



MONTENEGRO

Negotiating Team for the Accession of Montenegro to the European Union
Working Group for Chapter 11 – Agriculture and Rural Development

Financing of Montenegrin Agriculture

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ja za evropu evropa za mene

The logo consists of the text 'me4eu' in red and blue, with a yellow star between the '4' and 'eu'. Below it is 'eu4me' in blue and red, with a yellow star between the '4' and 'me'. At the bottom is the slogan 'ja za evropu evropa za mene' in a smaller font.



Legal framework in Montenegro

- ❖ **Law on Agriculture and Rural Development** (Official Gazette of Montenegro 56/09);
- ❖ **2011 Law on Budget** (Official Gazette of Montenegro 12/07; 73/08; 87/09; 78/10; and 66/11);
- ❖ **Decree on requirements, method and dynamics of implementation of the agrarian policy measures for 2011 - Agrobudget** (Official Gazette of Montenegro 66/11).



Programming and planning of funds

Foreseen by the Law on Agriculture and Rural Development:

Art.4: Strategy (for the 10- year period);

Art.5: National programme for food production and rural areas;

Art.6: Requirements, method and dynamics of implementation of the agrarian policy, are regulated in the beginning of the fiscal year by the Government's Decree - Agrobudget, containing:

- funds envisaged by individual measures;
- requirements and criteria;
- method of control of measure implementation;
- method of monitoring and assessment of the effects (indicators);
- method and procedure for granting of incentives; measures for removal irregularities.

Art.7: Report on implementation of the National Programme/ Annual Report until 31 March for the previous year.



Law on Budget

Containing:

- current budget,
 - state funds,
 - capital budget,
 - expense financing transaction.
- Agriculture and forestry are on budgetary positions 41101-41105
- Art.7 (expenses financed from donations and allocations for which the state assumed the obligation of loan repayment):
- World Bank project-MIDAS (Montenegro institutional development and agriculture strengthening);
 - DANIDA donation- Organic agriculture development Programme of Montenegro,
- foresees possibility of incorporating additional funds in the budget to the level of realization or withdrawal of these funds.



Institutional Framework in Montenegro

- ❖ **Ministry of Agriculture and Rural Development**
- ❖ **Ministry of Finance**
- ❖ **State Audit Institution**
- ❖ **Investment Development Fund**
- ❖ **Budgets of local governments**

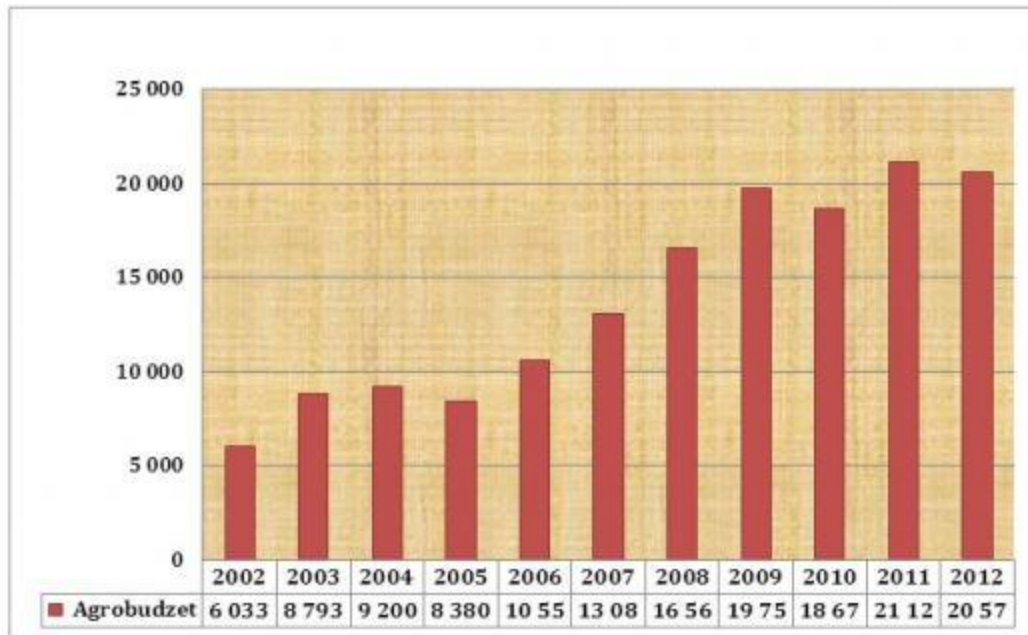


Gross domestic product (GDP), National Budget, Agrobudget (total and by groups of measures) for the period 2007 – 2011

	2007	2008	2009	2010	2011
A) GDP (in mil. €)	2,808	3,025	3,083	3,201	3,234
B) National budget (in mil. €)	776	1,423	1,484	1,438	1,451
C) Agrobudget (000)	13,081	16,560	19,750	18,671	21,122
C1) Market policy price measures	4,219	4,951	5,304	5,083	5,710
C2) Rural development policy measures	3,199	4,387	5,976	4,743	6,615
C3) Support to general and other services in agriculture	2,666	3,542	3452	3,907	1,126
C4) Social transfers for rural population	2,400	2,900	2,900	2,920	2,820
C5) Rest	598	781	1,770	1,918	836
% C/A	0.5	0.5	0.7	0.6	0.7
% C/B	1.7	1.1	1.3	1.3	1.5

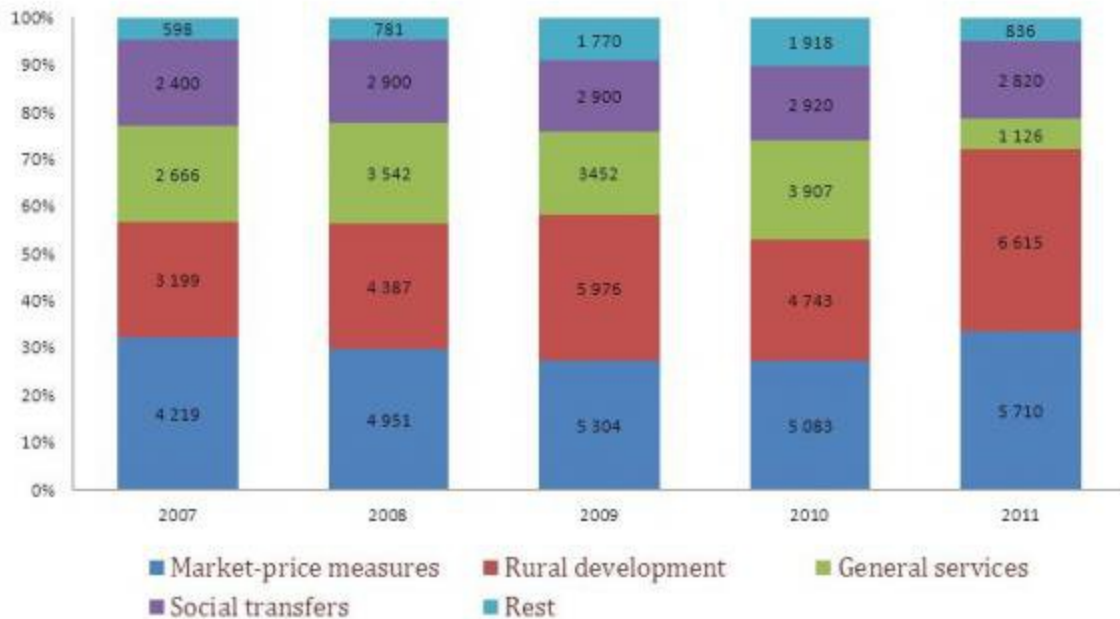


Total earmarks for agriculture for the period 2002 - 2012 (mil. EUR)





Agrobudget structure by groups of measures in the period 2007-2011.





World Bank Project - MIDAS (Montenegro Institutional Development and Agricultural Strengthening)

- Approval date: April 21, 2009
- Effectiveness date: July 23, 2009
- Closing date: June 30, 2014
- Duration of the project: 5 years
- Credit/loan amount: 15,7 million USD / 11 million EUR IBRD & 4 million USD GEF amount
- Project disbursement ratio: IBRD: 35,17% / GEF: 9,28 %
- Contracted: 6.541.959,5€



MIDAS: Project objectives and components

➤ **The Project Development Objective** is to improve delivery of government assistance for sustainable agriculture and rural development in a manner consistent with the EU's pre-accession requirements.

➤ **The Global Environment Objective** is to mainstream sustainable land use and natural resource management into MARD's policies, programs and investments.

➤ **Component 1: Strengthening MARD's rural development program**

➤ **Component 2: Strengthening MARD's administrative and management capacity in accordance with EU pre-accession requirements**

➤ **Component 3: Project Management, Administration and Monitoring**



Determined and implemented amount through MIDAS

1. CREDIT IBRD	Amount of appropriated funds	Implemented	Implemented in %
Total	10.972.500,00€	3.965.909,60€	35,17
a) Grants for rural development	4.787.200,00€	1.636.144,60€	34,17
b) Other	6.185.300,00€	2.329.765,00€	37,66
2. GEF GRANT			
Total	4.000.000,00\$	372.892,00\$	9,32
a) Grants for rural development	3.010.000,00\$	67.781,00\$	2,25
b) Other	990.000,00\$	305.111,00\$	30,80



MIDAS grants

- ❖ I – public call 2011:
- ❖ Paid 1.689.93,37€
- ❖ Amount of support 50%
- ❖ 196 projects implemented



Organic Agriculture Development Programme of Montenegro

COMPONENTS	Grant implemented in 2010, 2011 and 2012	% spent in respect of the Budget
COMPONENT 1:		
Training and capacity strengthening	113.300	5,66
1.1: BTF offers the accredited courses	16.000	0,8
1.2: BTF performs researches/trials	34.700	1,73
1.3: Capacities in organic production	21.300	1,06
1.4: Trained farmers from producer org.	25.300	1,27
1.7: Support to Monteorganici	16.000	0,8
Development of organic associations	53.300	2,67
Organic information system	13.400	0,67
TOTAL - COMPONENT 1	180.000	9.0
COMPONENT 2:		
Grant scheme for investments 60%	850.000	42,5
Grant scheme for the BTF	50.000	2,5
Marketing and promotion	100.000	5
TOTAL - COMPONENT 2	1.000.000	50.0
TECHNICAL SUPPORT	690.000	34.5
OTHER EXPENSES	50.000	2.5
REVIEWS/ AUDITS	80.000	4.0
TOTAL	2.000.000	100



Organic Agriculture Development Programme of Montenegro

Indicator	ha	%
Total agricultural land used	221.297,6	100
Organic production	110,0	0,05
Total number of agricultural holdings	48.824	100
Number of organic producers	67	0,14



Financing of Montenegrin Agriculture

- ❖ **Until the EU accession Montenegro will adopt rules in the field of Agriculture Financing as set up in the Common Agriculture Policy**



Thank you for your attention!