



Agricultural Policy Forum 2022

***Agriculture and Rural Development in the context of the Green Agenda for the Western Balkans:
Overcoming the Impact of the Global Challenges***

Agricultural Policy Developments in the Western Balkans

***Dragi Dimitrievski, Aleksandra Martinovska Stojcheska,
Ana Kotevska, Ivana Janeska Stamenkovska
AAEM / FASF***

18 - 20 October 2022
Tirana, Albania



Implemented by:



Framework

- Review of policy milestones, **strategic and operational framework** of national policies in WBC and Türkiye
- Overview of the **institutional/administrative policy framework**
- Overview of the **Covid-19 related** agricultural policy interventions and implications
- Policy objectives, instruments and measures addressing the need for **greener policy** in view of the growing challenges related to climate change, biodiversity loss and management of natural resources
- Existing policy framework to evaluate **compliance with EU standards** in primary production and processing and state of harmonisation with the EU CAP (including the EU Green Deal – Farm to Fork Strategy and WB Green Agenda)



Method and data

- **Previous work** (Volk 2010; Volk, Erjavec, and Mortensen 2014; Volk *et al.* 2016; Volk, Erjavec, and Ciaian 2017; Study 2021)
- Common pre-defined **APMC tool** (budgetary transfers to agriculture: CAP and OECD)
- Focus on recent developments agricultural policy in WB and Türkiye in **2020 and 2021** (compared to 2017-2019 or last decade)
- **Agricultural policy documents** (strategic and programming documents, legal framework), research studies, personal communications, expert assessment
- **Cross-country comparative analysis** - WBs and Türkiye, and EU (plus national reports, part of the whole study)

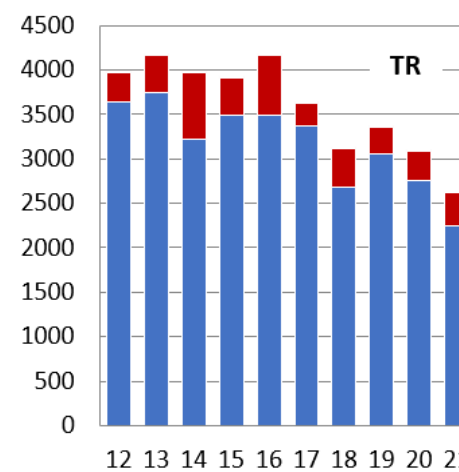
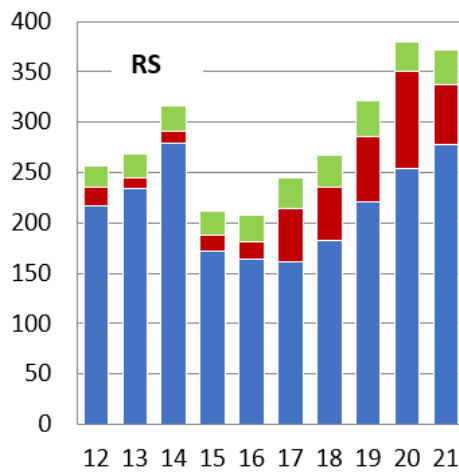
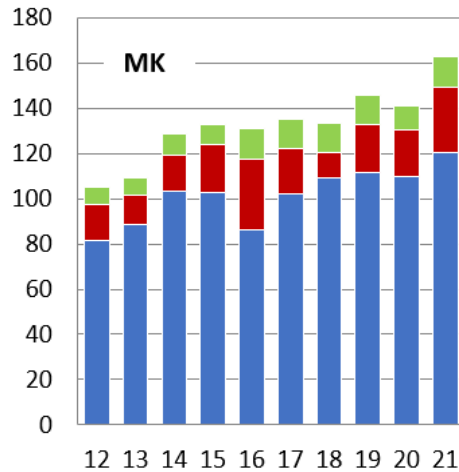
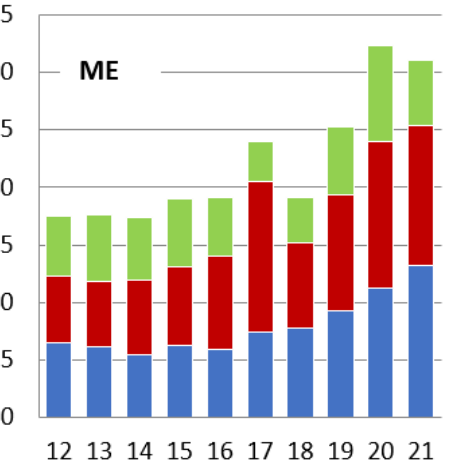
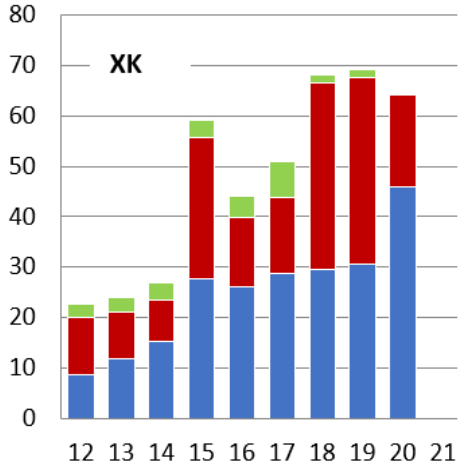
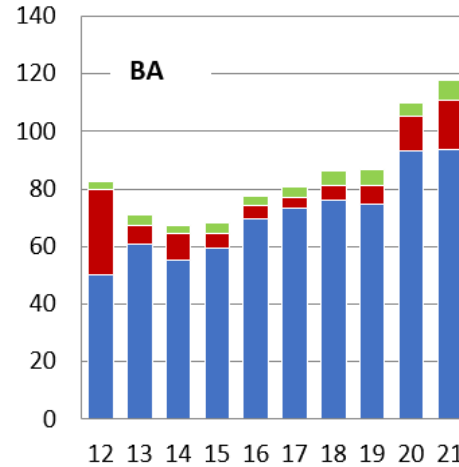
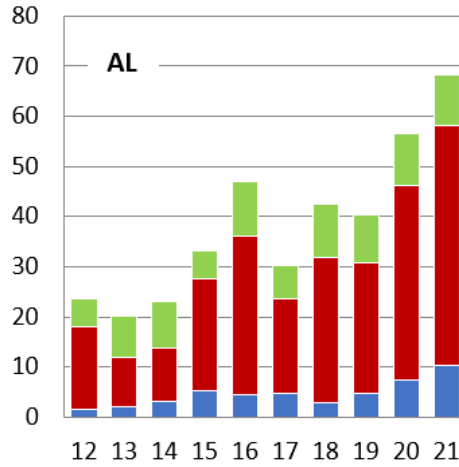


Key findings

- All countries have **adopted or in process of adoption of national strategies for agriculture and rural development**, as long-term documents defining the future development of the sector, covering periods 2021-2027 (AL, MK, BA**), 2022-2028 (XK*, ME), 2014-2024 (RS), 2019-2023 (TR)
- **IPARD III 2021-2027** continued in IPARD countries (AL, ME, MK, RS, TR)
- The strategic objectives set for agriculture and rural development are **strongly related to the EU CAP objectives**. Common objective present in all countries' strategic orientations is **competitiveness**, with **environmental protection** and **development of rural areas** gaining more attention.
- Smart specialization strategies adopted (RS, ME) or underway: **agri-food recognised as a priority domain** in all countries.

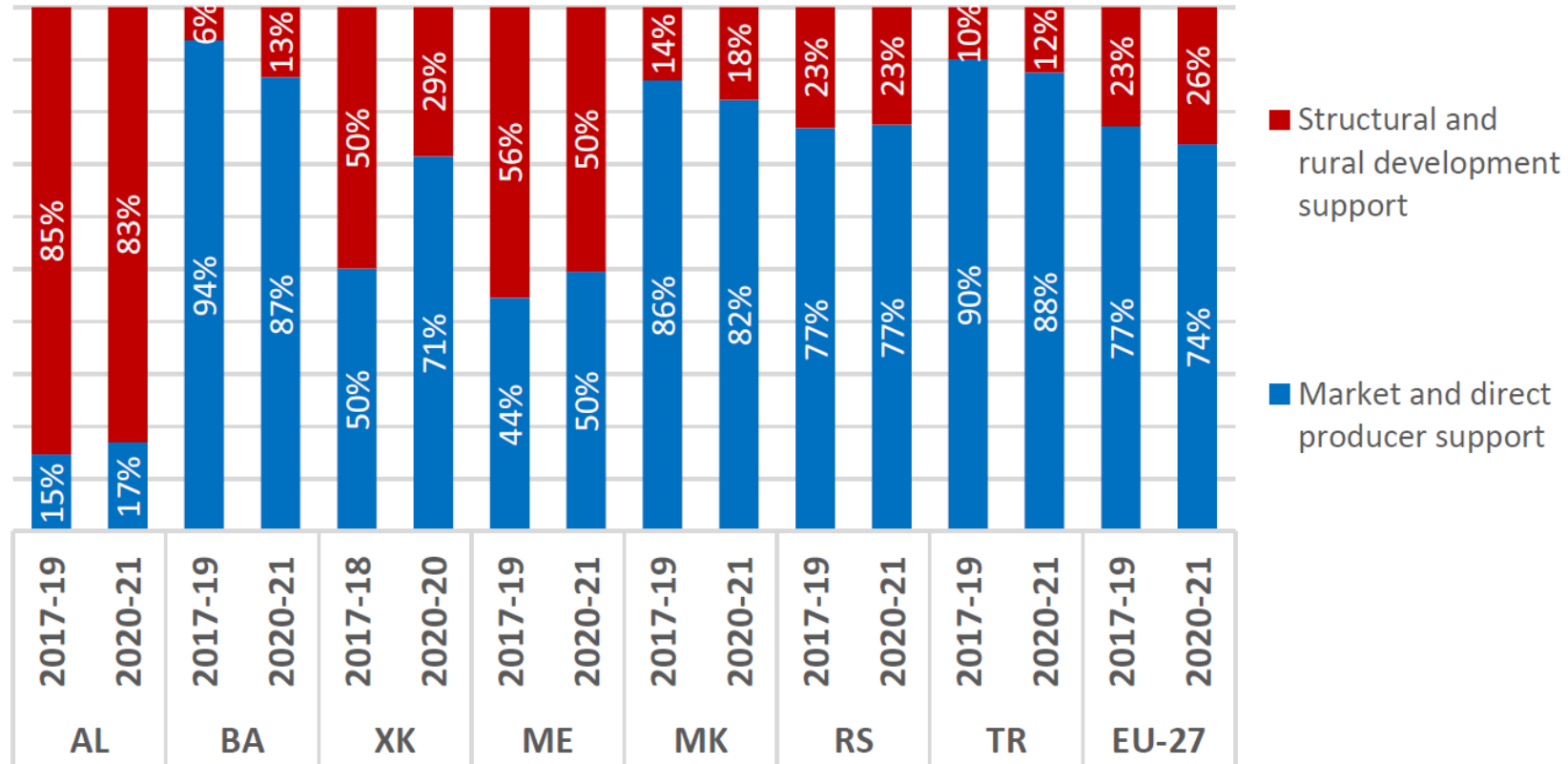


Total budgetary transfers to agriculture in WB and TR (2012-2021, EUR mill.)

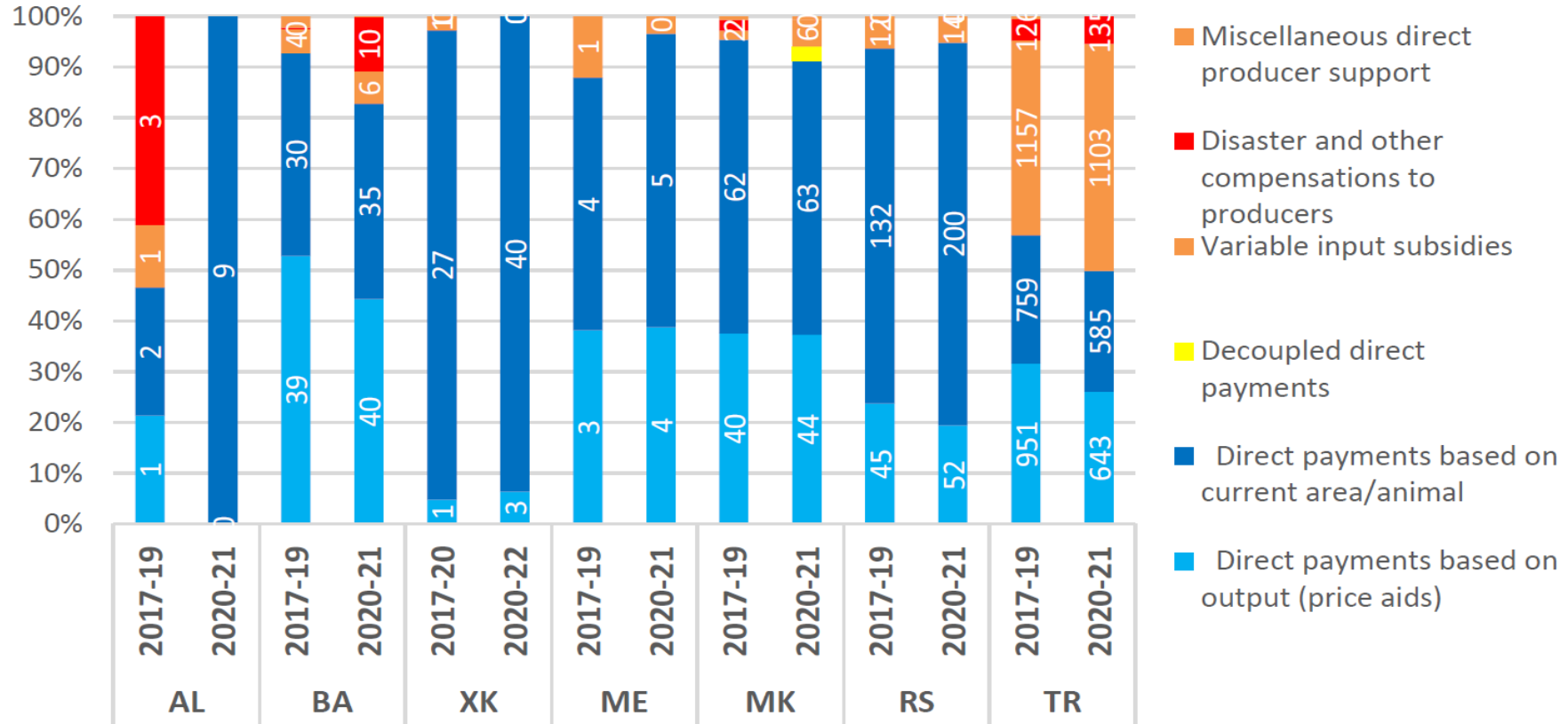


- Other measures related to agriculture
- Structural and rural development measures
- Market and direct producer support measures

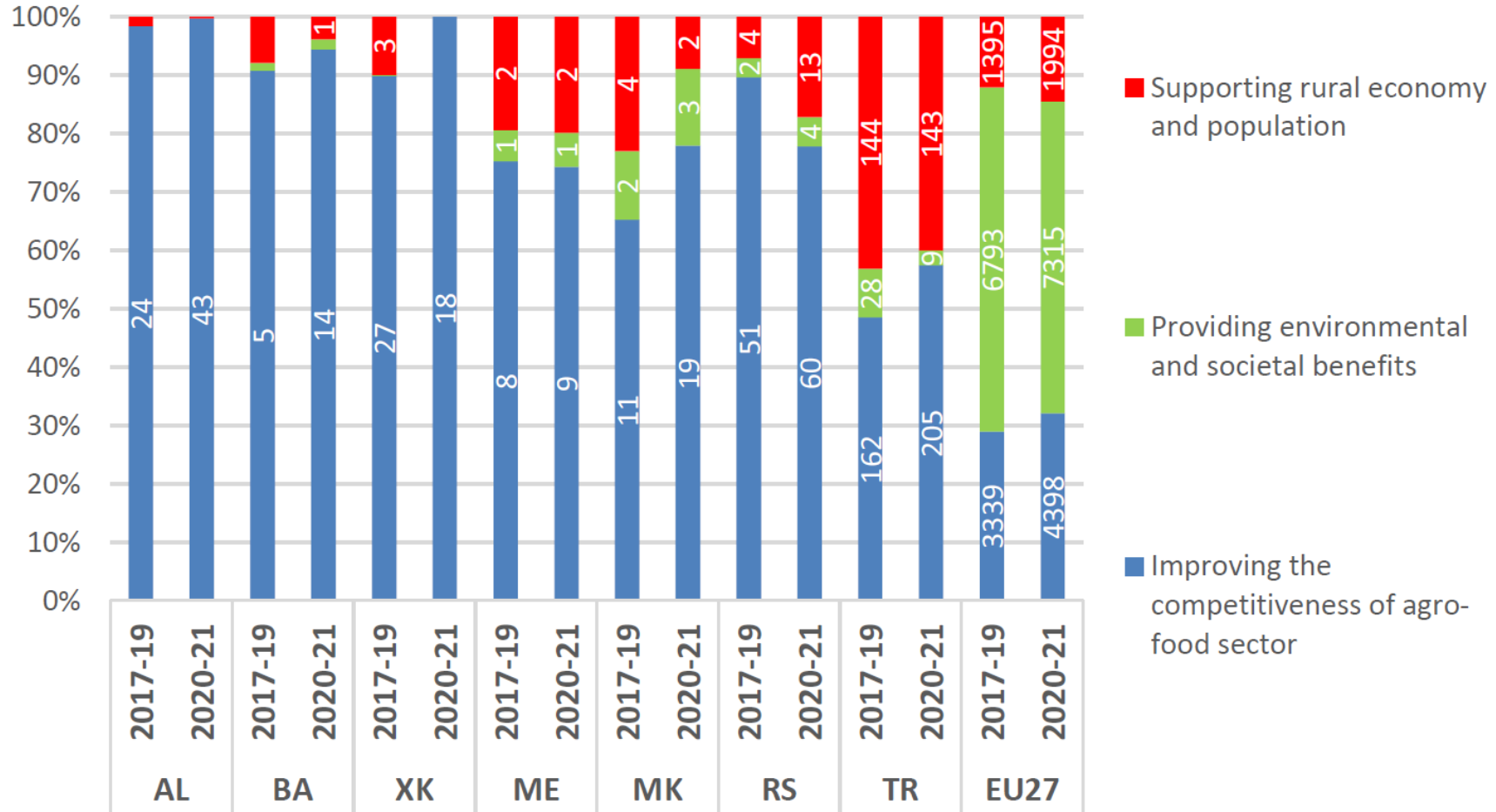
Structure among pillars



Direct producer support measures



Structural and rural development support



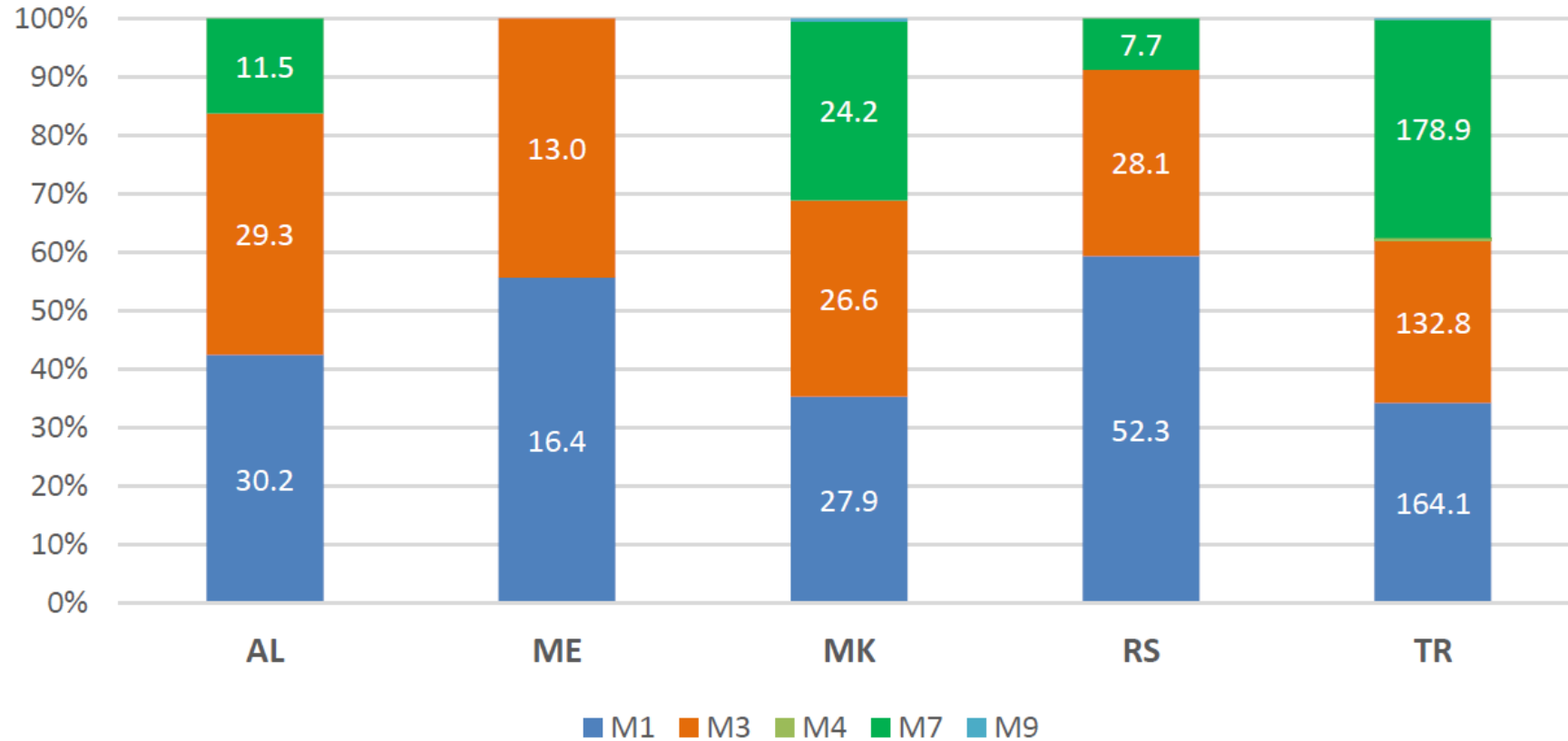
IPARD II approved funds (mill. EUR)



	AL	ME	MK*	RS	TR
No. of applications	1057	805	4173	2 521	6 690
No. of approved applications	408	416	2327	834	5 774
Rate of approved applications	39%	52%	56%	33%	86%
Used EU part	53.2	22.1	59.3	66.0	359.4
Used national contribution	17.7	7.4	19.7	22.1	119.4
Total used funds	70.9	29.3	79.1	88.1	478.8
Allocated EU funds	71.0	39.0	60.0	175.0	801.0
Funds approved by end 2021	75%	57%	99%	38%	45%

Source: Country case studies (Chapters 2 to 8). Note: * Data available as of 07.03.2022, other countries by end 2021.

IPARD II approved funds across measures



Diversification

Marketing and processing

On-farm investments

Covid-19 response

- Strong disruptions in all WB economies and TR, especially when the restriction measures were introduced since March 2020.
- Reduction in trade, disrupted supply chains and reduced investments. Still, North Macedonia and Serbia managed to record growth even during this period.
- Almost all countries introduced a set of economic measures to maintain the liquidity of the companies, to reduce the unemployment, to postpone and debts and introduce new credit lines, and applied different sector specific measures to mitigate the consequences to the agricultural sector.
- Food security issue raised, now even more pronounced with global crisis ongoing Ukraine.



Greener policy instruments and measures

- References to the greener economy concept, especially those linked to climate change, biodiversity loss and management of natural resources, incorporated in the national strategies for agriculture and rural development.
- The Western Balkans is one of the regions in Europe most heavily affected by the impact of climate change, hence the recognized need for protection of biodiversity and natural resources.
- Greening of the policy in the WBC are encouraged by the Green Agenda for the Western Balkans (GAWB), based on the European Green Deal and the Economic and Investment Plan (EIP).
- Although with slight increasing trend in recent years, the share of budget and number of measures currently linked to greener policy in the WBS remains very modest.



Environmental protection measures breakdown and share in total support

Country/ territory	Period	Budgetary transfers (EUR mill.)			Proportion (%)	
		Payments to farmers in areas with natural & environmental constraints	Agro-environment, organic and animal welfare payments to farmers	Providing environmental and societal benefits	In Structural and rural development measures	In total agricultural budgetary transfers
AL	2017-2019	-	-	-	-	-
	2020-2021	-	-	-	-	-
BA	2017-2019	0.03	0.10	0.07	1.32	0.08
	2020-2021	0.05	0.15	0.25	1.73	0.22
XK	2017-2019	-	0.08	0.08	0.25	0.12
	2020	-	-	-	-	-
ME	2017-2019	-	0.54	0.54	5.30	2.37
	2020-2021	-	0.72	0.72	5.80	2.28
MK	2017-2019	0.90	1.43	2.03	11.66	1.47
	2020-2021	2.90	1.75	3.25	13.16	2.14
RS	2017-2019	-	1.84	1.84	3.25	0.66
	2020-2021	-	3.85	3.85	4.98	1.02
TR	2017-2019	-	27.78	27.78	8.34	0.82
	2020-2021	-	9.01	9.01	2.53	0.31

Source: WBC&TR APMC databases.

EU approximation

- The EU approximation is a **long-term process** of legislative harmonization and establishment of appropriate administrative setup.
- The progress in this process is **very heterogeneous** across the countries/territories.
- An integrated administration and control system (IACS) is still lacking in some of the countries (Albania, Bosnia and Herzegovina) with elements of the land parcel identification system (LPIS) or the farm accountancy data network (FADN) needed to be established, or upgraded and continuously improved in the countries where they are already in place (North Macedonia, Serbia, Türkiye).
- What is common for all of them is the **need for further improvements of the human capacities, institutional setting, inter-institutional and inter-sectoral cooperation, and simplification of the administrative and control systems, for the implementation of agricultural policy measures.**





REPUBLIKA E SHqipëRIE
MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT

EU approximation progress

Agricultural
Policy Forum
Tirana, Albania



Country/ Year		Chapter 11. Agriculture & Rural Development	Chapter 12. Food Safety, Veterinary & Phyosanitary Policy	Chapter 13. Fisheries
AL	2019	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red]
	2021	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]
BA	2019	[Magenta][Red]	[Magenta][Red][Brown][Yellow]	[Magenta][Red]
	2021	[Magenta][Red]	[Magenta][Red][Brown][Yellow]	[Magenta][Red]
XK	2019	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red]
	2021	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red]
ME	2019	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow]
	2021	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow]
MK	2019	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange][LightGreen][Green]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]
	2021	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange][LightGreen][Green]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]
RS	2019	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]
	2021	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]	[Magenta][Red][Brown][Yellow][LightYellow][LightOrange]
TR	2019	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]
	2021	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]	[Magenta][Red][Brown][Yellow]

Legend:

- totally incompatible
- early stage / very hard to adopt
- some level of preparation
- further efforts needed
- moderately prepared
- no major difficulties expected
- good level of preparation
- well prepared / well advanced



Key findings highlights

- EU's CAP – benchmark for agricultural policies in pre-accession countries – however, long lasting period of accession, influencing faster adoption of all CAP elements
- New strategic documents - adopted or finalizing adoption, with common strategic objectives across the countries: competitiveness, environmental protection and rural development
- Smart specialization strategies - agri-food sector among the key priorities, emphasizing boosting knowledge transfer and collaboration
- Operational institutional structure – present, but lacking human resources and capacity building
- Total budgetary transfers to agriculture – increased in all WBs and still decreasing in TR in 2020-2021, far below EU average
- Market and producer support measures – mostly coupled direct payments (per area or animal number or output), North Macedonia the only to introduce initial decoupled measures
- Transfers for structural and rural development measures – increased, still first pillar dominating in all except Albania and Montenegro
- Greening aspects remain modest on the implementation side



Key recommendations

- Further improvements in human resources and institutional setting: inter-institutional and inter-sectoral cooperation, simplification of the administrative and control systems for policy implementation
- Agri-food systems transformation – more focus on support to structural and rural development, while protecting the environment
- Time of crisis – food security importance, use of abandoned and uncultivated land, expansion of storage capacities, interventions in the food reserves, attention to food waste (structural deficiencies and low productivity persist)
- Enhance resources and capacities focusing on regional cooperation in order to resolve cross-border issues, such as climate change
- Future efforts to enhance policy based on evidence and research



Thank you for your attention

policyag@gmail.com

ddragi@fznh.ukim.edu.mk