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***Area Based Development Approach in cross
border rural areas in South East Europe***

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The policy issue:

- Increased marginalisation of remote rural areas
- Particularly in new border regions
- Economic decline, depopulation and poverty increase
- Increasing dependence on agriculture

The policy issue:

- Identified by Ministers as a topic for joint action in the framework of the SWG
- Ministerial Meeting in Jahorina, BiH in 2009:
 - ‘Being aware of the challenging situation in the rural areas, in particular in border rural regions, we strongly support the initiative of applying the area-based rural development approach.’
 - ‘Cross-border rural regions with problems but still with a strong potential for economic growth, should be considered for such rural development projects.’

The activities undertaken:

- Four studies carried out on four border regions
 - 1 Skopje – Nis – Sofia (Land of Shopska) MK-SRB-BG
 - 2 Drina-Tara SRB-MNE-BiH
 - 3 Debar–Peshkopia MK-AL
 - 4 Gunja-Brcko HR-BiH
- Studies identified a range of actions to address the situation
- Not implemented due to
 - Lack of institutional structures to programme and implement the actions
 - Lack of funding

The activities undertaken:

- **2008 EastAgri Round Table to debate**
 - Policy approaches and tools to address such problems
 - Related donor participation
- **conclusions:**
 - Important to develop an integrated approach addressing all critical issues
 - The Area Based Development approach can be used as a tool to facilitate local development and economic growth
 - Need to identify a pilot area for first implementation
 - Carry out detailed ABD study

The activities undertaken:

- **2010 EastAgri Round Table to debate**
 - Constraints, opportunities for trade, private business, the financial sector
 - Constraints from border controls
 - Implementing structures
- **conclusions:**
 - Very difficult to attract main stream private business investments
 - Financial sector only involved if incentive to reduce transaction costs
 - Constraints on border transit for local population and products will remain a major obstacle
 - Recommended Area Based Development approach to plan investments
 - Fundamental to address border issues, rural credits, and to institutionalise cross border cooperation

Without substantial political will and action to address horizontal problems the effect of ABD will remain marginal

The Area Based Development study:

Experiences from previous ABD programmes, LEADER and INTERREG on sustainability of local rural cross border development shows:

- Need for solid public-private partnerships at local level to develop to identify local initiative and prepare the strategy and the programme in a cross border framework
- Need for appropriate top-down support / legal framework and binding, permanent cross-border institutions

ABD in cross border areas



The next steps at technical level:

The ABD study will draw lessons from the case study of Drina Tara for ABD programmes in Western Balkans rural cross border areas, AND:

- **Serve as starting point for actions in the Drina Tara area**
- **Provide definition of the area of implementation.**
- **Propose composition and functions for the partnerships**
- **Map potential replication in other cross border areas of the Western Balkans**

A donor conference to be organised in the spring on these issues

The policy actions needed:

- Programming activities are cross border and requires
 - A cross border steering group to elaborate strategy and programme
 - A secretariat - logistic support from national government and/or donors
 - Local government capacity to monitor implementation
- Financial management capacity to implement the programme
 - Can not operate across borders - national budget constraints
 - Financial management structures set up on each side of the border
 - Balance between local/national responsibilities in financial management

Horizontal policy actions needed:

- **Market access for local products**
 - Very difficult for local product to be competitive on larger markets
 - **Can we bring the market/consumers to the products?**
- **Cross border issues**
 - Bilateral cooperation to facilitate free movement of people and goods
 - **Is there political will and flexibility in existing rules to improve local movements of goods and people?**
- **Financial sector**
 - Affordable financial services not available
 - Credits too expensive or difficult to access
 - **Is it realistic to consider setting up a Credit Institute to facilitate credits at preferential term and to share transaction costs?**

The next steps at political level:

- Ministerial confirmation of the approach and activities
- Ministers for the countries involved in the pilot area to meet and agree on
 - an action plan for the activities to be undertaken
 - The level of involvement of national governments in supporting the local capacity building and ongoing activities
 - Delivery system for financial execution

ABD in cross border areas



***Thank you
for your attention***