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## ALIGNMENT OF AGRICULTURAL AND RURAL DEVELOPMENT POLICY IN THE WESTERN BALKANS WITH EUROPEAN ACQUIS: CASES OF BOSNIA, MONTENEGRO AND SERBIA

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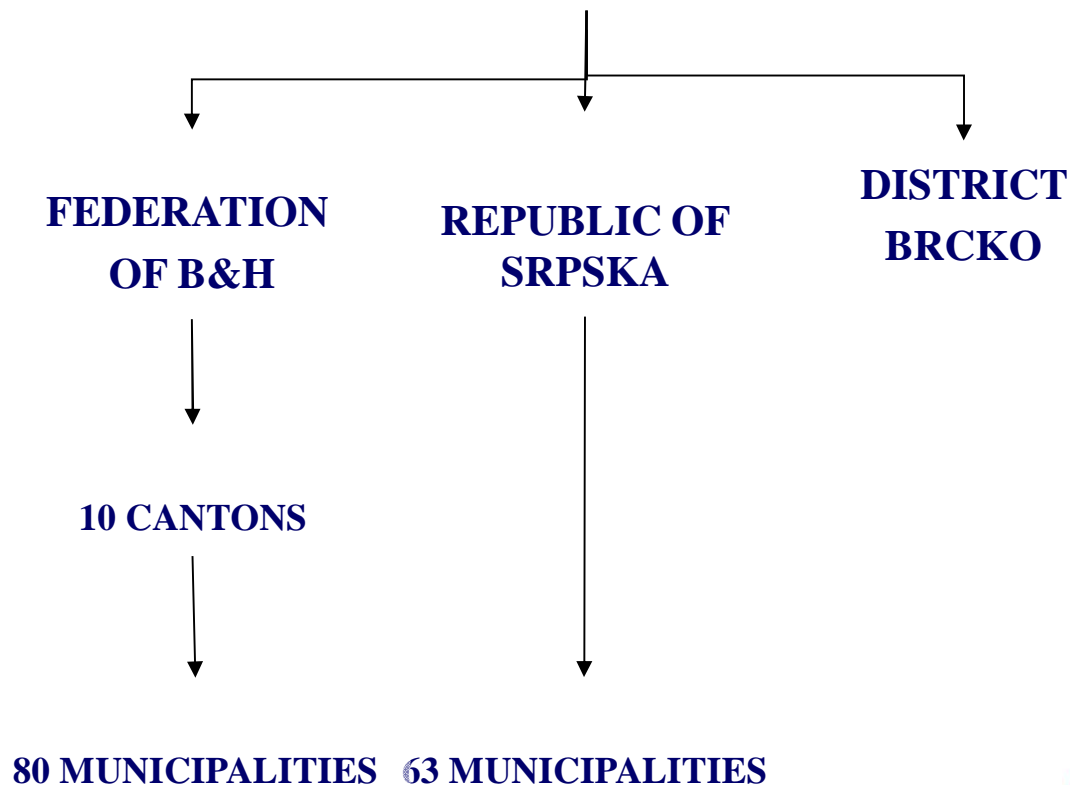
Suchedniow, June 2013



# Introduction

## BOSNIA AND HERZEGOVINA

### Bosnia Herzgovina Administrative Structure



#### Administrative Structure

-  Canton Boundary
-  Municipality Boundary
-  Brcko District
-  Federation Bosnia Herzegovina
-  Republika Srpska

Map Produced by David Meredith

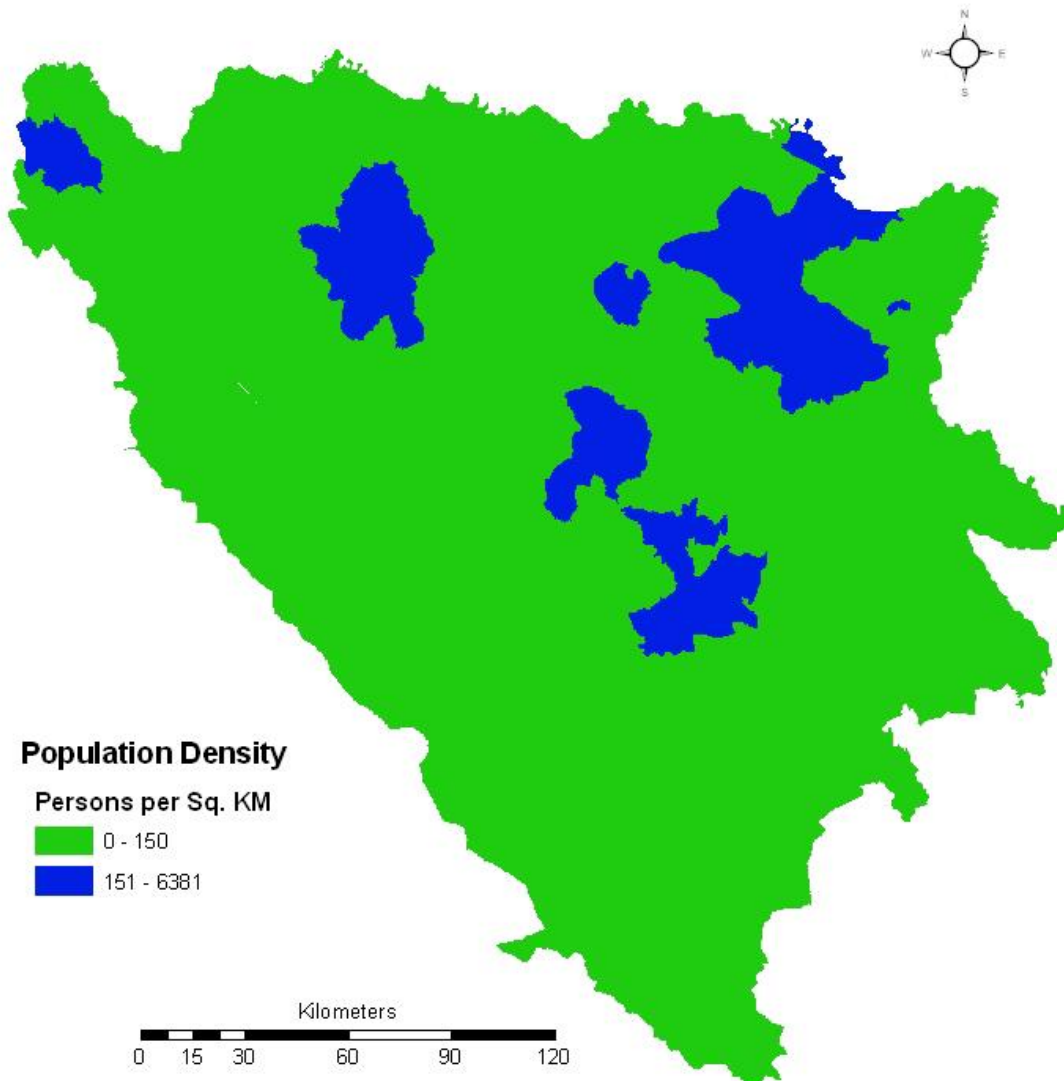
- Agriculture share in GDP was 8.1% in 2011.
- According to the Labour Force Survey for 2012, the agricultural sector employs 167,000 persons.





# Introduction

## Distribution of Urban and Rural Areas



19% of the total area can be classified as **urban**

39% of the population can be classified as **urban**

# Introduction

Montenegro is situated in south-eastern Europe and has a surface area of 13.812 km<sup>2</sup>. According to 2004 census, population is 620,533 with an average density of 45 inhabitants per km<sup>2</sup>.



Montenegro is divided into 21 municipalities

## Map of Montenegro





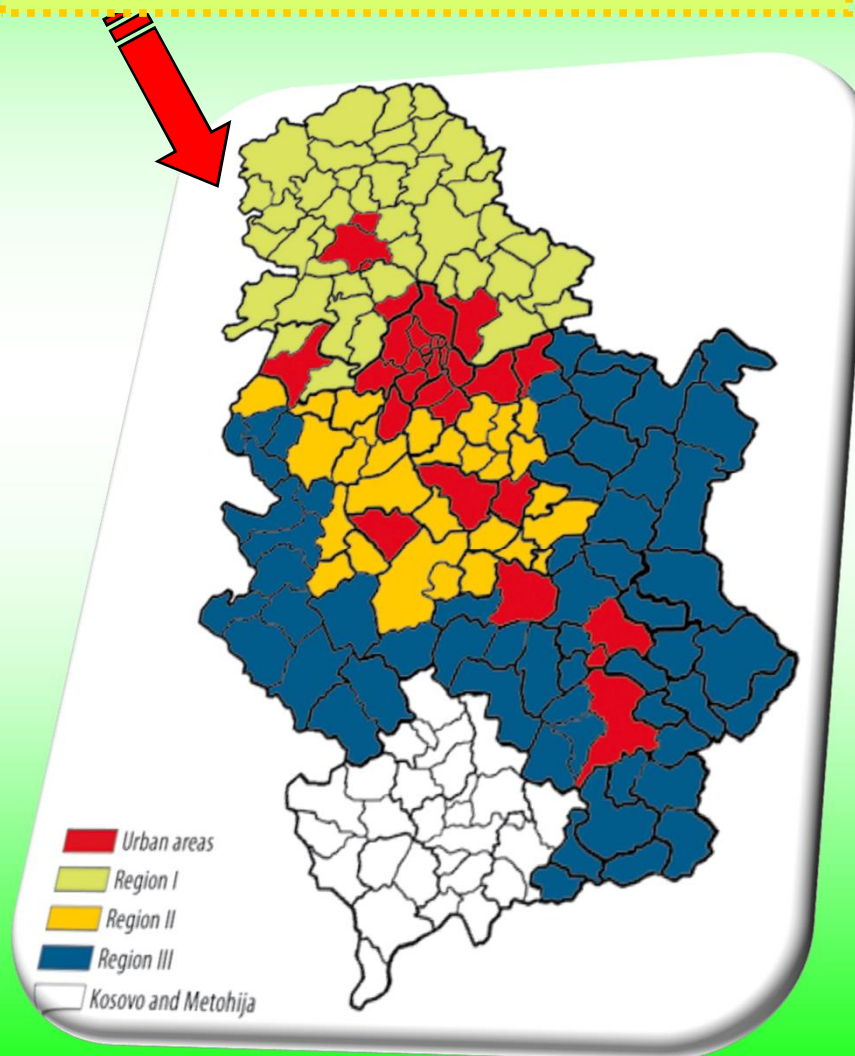
# Introduction

OECD definition of rural areas - rural areas in Serbia cover 85% of the territory where live 43% of the population



About 47% of rural labour force is still engaged in agriculture

## Rural areas in Serbia - OECD criteria





# Introduction

□ Ultimate objective of the Western Balkan countries - EU.

**Montenegro and Serbia official candidates  
Bosnia potential candidate**

□ Since 2007 PHARE, ISPA and SAPARD replaced with IPA.

IPA components:

- ✓ Transition assistance and institution building;
- ✓ Cross-border cooperation;
- ✓ Regional development;
- ✓ Human resource development;
- ✓ Rural development.







# Introduction

## Bosnia and Herzegovina

Financing Agreement  
for the Instrument for  
Pre-accession  
Assistance (IPA) in  
July 2008

June 2008 the EU  
and BiH signed the  
(SAA).

Thessaloniki European  
Council of June 2003

In order to access IPARD funds  
the Framework Agreement was  
signed, but no implementation.



# Introduction

## Montenegro

December 2010 the  
Council granted  
candidate status to  
Montenegro

Montenegro  
submitted an  
application for EU  
membership on 15  
December 2008

Montenegro signed an  
SAA with the EU in  
October 2007

**The EU provides financial assistance  
to Montenegro under the IPA.**





# Introduction

## Serbia

In December 2009  
Serbia applied for  
membership of the  
EU and in March  
2012 Serbia was  
granted EU  
candidate status.

Serbia signed an  
SAA and the Interim  
Trade Agreement  
with the EU on 29  
April 2008

Thessaloniki European  
Council of June 2003

**Serbia received about €596 million  
in the period 2009-2011 under IPA**

# Introduction

## Objective of research?



□ The paper aims at analysing the alignment of the legal and political framework in the field of agricultural and rural development (ARD) with the *acquis communautaire* in the Western Balkans with a particular focus on Bosnia, Montenegro and Serbia.



# Material and methods

Secondary data



Available reports, research papers and statistical databases consulted.



Literature review

Agency of Statistics of Bosnia and Herzegovina, Agricultural Policy Forum for South-Eastern European Countries; Austrian Development Agency; European Integration Office-Serbia; SIDA; USAID; WB.



Ministry of Agriculture-Montenegro; Ministry of Finance-Serbia; MOFTER-BiH; etc.

European Commission





# Results and discussion

## Main ARD policies in Bosnia and Herzegovina

Agricultural and rural development policy-making in the Western Balkan region has often been dictated by ad-hoc considerations

### State level

Rare Country - no Ministry of Agriculture

- ✓ Law on Agriculture, Food and Rural Development (2008)
- ✓ BiH Strategic Plan for Harmonization of Agriculture, Food and Rural development (2009)

### Federation of BiH

- Law on Agriculture (2007)
- Law on Agricultural Land (2007)
- FBiH Agricultural Development Strategy (2007)

### Republika Srpska

- Law on Agriculture (2006)
- Law on Agricultural Land (2007)
- RS Agricultural Development Strategy (2006)
- Strategic Plan for Rural Development of the RS (2009)

# Results and discussion

## The Law on Agriculture, Food and Rural Development of BiH (adopted in May 2008):

- ✧ Measures to support agricultural market (improving products quality, direct support to agricultural farms and foreign trade)
- ✧ and measures related to rural development (increasing competitiveness, protecting rural environment, diversifying activities and improving life quality in rural areas).

RD measures are in line with EU RD policy objectives.

☞ In accordance with the Law on AFRD: MoFTER established the Committee for the Coordination of Information in Agriculture (March 2009), the Working Group for Coordination of Extension Services in BiH (June 2009), the Advisory Council for AFRD (July 2009), and the Agricultural Market Information Service of BiH (August 2009).

# Results and discussion

## BiH Strategic Plan for Harmonization of Agriculture, Food and Rural Development (2008-2011): prepared by MoFTER with supported from the EC

The key objective of the Strategic Plan is to provide a framework for the gradual harmonisation of policies, programmes, institutions, laws, regulations, systems and services both within B&H and with the EU.

## BiH Agriculture, Food and Rural Development Operational Program (2008-2011) (adopted in September 2009).

Operational Program defines six priority areas; three for rural development:

- improving agro-food sector competitiveness;
- protecting the rural environment; and
- diversifying rural activities and improving quality of life in rural areas.

↳ These priorities are similar to the EU RD policy 2007-13 objectives.



# Results and discussion

## Entity-level institutions in charge of ARD and main policies

- ❑ Both entities have developed agricultural strategies that are compatible but not yet harmonized with the Strategic Plan for the Harmonization of BiH AFRD 2008-2011 (MoFT, 2010):
- ❑ The FBiH approved the extension of existing Agriculture Development Strategy (2006-2010) for two years and RS (2009-2015).
- ❑ The Strategic Plan for Rural Development 2009-2015 was adopted in the RS (November 2009).
- ❑ Development Strategy of AFRD 2008-2013 in the Brcko District was prepared in 2008.
- ❑ In 2010 the Medium Term Entities' Strategies for providing advisory services were prepared.

# Results and discussion

Harmonization of the national legislative framework with the EU *acquis* is an on-going process in BiH across all sectors

Although BiH made some important steps towards EU integration, it is still at an early stage of approximation with the EU *acquis* in agriculture and rural development, food safety, veterinary and phytosanitary policy



Bosnia and Herzegovina has not yet adopted a country-wide rural development strategy.

BiH agricultural policy actually does not exist; it is an aggregate of policies at the entity and cantonal levels, which practically have no coordination whatsoever.

# Results and discussion

LITTLE progress was made with the preparations for the Instrument for Pre-Accession Assistance for Rural Development (IPARD). A sectoral analysis was prepared for five sectors.

Subsidies to farmers are mainly product-based and not aligned with the *acquis*.

Agricultural statistics and the agricultural information system have yet to be improved.

It is clear that BiH needs to adopt the agriculture and food standards on its path towards the EU.

If BiH companies and agricultural producers wish to trade on the global market, they need to build their knowledge and capabilities to increase supply capacity, quality, competitiveness and compliance with standards.



# Results and discussion

## Montenegro

Rural development policy plays a very important role in the new Montenegrin agricultural policy

The National Programme for European Integration + National Strategy for Sustainable Development are the key documents for the overall country development

Agricultural and rural development policy framework in Montenegro is defined by the strategic document "**Montenegro's Agriculture and the European Union - Agriculture and Rural Development Strategy**

### Objectives:

- (a) sustainable resource management; (b) stable and acceptable supply of safe food; (c) ensuring an adequate standard of living for the rural population; and (d) increasing in competitiveness of food producers.

# Results and discussion

## Law on Agriculture and Rural Development adopted in 2009

### National Programme for Food Production and Rural Development (NPFPRD), adopted in November 2008

The NPFPRD comprises five groups of measures:

- market policy measures,
- rural development policy measures,
- support to general services in agriculture,
- social transfer to rural population
- and technical assistance for programme implementation

# Results and discussion

National schemes to support agriculture *i.e.* agro-budget includes:

- ✓ measures for market price policy;
- ✓ RD policy (strengthening competitiveness; sustainable resource management; improving the quality of life in rural areas);
- ✓ general services; social transfers;
- ✓ and fishery

**For a better harmonization of Montenegrin legislation with the *Acquis communautaire* many laws were adopted or are in the parliamentary procedure**

Progress was positively assessed from abroad.

**Two main challenges remain:** to build up the implementation structure; and to provide appropriate budgetary allocation to support the agricultural sector



# Results and discussion

The first draft of IPARD Programme has been submitted to the Commission for comments in 2011

IPARD Programme in Montenegro will support the alignment with the Community standards, and restructuring and modernisation of the agriculture and food processing industry as well as diversification.

According to EC [2012], some progress has been made in the area of agriculture and rural development in Montenegro

Support for rural development measures is increasing due mainly to grant support under a World Bank project

# Results and discussion

Serbia

**In 2005, the government adopted the  
Agriculture Development Strategy.**

From 2007, the implementation of agricultural policy has been permanently changing. Programs and regulations were changed and/or abolished several times during the year, and payments to the users were delayed.

**The Law on Agriculture and Rural Development (LARD)  
(Official Gazette of the RS No. 41/09) was adopted in  
May 2009**

The LARD regulates the objectives and implementation of agricultural policies, forms of incentives in agriculture and rural areas, the conditions for eligibility for incentives, and incentive beneficiaries. It established the Department of Agricultural Payments as a body within the ministry responsible for agriculture.

# Results and discussion

Implementation of the policy is based on the Strategy of Agriculture and Rural Development, the National Programme for Agriculture and the National Programme of Rural Development

The EU has funded a technical assistance project titled Support to Rural Development Programming and Payments System (2006-2008), managed by the European Agency for Reconstruction. This project introduced the Ministry of Agriculture staff to the preparation, implementation, monitoring and evaluation of rural development programs, as well as planned procedures and tools to support these actions. Some of these skills have been developed, and National Rural Development Strategy Plan 2008-2013 and National Rural Development Program for 2008-2013 were prepared

# Results and discussion

Other key national strategies affecting the agricultural and rural development sector include:

- ❖ Energy Development Strategy of the Republic of Serbia;
- ❖ The Biomass Action Plan for the Republic of Serbia 2010-2012;
- ❖ The National Sustainable Development Strategy (2008);
- ❖ The Strategy for Regional Development (2007-2012);
- ❖ The National Employment Strategy 2005-2010;
- ❖ The Strategy for the Development of Tourism of Serbia (2005 - 2010);
- ❖ The National Programme for Environmental Protection (2010);
- ❖ The Poverty Reduction Strategy of the Government of the Republic of Serbia (2003)



# Results and discussion

Implementation of agricultural policy is done through the following types of subsidies:

- **direct subsidies** (bonuses, subsidies for production, recourse and support to non-commercial farms),
- **market incentives** (export subsidies, storage costs and credit support)
- **and structural incentives** (measures of rural development, improvement and protection of agricultural land quality and institutional support).

**The biggest challenge for Serbia will be the institutional changes and the capacity building**

Serbia needs to pay extra attention to establishing the administrative structures required for the CAP.

# Results and discussion

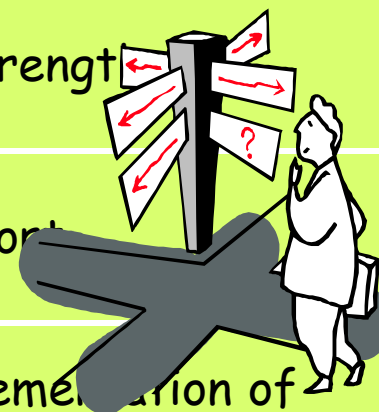
*Direct payments* in Serbia gradually need to be brought into line with EU rules, decoupling direct aid payments from production

Generally speaking, in the last decade, there have been quite substantial changes to agricultural policy in most Western Balkans (WBs) countries. A wide range of support instruments and measures are applied across the WBs.

# Conclusion

## Rural situation has improved in Bosnia, Montenegro and Serbia

- Policy in the ARD sector is undergoing a rigorous process of adaptation towards being in line with the CAP
- Introduction and implementation of the instruments and establishment and/or strengthening of the competent institutions
- Not fully developed legal frameworks and do not have adequate action plans and strategies for enforcement
- The lack of stability in policy planning and implementation is another problem
- slowly at all levels - from establishing the institutional and legislative framework, implementing agricultural policy, to inspection controls.
- current capacity of the ministries of agriculture needs to be strengthened
- Rural development policy is still subordinate to production support
- modernization of agricultural policy administration and the implementation of



# Conclusion

Modernization of public services regarding agriculture.

The ARD policy frameworks need further adjustments to be aligned with the EU *acquis*, including moving towards decoupled support measures.

FUTURE WILL BE SUCH AS WE CREATE IT...



The three Balkan countries have to speed up the harmonisation process for adopting the objectives and instruments of CAP.

More attention should be given to alignment regarding horizontal issues as well as in common market organisation, rural development, quality policy, organic farming areas.

A clear long-term strategy for ARD policy reform, incorporating the expected EU accession agreements and impacts, is a precondition for the efficient adjustment of agriculture and rural economy.





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