awareness campaign for farmers and intensive training sessions for farmers and insurance sector

Kosovo showed good progress in agri-insurance system development, but still many things need to be done to build sustainable system.
KOSOVO CAN INCREASE COMPETITIVENESS BY:

- Identifying profitable areas of agriculture suitable to Kosovo’s climate, soil, tradition, and market demand
- Helping farmers aggregate – efficiencies are required to be competitive in global agriculture
- Ensuring investments in high yielding technology that has growing market demand
- Creating the financing, incentives to move Kosovo farmers to these competitive areas (subsidies, financing, insurance for stability and investment)
- Aligning with regional requirements – agriculture insurance is required to be part of the EU

A systematic approach will lead to sustainable agri-insurance system development