Small farms and huge budgets: An overview of Kosovo’s agricultural policy

Thomas Herzfeld

Project workshop | 10 - 11 September 2018
Background and objective

- Part of project „Capacity development to the MAFRD to improve commercialization between small farmers and family farmers“ financed by FAO
- Objective: Assessment of agricultural policy’s effect on small farms
- Task 1: Description of existing policy instruments
- Task 2: Assessment of agricultural policies based on FADN data
Structure of agricultural sector

Source: ASK: Agricultural census 2014
Objectives of agricultural policy

National Agriculture and Rural Development Plan (ARDP) 2014-2020:

i. Development of a competitive and innovation-based agri-food sector characterised by an increased production and productivity and meeting EU market standards;

ii. Protection of natural resources and the environment in rural areas;

iii. Improvement of the quality of life in rural areas and a diversification of employment opportunities
Methodological approach

• Agricultural Policy Measure (APM) tool
  – Developed by Rednak, Volk and Erjavec (2013)
  – Classification of measures into direct payments, rural development measures and general service support

• OECD-type measure
  – Based on classifications by Producer Support Estimate (PSE) and General Services Support Estimate (GSSE)
  – Classification of measures according to link with current production and/or input use

• Critical issue: Treatment of non-farm specific support
Budgetary support for agriculture (I)

Source: MAFRD: Green Reports
Budgetary support for agriculture (II)

Source: MAFRD: Green Reports
Budgetary support by products

Source: MAFRD: Green Reports
### Accessability of direct payments by small farmers

<table>
<thead>
<tr>
<th></th>
<th>Wheat seeds</th>
<th>Corn, Barley, Rye</th>
<th>Dairy cows</th>
<th>Milk quality</th>
<th>Or-chards</th>
<th>Vine-yards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Threshold</strong></td>
<td>2 ha</td>
<td>5 ha</td>
<td>1 ha</td>
<td>5 heads</td>
<td>1500 l/quarter</td>
<td>0.5 ha</td>
</tr>
<tr>
<td><strong>Share of farms below threshold [in %]</strong></td>
<td>63</td>
<td>87</td>
<td>41</td>
<td>87</td>
<td></td>
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</tbody>
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**Beneficiaries in 2016**

- Wheat seeds: 25 farms with an average of 32 ha
- Egg laying hens: 78 farms with more than 1000 hens/ farm
- Dairy cows: 7650 farms with 8.6 cows on average
- Sheep and goats: 1069 farms with 110.5 animals on average
## FADN: Major farm characteristics (I)

<table>
<thead>
<tr>
<th>Type of ownership</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Gender of holder/manager (f/m)</td>
</tr>
<tr>
<td>Family farm</td>
<td>1125</td>
<td>61/ 1029</td>
</tr>
<tr>
<td>Partnership</td>
<td>109</td>
<td>13/ 96</td>
</tr>
<tr>
<td>Company</td>
<td>1</td>
<td>0/ 1</td>
</tr>
<tr>
<td>Total</td>
<td>1250</td>
<td>1200</td>
</tr>
</tbody>
</table>

Source: FADN
FADN: Major farm characteristics (II)

Source: FADN
FADN: Distribution of farm size

Graphs by Type of ownership/economic objective

Source: FADN
Distribution of direct payments

Source: FADN
On-farm diversification

Source: FADN
Conclusion policy analysis

• Strong focus on coupled support
• Limited accessibility for small farms
• Questionable increase of expenditures and number of measures
Outlook analysis FADN data

- Farm-level determinants of access to direct payments
- Farm-level assessment of agricultural policy’s role for agricultural revenue growth -> constraint by limited availability of panel data