



Agricultural Policy Forum for South-Eastern European Countries 2008
**"Agriculture and Rural Development
in the Mountainous Areas in South - Eastern Europe"**
Kolasin, October 2008

MONTENEGRIN MOUNTAINOUS AGRICULTURE AND RURAL DEVELOPMENT POLICY MEASURES

Milan Markovic, PhD,
Biotechnical Institute - Podgorica

October, 2008.



Content

- **Overview of the agricultural sector**
- **Main reforms in the agriculture**
- **National program for food production and rural development 2009–2013:**
 - Starting points
 - Program of the measures
 - Financial plan



Main characteristics of Montenegro's agriculture

- **Montenegro:**
 - area – 13.812 km²,
 - population – 630.000
 - population density - **45/km²**
- **Land resources:**
 - 517,000 ha of total agricultural land, or **0.82 ha per capita**
 - 190,000 ha of arable land, or **0.30 ha per capita**
- **Agriculture is quite diversified** – from olive and citrus growing in the coastal region, early vegetables and tobacco in the central to extensive sheep breeding in the northern region
- **Montenegro is a net importer of food**



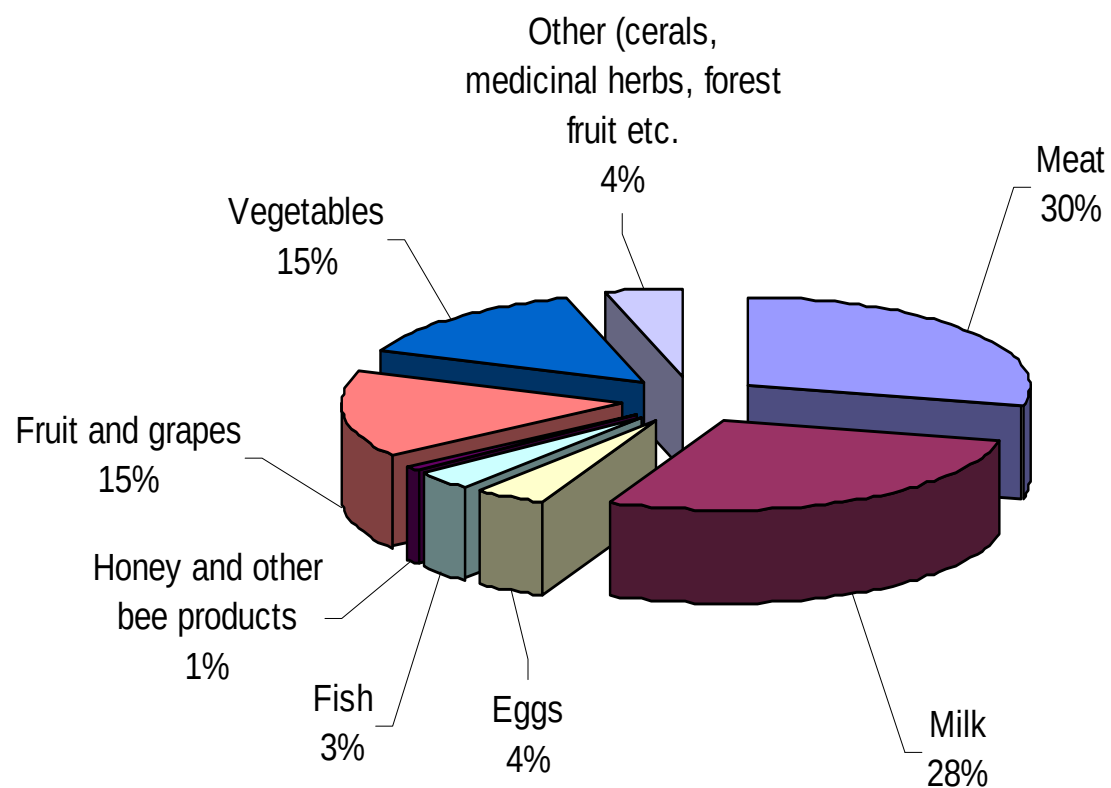
Main characteristics of Montenegro's agriculture

- **Economic importance** – high share in GDP (primary agric. 11%), together with processing industry > 20%,
- Agriculture is **labour intensive**, plays a role of a social buffer – as the main source of income or a part of income for more than 60,000 of rural households
- **Structural characteristics**: small family farms prevail, average size $\approx$ 5 ha, low productivity
- **Low level of use of chemicals** (fertilizers and pesticides) – more than 10 times less than the EU average – good precondition for organic production
- **Agriculture is the most important activity of rural population**



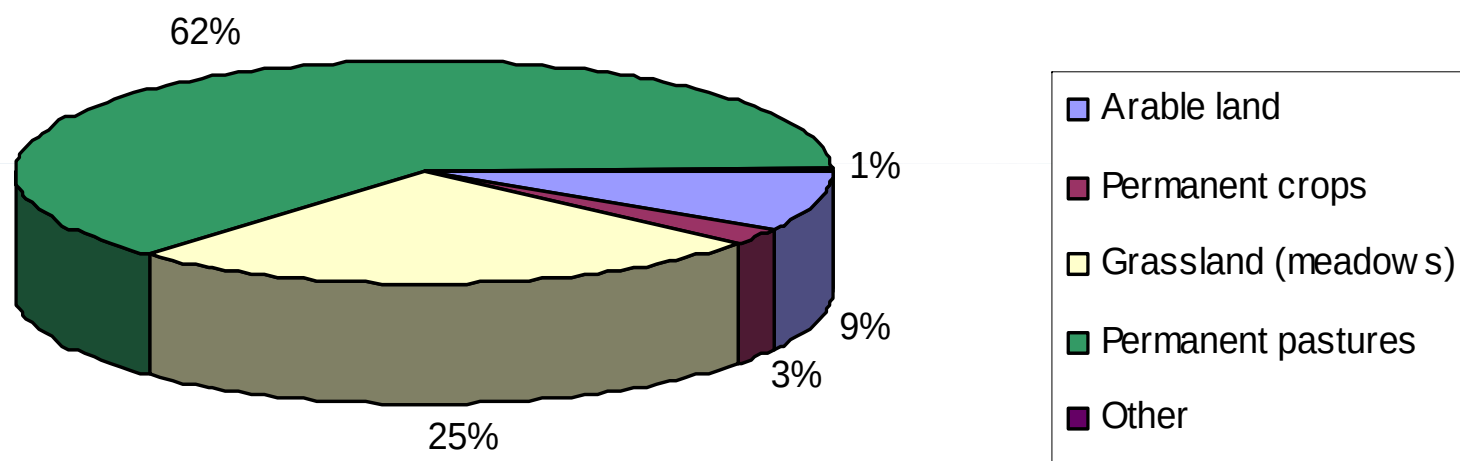
Main characteristics of Montenegro's agriculture

SECTOR'S SHARE IN TOTAL VALUE OF THE AGRICULTURE





Structure of agricultural land in Montenegro



Total Agricultural land - 517,337 ha

Arable land (fields and gardens)	44,524 ha	Grassland (meadows)	128,621 ha
Permanent crops	16,107 ha	Permanent pastures	325,436 ha
Other	2,649 ha		



Buckwheat (grown in the past); nowadays with rye, barley and oat, more and more popular crop in northern part of the country



Seed potato field in the mountain area; potato production plays significant role in agriculture of the mountain areas



Mountain Bjelasica:

Left: traditional and typical settlement called katun'' with a group of cottages where families used to stay during summer – mostly over 5 months

Right: watering place for livestock at pasture



Mountain Sinjajevina: the largest pasture area in Montenegro— more than 50.000 ha, used by the farmers from the five municipalities: Danilovgrad, Kolasin, Mojkovac, Savnik, Zabljak,



Crna Gora
Ministarstvo poljoprivrede,
šumarstva i vodoprivrede



The richness of animal genetic resources in the mountain region



92/07/2008

14/08/2007



Reform activities in the agriculture sector

- Enactment of new legislation: many new laws, harmonized with WTO and Acquis of EU, have been adopted recently; draft of Law on Agriculture and Rural Development accepted by the Government, and entered public debate,
- Reform of the agro-policy by consistent implementation of the Strategy – the National program for Food Production and Rural Development (NP) is the follow-up of the Strategy
- The Activities and the projects related to strengthening of institutional and administrative capacities,
- International integrations: new CEFTA; WTO negotiations are in the final phase; the membership in international organizations (FAO, OIE, IOV, IOC, UPOV etc); EU integration process as the most complex and demanding



Reform activities in the agriculture sector

Objectives of EU integrations:

- Full integration into the EU legal system, with all the rights and obligations,
- Solving of structural weaknesses of the sector during the pre-accession,
- Increase the absorption capacity of agriculture in general,
- Entering into EU without turbulences – the so-called “soft landing”.

Priorities on the EU path:

- SAA implementation (since January 2008 Interim Agreement)
- Full implementation of the National Integration Program (NPI),
- Preparation for the candidate status: development of sector analyses,
- Strengthening of the institutions and administrative capacities,
- Implementation of the EU standards in primary production and processing industry,



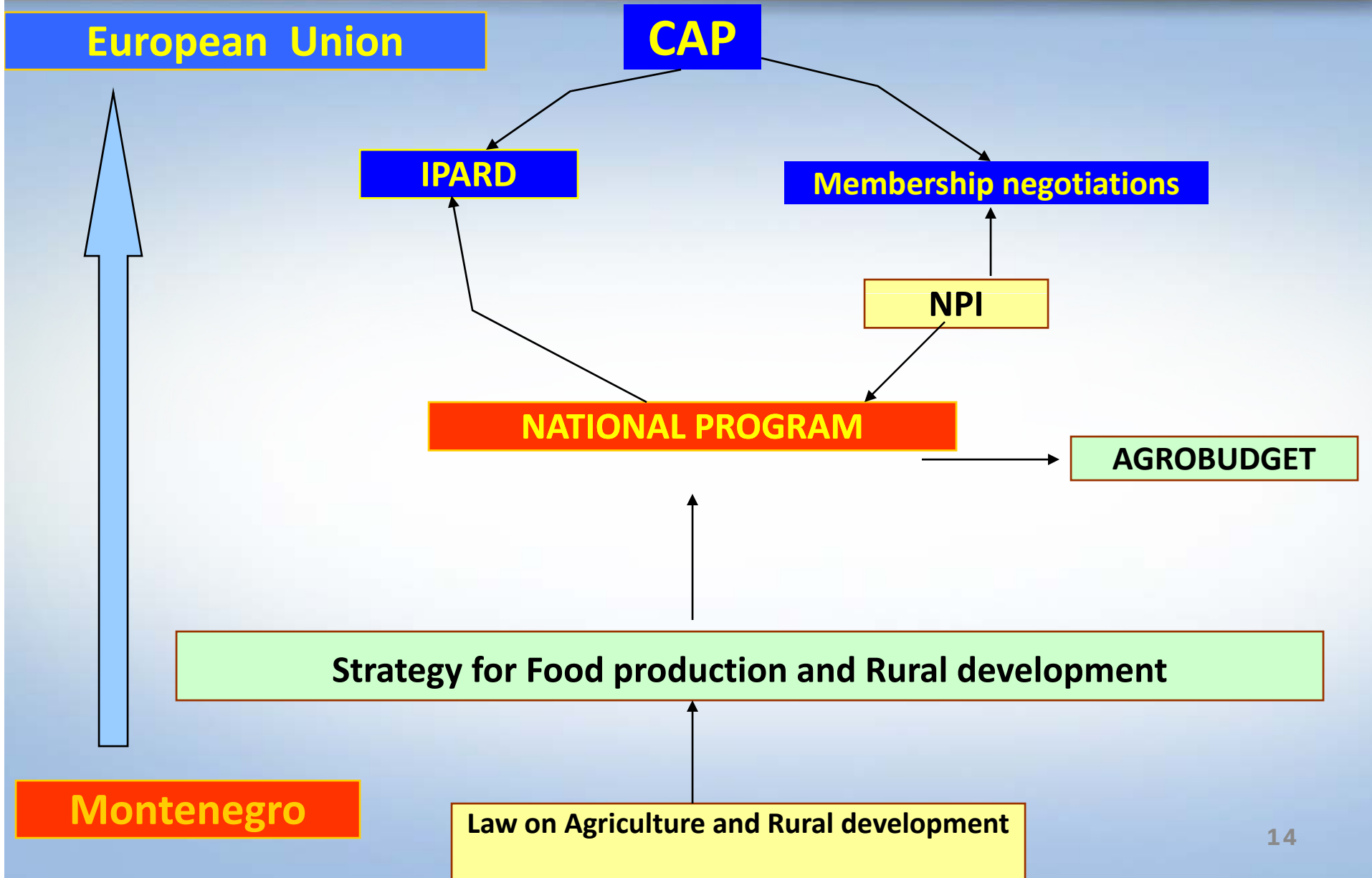
Reform activities in the agriculture sector

The principles in the reforms:

1. Clear vision,
2. Legal frame –laws as a positive frame for development, with applicable solutions and harmonized with EU *Acquis*
3. Strategic guidance (EU model, Strategy, **NP**, RD program),
4. Respecting Montenegrin specificities,
5. Continuity of consistency of policy,



Why NP?





What is NP?

- Operational document of the Strategy,
- Guidance for harmonisation of Montenegrin agro-policy with CAP of EU,
- It defines and designs the agro-policy measures, sorted out by the policies and axes, as single fiches,
- Multi-annual budgetary plan (indicative figures),
- Frame for donor support
 - Choice (menu) of the measures
 - Convergence of the policy
- Tool for strengthening institutional frame and improvement of budgetary procedure



Basic principles in preparation of NP

- **Introduction “CAP-alike” measures:**
 - Respecting WTO rules,
 - Respecting circumstances for implementation of the measures,
 - To introduce more complicate measures in the later stage,
 - To achieve high degree of harmonisation with CAP until 2013;
- **Gradual approach: phase-in new measures and phase-out old ones;**
- **Respecting capacities:** administrative and financial;
- **Improvement of the implementation procedure**
 - Clear eligibility criteria and submission procedure,



Agro-policy measures

Group of measures	No. of measures	National budget, '09-13, %
1. Market policy measures	9	29.0
2. Rural development policy measures	17	39.1
3. Support to general services in agriculture	8	18.1
4. Social transfers to rural population	1	11.2
5. Technical and administrative support to program implementation	1	2.5
Total	36	100



1. Market policy measures

1.1	Direct payments
1.1.1	Supporting livestock production – headage payment for ruminants
1.1.2	Supporting commercial dairy production - premium per litre of delivered milk
1.1.3	Strengthening of milk collection network - co-financing of collection costs
1.1.4	Strengthening of slaughterhouses network - co-financing of the costs
1.1.5	Supporting arable crop production - payment per ha
1.1.6	Supporting tobacco production: 2009–10 per kg, 2011–13 per ha
1.2	Bee-keeping improvement – (competitiveness, quality, education)
1.3	Market stabilisation measures (Market interventions, Risk management)



2. Rural development policy measures

2.1.	Improving competitiveness of agro-food sector – Axis One*
2.1.1	Investments in agricultural equipment and mechanisation
2.1.2	Investments in livestock farms
2.1.3	Restructuring of permanent crop plantations and horticulture
2.1.4	Land operations
2.1.5	Investments in processing of animal products
2.1.6	Investments in storage, packing and processing of plant products
2.1.7	Investments in processing on family holdings
2.1.8	Producers' organisations
2.1.9	Improving the quality of agro-food production and products
2.1.10	Promotion and information activities

* - Co-financing up to 30%, 40% or 50%, depending on the measure, and the criteria



2. Rural development policy measures

2.2.	Measures for sustainable management of natural resources – Axis Two
2.2.1	Less favoured areas (LFAs) - payments per ha or per LU
2.2.2	Preservation of genetic resources in agriculture - payments per LU or per ha
2.2.3	Organic production - payments per ha or per LU
2.2.4	Sustainable use of mountain pastures – per LU
2.3	Measures for improving quality of life and diversification of economic activities in rural areas - Axis Three
2.3.1	Diversification of economic activities in rural areas – investment support
2.3.2	Village renewal and infrastructure improvement – co-financing of the projects
2.4	Leader projects – Axis four - support for the formation of local action groups and their activities



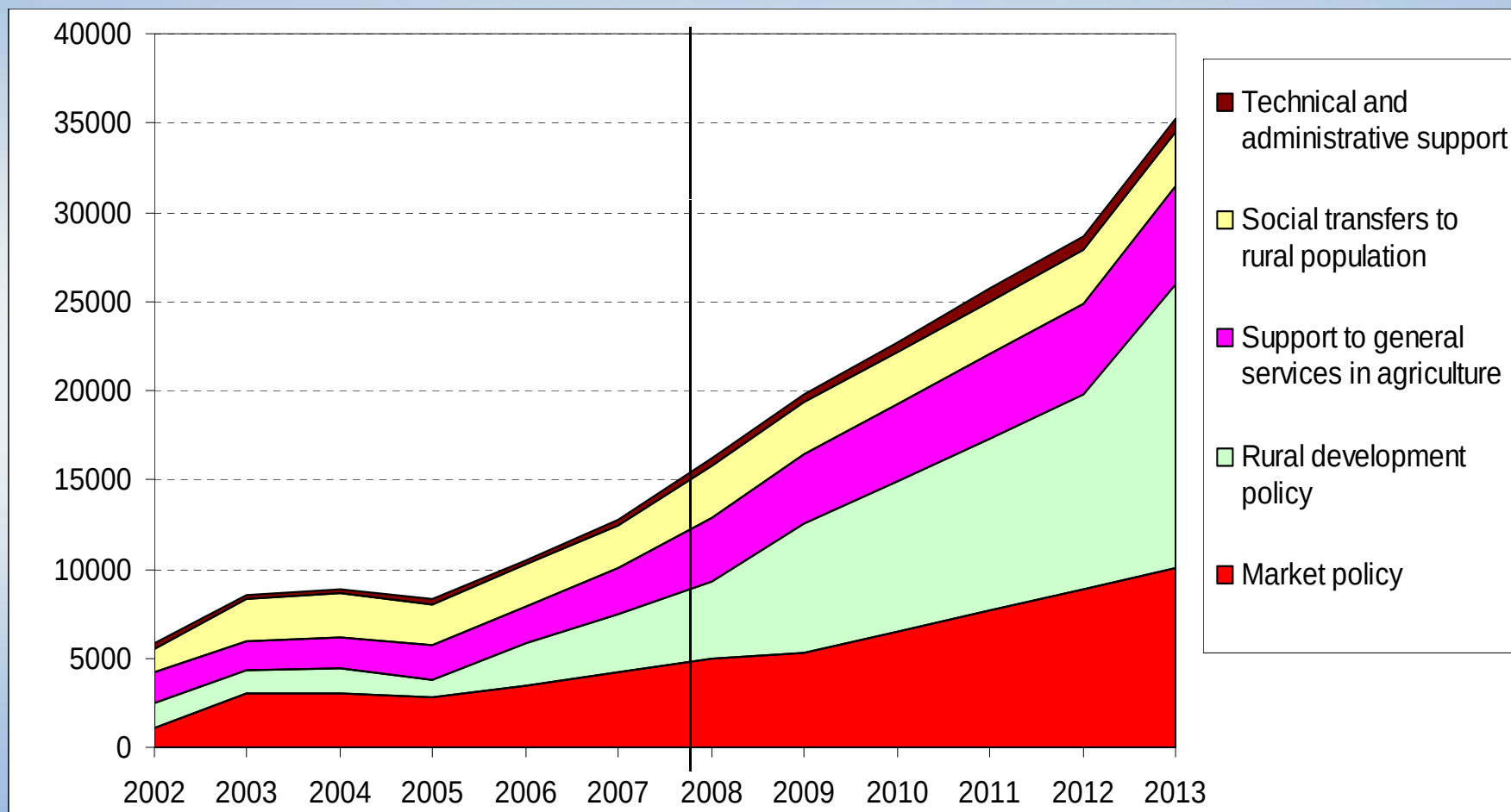
3. Support to general services in agriculture*

3.1	Education, research and analytical work
3.2	Livestock breeding improvement
3.3	Public services for livestock production
3.4	Public services for plant production
3.5	Extension services
3.6	Quality control
3.7	Phyto-sanitary measures
3.8	Veterinary measures

* - Supporting programs



Financial plan 2002 - 2013

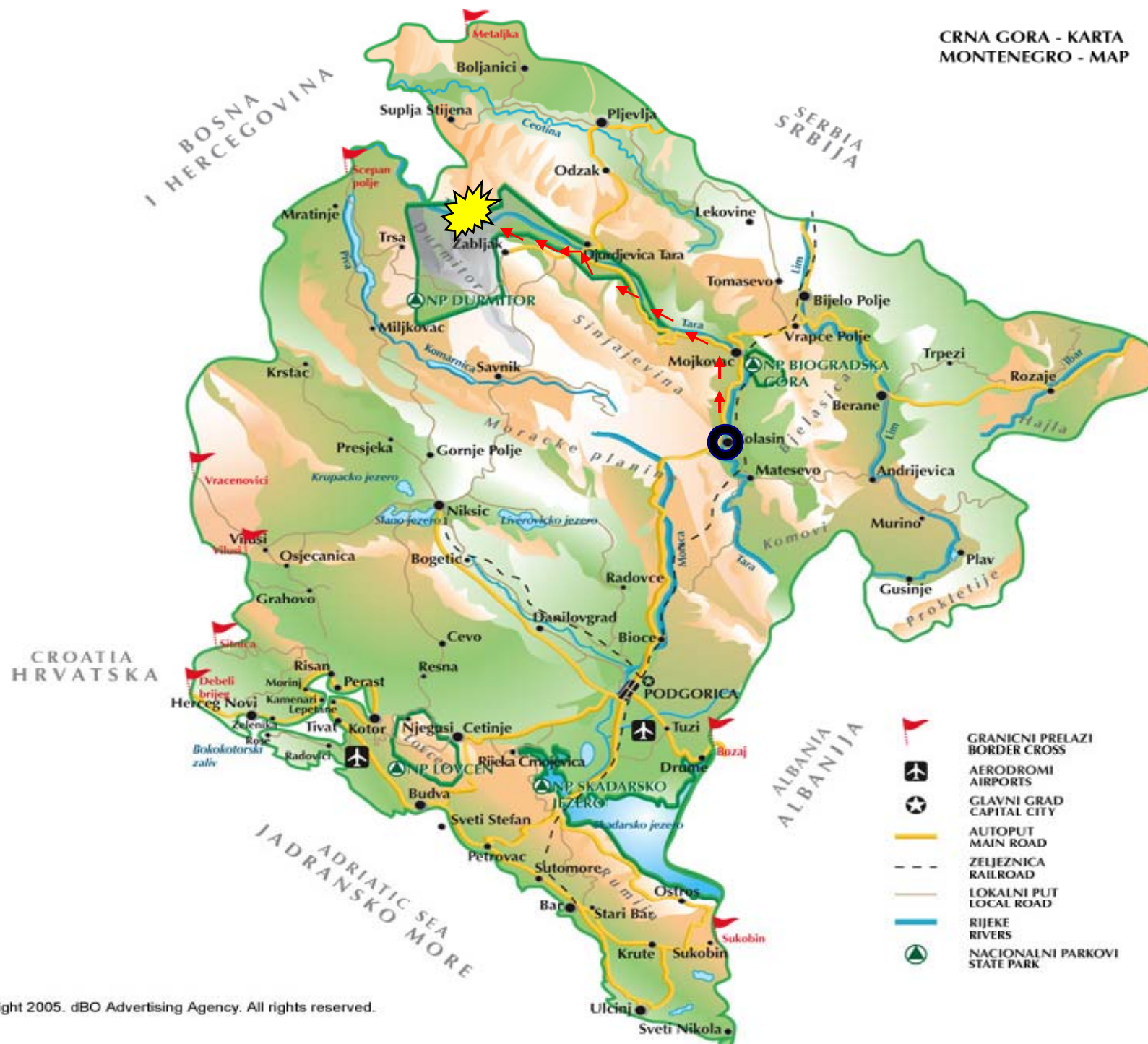




Next steps in the reforms

- Rural development program - EU members–alike,
- Classification and mapping of LFAs,
- Carrying out agricultural census,
- Registers and cadastre,
- Paying agency and IACS,
- Infrastructure in the field, strengthen of advisory service
- Preparation of the local community – beneficiaries

CRNA GORA - KARTA MONTENEGRO - MAP





Crna Gora

Ministarstvo poljoprivrede, šumarstva i vodoprivrede

***THANK YOU FOR YOUR
ATTENTION!***