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Opportunities and obstacles in application of the EU Rural Development policy in the Western Balkan Countries

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Motivation

■ Rural development (RD) policy

- Main priority in the EU integration process also for Western Balkan (WB) countries.
- Political objectives and available funds.

■ Provocation:

- *Do we have RD policy in place?*
- *Why maybe not?*
- *Obstacles?*
- *Opportunities?*
- *Solutions?*

Motivation



Critical assessment based on:

- Participation in pre- & post accession process in SLO
- Research and consultancy in Macedonia, Montenegro, Serbia, Albania, Croatia,
- Agro-economic networking in 7 WB countries.

Approach:

- The countries are very different in conditions, praxis and developments
- This is a general picture of some critical points. There are also some good points. Therefore, please, take as a frame for discussion of possible improvements.
- No description is valid directly for any particular country, but in all countries similar problems (in different dimensions) exists.

Content



- ***RD policy in WB:***

- a. State of the art?**

- b. Suitability of EU concept?**

- c. How to “improve” situation?**



a.

Western Balkan RD policy - state of the art

Problem recognition – quantification



No clear picture about the situation:

- Old and/or not adequately statistics on land, capital and human resources.
- Practically no socio-economics statistics (farm structure, different income sources, gender issue)
- No or not adequate less favoured areas classification
- No clear picture about the status of environment

First agri census and statistic harmonisations

- More confusion: lost land and subsistence farming

Weak analytical capacity

- First studies, but no systematic work, relatively poor knowledge and institutional competences (not only WB)

Problem recognition – factual qualification I



Diversified situation, some common elements

Dual farm structures:

- Except broader Danube plains, difficult natural conditions
- Prevailing subsistence farming,
- .. but larger companies and family farms emerging
 - *'South America style' development direction?*
- Weak farm capital and equipment situation (basic tools necessary!)
- Fragmented land structures

Less competitive agro-food sector:

- Weak hygiene and environmental standards in the whole agro-food chain, but improvements! Quality policy emerging!
- Weak economies of scale, vertical and horizontal coordination.
- Producer organisations less representative.

Problem recognition – factual qualification II



Environment:

- from natural beauties and richness of biodiversity
- ... to cases of seriously environmentally degraded areas

Mountainous regions

- Partially depopulated, lost of resources, but some living regions!
Balkan richness!
- War and political conflict consequences: mine fields!

Relatively poor physical infrastructure:

- Local roads, water supply, in some cases even electricity network!

Not diversified economic activities

- Dead decentralised industrial facilities
- No new job opportunities, desperate conditions on labour market

Rural poverty and less attractive living standards – migration and depopulation continues

Problem recognition – political priorities



■ *Rural areas: enormous need for public intervention!*

■ ... but rural development is not high on the list of WB governments' priorities!

- Other than RD priorities
- Low priority in budgetary debate (in general budgets are low)
- Ashamed of the roots?
- Low awareness of the problems

■ **Conceptually orientations of RD in place:**

- Sector- (production-) oriented
- To the biggest ("developed") producers
- Elements of discrimination against small farmers



Policy instruments

■ Concept and misconceptions

- No integral approach, or programming structures
- Convergence with other policy! Consistency? Weak understanding of EU concept!
- Input subsidies as RD policy?

■ Mostly used instruments:

- Capital investments in agriculture? (fragmented)
- Land policy? (fragmented)
- No LFA policy? If than support through price and payments extras.
- Partial support to organic farmers and genetic resources.
- Rural infrastructure support?

Policy implementation



■ Annual budgets with changing structures

- No stability: Policy makers as inventors of new policy!

■ No clear implementation structures

- What is competent authority for RD (and agric. policy)?
- RD sector in MoAs regarded as less important

■ Weaknesses in implementation of measures

- Application procedures generally not very transparent
- Evaluation criteria often not clear
- Criteria for measures not transparently developed
- Tendering rarely used



b . Suitability of EU concept?

Rural development policy in WB



■ Maybe simplified and exaggerated overview; there are also some positive trends, but:

- No harmonisation with EU approach in programming and implementation.
- RD policy in WB needs serious actions! Is not really born already!
- One of the reasons for relatively low effectiveness of existing IPARD programmes and fears that this will happen also in next cases...

■ Is there a problem on the EU side?

- Blasphemous question: is the EU concept maybe not suitable for the region?

EU RD is fit also for WB!



■ Because it is based on modern policy cycle management

- Determination of problems, setting of objectives and selection of measures, modern implementation procedures.
- It brings necessary modernisation of the policy management.

■ Because it is touching the whole set of problems:

- agri-food factors of production
- less favoured areas and environment
- rural infrastructure
- income diversification and quality of life.
- (non-direct) measures for mitigation of rural poverty?

The problems exist in the implementation!



■ EU governance:

- Too complex rules (general problem, not just WB!)
- Too bureaucratic promotion of the measures to the region.
- Questionable support from consultancy and twinnings support
 - not adopted to the situations, no 'real-world' support, in many, many cases...

■ WB governance :

- Reform and EU integration approach in wording and not in acting!
- Weak knowledge about the EU policies
- Low prioritising of RD



C .

How to “improve” RD policy in WB?

- Some ideas**



Clear political decisions

To support rural development and European integration patterns!

Decision makers (highest level) should decide:

- RD policy is one of the priorities in the domestic agricultural policies;
- the gradually transmission of EU RD policy concept in programming and implementation;
- adoption and implementation of policy to the domestic needs and capacities (human and financial)

Deep reform of policy is needed:

- to improve the situation in rural areas
- to make “a bridge” in instruments between actual and potential EU accession status
- to modernise public administration, institutional capacities



Actions requested I

Generally:

- Policy cycle management
 - with multi-annual programming documents
- Reorganisation of MoA
 - RD department with high competency
- Increase, transfer and sharing of knowledge and information in GO and NGOs
 - Human capacity building (specific education and training)
- Public awareness and promotion of RD
 - Partnership with stakeholders
- Specific, broad (and right!) donor support



Actions requested II

■ RD problem recognitions

- Huge efforts in statistic harmonisation
- Establishment of wide monitoring system
- Upgrading of analytical capacity
 - governmental and non-governmental institutions
 - methodology development and adoption
- Surveys and reviews of situations
 - domestic, regional and international



Actions requested III

■ Measures planning and setting

- Introduction of “EU-RD like” measures
- Measure fiches
 - with reasoning, objectives, criteria, financial and implementation frame, monitoring indicators
- Criteria:
 - convergence and consistency,
 - cost effectiveness and value-added approach,
 - non-discrimination of beneficiaries,
 - stability and gradualism of the policy



Actions requested IV

Financial public contribution

- Multi-annual budgetary planning
- Stability of the RD budget over the election periods
- Attraction and rules for donor support
- Transparent procedures and efficient controls

Policy implementation

- Competent implementation institutions
- Public tendering where necessary – international standards
- Support for applications – information campaign; qualification of beneficiaries



Case - support for agriculture in mountains

- **Mainly extensive livestock production on wider permanent grassland areas. Less actual support...**

- **Less favoured areas classification as priority.**

- **EU like area payments are not rational at the moment:**

- due to land control & information system deficiencies, potential frauds and type of land use
- headage payments better than price support.
- support for grazing: environmental, landscape, social and economic benefits.

- **Support for local infrastructure**

- roads, housing, water, common buildings

- **Support for diversification**

- tourism, processing, forestry

- **Wrong support:**

- Ethno-, eco- villages (Disneyland approach)

Ideas for EU and donor support I



Critical assessment of previous actions:

- A serial of good projects and approaches, ...
- but large number of missing projects
 - completed RD Programmes not even discussed by beneficiary!
- Good TAEX praxis,...
 - but more direct investment in responsible person

Better human resource management and coordination of international donors:

- Only the best educated and experienced experts could help and promote in this complex situations.
 - licences for experts?
- Better coordination between international organisations
- *"The people here aren't still living on the threes."*



Ideas for EU and donor support II

Education and knowledge transfer

- Support for *Rural development MSc programmes*
- Training centres
- Investment in domestic academic institutions
- Grants for young students and civil servants for education in the EU and return back to the countries

Support for regional integration and exchange of views

- Systematic, consistent review of RD and agriculture in WB (Commission & OECD country studies)
- Establishment of *Forum for agriculture and RD in WB*
 - expert, stakeholders and political levels
 - specific topic groups like LFA, environment, LAGs,...
- Support for SGW