

15 - 17 May 2026

Rome , Italy

Do Credit Guarantee Schemes Matter? a Micro-Econometric Comparison of Guaranteed and Non-guaranteed Agricultural Loans in Kosovo

Prof Dr. Jehona Shkodra , Fatlinda Imeri

University of Prishtina, Kosovo

Abstract

This study provides a rigorous micro-econometric evaluation of the effectiveness of credit guarantee schemes in enhancing farm-level productivity and fostering sustainable rural development in Kosovo, with particular emphasis on the Kosovo Credit Guarantee Fund (KCGF). Drawing on original survey data from 300 agricultural producers, the analysis compares farms that accessed KCGF-guaranteed loans with those relying on conventional, non-guaranteed agricultural credit. To mitigate potential selection bias arising from non-random participation in guaranteed lending, the empirical strategy integrates propensity score matching (PSM) with multivariate regression techniques, thereby strengthening causal inference.

Farm performance is proxied by net agricultural income, defined as the difference between total farm revenues and production costs capturing both profitability and allocative efficiency in resource utilization. The findings reveal that access to guaranteed credit generates statistically significant and economically meaningful improvements in farm productivity relative to non-guaranteed borrowing. Moreover, the magnitude of the impact increases with larger loan sizes and longer maturities, particularly in capital-intensive agricultural activities, suggesting that investment-oriented financing plays a critical role in structural transformation and technological upgrading.

Overall, the results provide robust empirical evidence that credit guarantee schemes constitute an effective financial policy instrument for alleviating credit constraints, reducing information asymmetries, and stimulating productive investment in agriculture. The study contributes to the literature on rural finance and transition economies by offering micro-level evidence from a post-transition context, with important implications for the design and scaling of inclusive agricultural finance policies.

**WORLD CONFERENCE ON MANAGEMENT, BUSINESS
and ECONOMICS**



Keywords: Agricultural Credit; Guarantee Fund; Microeconometric-Econometric Analysis; Productivity; Kosovo