



Innovation in support to policies: Agro-Food/Rural Development and Industrial Modernisation

Economics of Agriculture, Agricultural and Rural development policies in the Western Balkans

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Agriculture is an important sector in the overall economy in Western Balkans (WB)

	Agricultural production in total economy (% of total GVA)	Employment in agriculture (% of total employment)
Albania	22	45
Bosnia and Herzegovina	8	18
Kosovo	14	-
FYR Macedonia	11	18
Montenegro	10	-
Serbia	8	20
EU	1.5	4.5

Sources: Volk et al. (2017); Eurostat; DG AGRI

➔ Developments in the ag. sector have significant impacts for the overall employment and socio-economic development in WB countries

Knowledge base and tools for agricultural policy decision making in Western Balkans

- **JRC** in collaboration with **DG AGRI** supported the development of tools to facilitate the **evidence-based policymaking** related to WB
- Extensive collaboration with **SWG** International Intergovernmental Organization
- Collaboration with network of **experts from the region** to support the development of capacity and skills in the region
- Collaboration with **experts from EU** on WB

What does JRC support?

1. Assessment of policy developments in WB countries



2. Targeted scientific analyses to support policies on a specific topic

Why JRC is involved?

- **Evidence-based policy support** not widely used in WB
- **Impact assessments** and evaluations are practically **non-existent**
- JRC is supporting the development of knowledge base and tools for agricultural policy decision making in order:
 - to **better understand the policy environment** in the region
 - to evaluate the **approximation of national policies** to the EU **CAP** (Common Agricultural Policy)
 - to better target national support schemes and IPARD pre-accession assistance
 - to contribute to **better policy in the region** (to evidence-based policy making, capacity building)

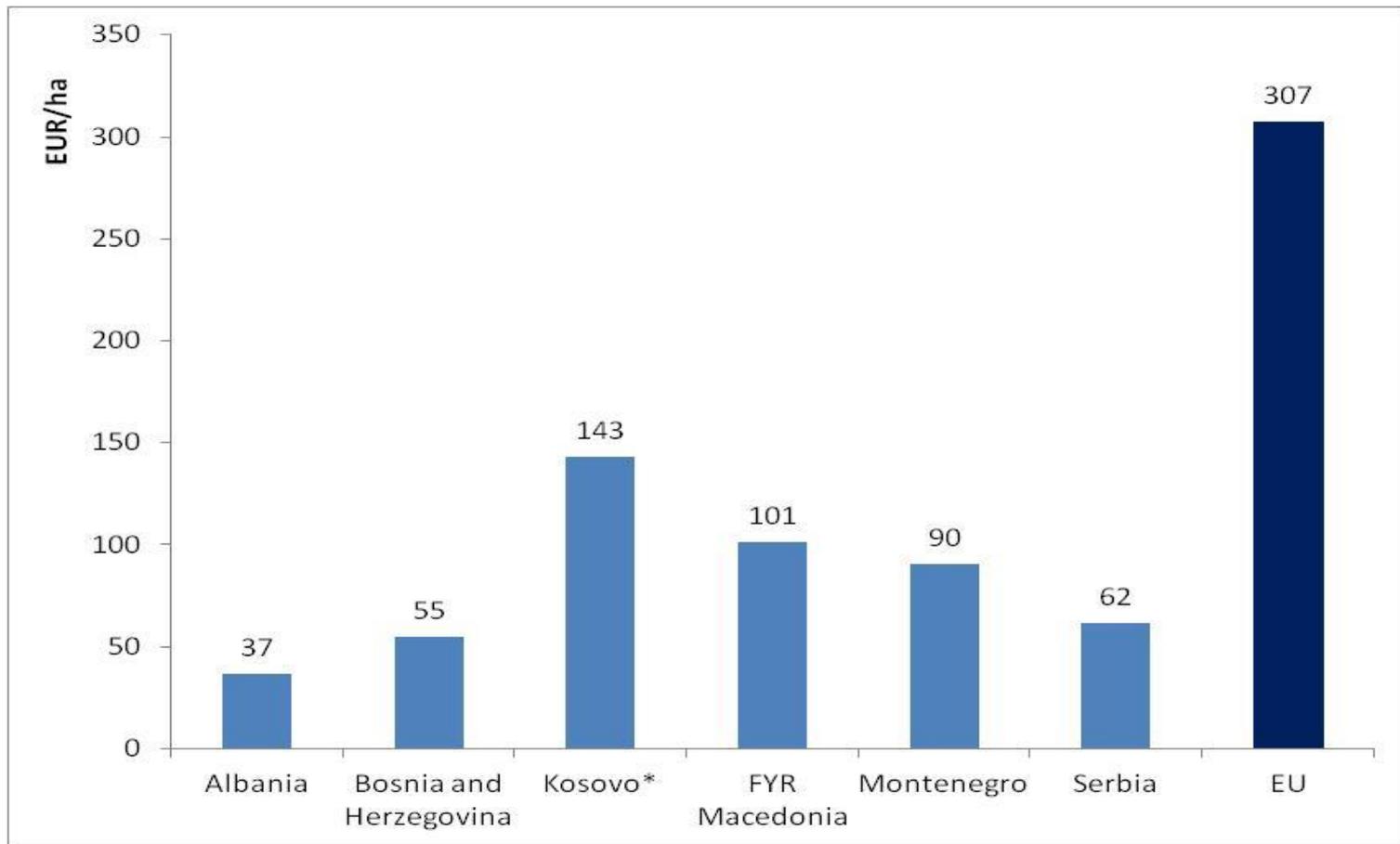
A tool for analysing agricultural policies in Western Balkans

- **APM database** - Agricultural Policy Measures database
- Detailed information on **national policies in WB countries**
- Puts all national agricultural measures in a **unified and consistent framework**
- The APM classification uses the EU concept of policy classification and OECD methodology
- Allows to assess the **development** of national agricultural policy, **regional comparisons** and benchmarking with the EU CAP

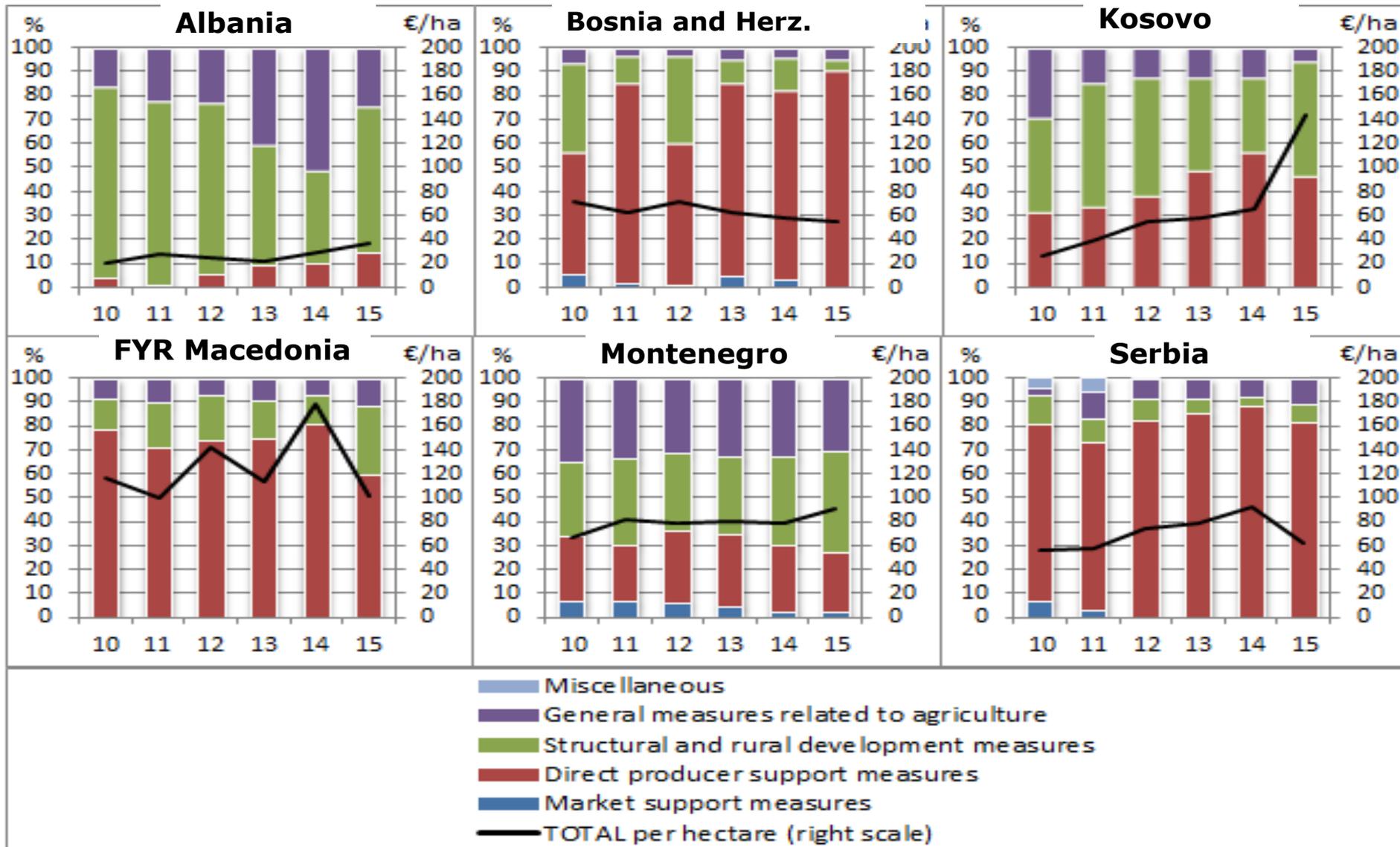
Key developments of agricultural support in Western Balkans

- Most WB countries have **set-up a long-term plans to align subsidies** to be in line with **CAP**
- In practice a **significant discrepancy** between subsidies applied in WB and CAP (e.g. distortive subsidies important, limited focus on environment)
- Support instruments and the subsidy budget change frequently
- WB countries use many different types of support instrument which vary greatly from country to country (in numbers, types and amounts of support, eligibility criteria)
- There is a tendency to **favour larger producers** and exclude small subsistence farmers from receiving support in most WB

Agricultural subsidies in Western Balkans (2015, EUR/ha)



Structure of agricultural subsidies in Western Balkans (% , EUR/ha)



Small farms dominate the agricultural sector in Western Balkans

	Average farm size (hectares)	% of farms under 2 hectares	% of farms over 10 hectares	Agricultural area used by farms over 10 hectares (%)
Albania	1.2	89	-	-
Bosnia Herzegovia	3.3	50	4	-
Kosovo	1.5	81	1	10
Macedonia	1.7	90	1	13
Montenegro	3.2	66	5	41
Serbia	3.7	46	6	25
EU 27	12.7	47	2	85

Targeted scientific policy support: small farmers and land markets in Western Balkans

Cross-country analysis of land markets and small farms' access to land:

- The **functioning of land markets** and their implications for small farm **households' growth**
- The role of land markets for **farmers' exit** and implications of the availability of employment opportunities, education, ageing, migration, etc.
- **Land abandonment** and small farm households' access to land
- Importance of **distress sales** among small farm households

Thank you for your attention

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