

**Government of Montenegro**

**Ministry of Agriculture, Forestry and Water Management**

## **Questionnaire**

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

– ADDITIONAL QUESTIONS –

### **11 Agriculture and rural development**

Minister:

**Milutin Simovic**



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**CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP**

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## **11: Agriculture and Rural Development**

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## ***I. HORIZONTAL***

**1. (Ref to Q. 1): As regards the administrative structure of the Sector of Agriculture within the Ministry of Agriculture, Forestry and Water Management: On page 14 of the replies it is stated, that the Sector of Agriculture comprises 2 departments (Department for Agriculture and the Department for Inspection), while the organigramme on page 16 lists 4 departments/units (the two departments stated plus the units for Rural Development and Fisheries). Please clarify and provide some more details on the function and current number of employees within the Rural Development unit.**

As it was pointed in the answer to this question, the Sector of Agriculture in the MAFWM comprises now two departments (the Department for Agriculture and the Department for Inspection).

In the organigramme presented on page 16, two units under this Sector are shown, which are currently in the phase of establishing, which shows the strivings of this Ministry in this field. The starting point were the obligations already assumed under the EU integration process and the strategic commitments in the said fields. The process of establishing of two additional units: the Rural Development Unit and the Unit for Fisheries under this Sector is not yet formally and legally complete, as it is to be finished in 2010, when adoption of a new systematization of the Ministry is planned. The development of the systematization is now underway, with support from the international consultants under the MIDAS project.

Furthermore, the Twinning experts involved under the project "Support to Establish the IPARD system in Montenegro" – IPA 2008 will take into account the results of the whole systematization plan, including the development of human resources, prepare the organigramme, develop the individual tasks, responsibilities, job descriptions, number of employees for the Rural Development Unit and for the future Paying Agency.

Taking into account the earlier communication with the DG AGRI and the suggestions received that nucleuses of the future Rural Development Unit need to be established, this Ministry has undertaken appropriate activities and, in this Unit that is being established, presented in the organigramme on page 16, it has already hired four employees: the coordinator and three staff members.

The employees in this Rural Development Unit are now undergoing an intensive training process, through the implementation of the Twinning Project mentioned above.

Human and technical resources of this Unit are to be strengthened in the period to come, in accordance with the systematization announced previously.

**2. (Ref to Q. 2): Please confirm whether the EU combined nomenclature is applied.**

We confirm that the EU combined nomenclature (CN) is applied.

The customs tariff is published every year in the Decree on harmonization of customs nomenclature and it is fully harmonized with the EU combined nomenclature. The customs nomenclature is harmonized with the HS 2010 as of the beginning of this year and it has been published (Official Gazette of Montenegro 85/09).

**3. (Ref to Q. 3): With regard to the programmes of support to agriculture and rural development, please provide information on beneficiaries (who qualifies), eligibility criteria for programmes and ranking criteria. Please clarify if there are priority sectors?**

With regard to the programmes of support to agriculture and rural development, the beneficiaries of support are agricultural holdings. An agricultural holding, in terms of Article 2, paragraph 1, indent (2) of the Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/09 of August 14, 2009), means:

- a) a company, or other legal person or an entrepreneur;
- b) a family agricultural holding;
- c) a producer organisation;
- g) an educational or scientific-research institution engaged, among other things, in agricultural activities.

A family agricultural holding is an agricultural holding where a farmer is engaged in agricultural production alone or together with his household members. On behalf of the holding, the application for support is submitted by the holder of the agricultural holding.

The eligibility criteria for support by programmes, that is, the conditions and criteria for use of incentives are laid down in accordance with provisions of Article 6 of the Law on Agriculture and Rural Development, under the Agro-budget and these are harmonized with the agricultural policy measures set by the Strategy and the National Program of Food Production and Rural Development and the said Law. The criteria are set every year, at the beginning of the year, by a regulation of the Government – the Decree on conditions, method and the pace of implementation of measures of agricultural policy (the Agro-budget). For the year 2010, the criteria in the Agro-budget, Official Gazette of Montenegro 10/2010, are elaborated in each separate programme under the Agro-budget.

The ranking criteria are not set. All the applications submitted meeting the criteria for support are approved for payments. Exceptionally, when the total amount of support for all the approved applications meeting the general eligibility criteria under a program exceed the funds earmarked for that particular program, the amount of support per beneficiary is reduced proportionally. For that reason, for example, the measures of support to rural development in the Agro-budget are set as support of up to 30%. This practically means that the support is granted to all the applicants meeting the general eligibility criteria and there is no need for use of ranking criteria.

The priority sectors are defined by the Strategy and the National Program and these are implemented through the Agro-budget. Taking into account the structure of agricultural production in Montenegro, the priority is given to the sector of livestock farming (milk and meat) and the related field crop production. Furthermore, fruit and vegetable production have an important place.

Naturally, with a view to identifying the bottlenecks in the said sectors, both as regards their competitiveness level and the lacking European standards (food safety and quality), we are to develop and harmonize the existing sectoral analyses that will be necessary for selection of appropriate IPARD measures.

## **II. PRODUCT-SPECIFIC AGRICULTURAL POLICY FRAMEWORK**

**4. (Ref to Q. 8.k): As regards breeding cows and heifers: Please give further information on what breeds are eligible for the headage payment under the national scheme, in particular in view of the definition of eligible animals (see article 109(d) of Regulation (EC) No 73/2009)?**

As regards support for breeding cows and heifers, all holdings breeding more than 3 head of such cattle are eligible for support, only for the number of animals above this minimum level and up to the maximum of 50 head for the premium. The criterion is met if the holding keeps that number of animals for minimum 6 months. The precondition for cattle premiums is that the animals are identified and included in the cattle identification and registrations system with the Veterinary Administration.

Belonging to a specific breed has no influence on eligibility for the premiums. All breeds and cross-breeds are taken into account provided that they meet the conditions stated above.

As regards the Regulation EC No 73/2009, Article 109(d), which refers to the farms of cows of meat breeds intended for rearing calves for further fattening, Montenegro has no farms for such production.

**5. (Ref to Q. 8.o): As regards honey: What information is available on the number of bee hives in Montenegro?**

There are two information sources on the number of bee hives in Montenegro: MONSTAT and the Union of Bee-keepers Organizations of Montenegro. According to the MONSTAT data, the number of bee hives in 2008 was 28,631. However, based on the records of its members, the Union of Bee-keepers Organizations estimates that the number of bee hives in Montenegro ranges from 35,000 to 40,000. The agricultural census planned in Montenegro will also include the inventory of bee hive numbers.

**6. (Ref to Q. 8.q): As regards fruits and vegetables:**

**- Does Montenegro carry out checks to monitor and control marketing standards for fruit and vegetables? Please clarify the situation and provide information on the type and frequency of checks undertaken.**

The checks to monitor and control marketing standards for fruit and vegetables are carried out based on the Rulebook on the quality of fruits, vegetables and mushrooms (Official Gazette of Socialist Federal Republic of Yugoslavia 29/79, 53/87, Official Gazette of Serbia and Montenegro 31/03, 56/03 and 4/04).

This Rulebook lays down the minimum of conditions that fruit and vegetables have to meet in terms of quality, as well as the packaging conditions, in order to secure the quality and hygiene safety. This rulebook refers to standards for the fruit and vegetables laid down in it, while for other fruit and vegetables, that are not included but belong to this group, the provisions of the said Rulebook for related or similar products apply.

The Rulebook includes:

- Product definition;
- Provisions as regards quality requirements;

- Minimum qualitative requirements;
- Minimum technological maturity;
- Classification;
- Provisions as regards size;
- Provisions as regards tolerance:
  - Quality tolerance;
  - Size tolerance;
- Provisions as regards presentation:
  - Uniformity;
  - Packaging;
  - Presentation;
- Provisions as regards labelling
- Identification;
- Product nature;
- Product origin;
- Commercial specification.

In addition to the abovementioned, other requirements apply as regards the following:

- Health control (Law on Food Safety, hygiene, microbiological criteria, contaminants, pesticides);
- Plant health protection (harmful organisms);
- Use of additives;
- Materials coming into contact with the product;
- Labelling;
- GMOs, etc.

Registered fruit and vegetables producers (based on the Law on Food Safety) who place their product on the market are responsible for implementation of these standards.

The control and monitoring of standards for marketing of fruit and vegetables is carried out by the phytosanitary, sanitary and agricultural inspectors under a monitoring, at the level of primary production of fruit and vegetables, the monitoring of national trade in fruit and vegetables, and notably, under specific monitoring types such as: the monitoring of pesticide residues in food of plant origin at the primary production level and monitoring of nitrates in food of plant origin – leafy vegetables.

**- Does processing take place for fruit products such as citrus, pears, peaches and plums? If so please provide details.**

There are two registered companies for fruit processing: A.D. “EKO MEDUZA” from Bijelo Polje and D.O.O. “Pirella” from Danilovgrad.

The core activity of A.D. “EKO MEDUZA” is processing of fruit and vegetables, jam and marmalade production, pasteurised vegetables (gherkins, paprika, salads, sour cabbage...). Within its business activities, this company is buying fruit and vegetables, medicinal herbs and forest fruit, wild mushrooms and products thereof.

The core activity of the juice plant D.O.O. “Pirella” is procesing of fruit and production of fruit juices, fruit syrups and non-alcoholic carbonated drinks. In 2006, this company implemented concurrently the quality standards ISO 9001:2000 and HACCP.

### **III. RURAL DEVELOPMENT**

**7. (Ref to Q. 13): To what extent and on what basis (annual meetings, public consultations, systematic or non-systematic meetings, special committees on various axes, etc.) is the opinion of stakeholders taken into account when developing the strategic approach and documents on rural development? Could you provide a clear indication on the procedure applied for each measure (tender, direct submission of applications to the Ministry, etc.)? Please clarify the term "teams for development" which appear for policy measures. What does this term infer and who takes part in these teams?**

In the procedure of preparing and developing annual rural development plans, opinions, suggestions and recommendations expressed through the needs of agricultural producers and processing industry presented either directly to the Ministry, or through the associations of agricultural producers, local communities or local governances.

These proposals provide a platform for setting the annual plans and priorities in planning and implementation of the agricultural policy. Furthermore, before adoption of the strategic documents (the Strategy and the National Program) as well as in the procedure of adoption of laws, the public discussions plan on these documents is planned, which is available at the web site of the Ministry of Agriculture, as well as in the print and electronic media. The public discussions last, in principle, minimum 30 days, organized in at least three cities in different regions of Montenegro. The reports from these discussions are the integral part of the documents. Presence in public discussions is open to all the participants interested.

A detailed procedure implemented for each of the measures is elaborated and presented in the Agro-budget for 2010 /Annex enclosed/.

The term "teams for development" is a wrong formulation. Actually, as it was written in the answer to this question, and as you can see from the Agro-budget enclosed in the Annex, these are experts or teams responsible for development of each rural policy measure and the person responsible.

**8. (Ref to Q. 14): Please explain in more details the coordination mechanisms established between rural development and sectoral and territorial policies.**

As stated in the answer to this question, the Ministry performs co-ordination and harmonization with other sectoral policies. In the answer, harmonization of policies in the field of agriculture and rural development with the forestry policy and the policy of utilization of water resources has been pointed out. This harmonization is achieved in the course of development of program documents at the beginning of every year for the current year. Thus, for example, harmonization of programs on the issue of putting into function rural infrastructure is done on that occasion. This practically means that the three sectors are preparing their work programs for the current year, as follows: Agro-budget, prepared by the Sector for Agriculture, then the Program of use of funds in forestry, prepared by the Forestry Sector and the Forest Administration, and the Program of use of funds in water management, prepared by the Sector of Water Management and the Water Administration.

Issues co-ordinated on that occasion are as follows:

- construction, reconstruction of rural infrastructure, included in the Agro-budget,
- construction and/or grubbing of forest roads, included in the forestry program,
- construction of village watering sites, water sources, water captions, springs, etc. included in the Agro-budget program,

- construction of rural waterworks, protection against waters and similar, which are included in the water management programs, developed by the Sector of Water Management and the Water Administration.

Harmonization of these policies, avoiding the overlapping, balanced regional distribution and similar are coordinated in the Ministry at the level of sectors, among the sectors and at the senior staff meetings with the Minister.

A part of the rural infrastructure policies is also coordinated in inter-departmental cooperation with other ministries, such as, eg. electrification of villages with the Ministry of Economy in accordance with the Program of Electrification, developed by the Electric Power Industry of Montenegro, or the Program of renewal, reconstruction, maintenance of rural schools with the Ministry of Education, etc. Furthermore, in support to rural development, notably the development of rural infrastructure and other issues, the coordination is also done with local governances municipalities – territorial policies taking part in financing of these programs, as well as with villagers who give their contribution to solving of all the abovementioned infrastructural issues of interest to, above all, rural communities.

It would be important to emphasize that harmonization of joint interests with territorial policies is also enabled by the Article 20 of the Law on Agriculture and Rural Development, laying down that the Ministry of Agriculture, Forestry and Water Management gives its approval for support to rural development financed from the budget of the local governance, that is, that it harmonizes this policy with the local communities. A number of local communities have already started developing their rural development programs and policies and it is important to underline that these are harmonized with the Strategy and the National Program of Rural Development of Montenegro as well as with the Law on Agriculture and Rural Development.

Significant examples of cooperation and coordination established between the rural development policy pursued at the level of the ministry and the territorial communities in the northern region of Montenegro can be presented best through implementation of the EU IPA project: Support to the network of rural roads in Montenegro, for which approval for financing has already been received from the EU, i.e. the EPA Committee. For the purpose of implementation of this ongoing project, a Memorandum of Understanding has been signed between the Ministry and the municipalities in the northern region of Montenegro, mechanisms of implementation of the program agreed have been laid down, and all that with a strong support from international experts and active participation of the EU Delegation to Podgorica.

Finally, we are underlining that a number of issues of joint interest, that is, of sectoral policies is also harmonized through discussions at meetings of the Government's committees, eg. the Committee for Economic Policy and Finances (KEPF) prior to the Government's adoption of the documents prepared, but also at the Government's sittings.

## 9. (Ref to Q. 15) – Detailed information on existing rural development activities

Detailed information on these activities is provided in Agro-budget (enclosed Annex), presenting in more detail the concrete measures and programs implemented in the field of rural development, as follows:

<b>Axis 1: Measures for improving competitiveness of food producers</b>
Support to investments in agricultural equipment and mechanization
Support to investments in livestock farms
Support to setting-up of perennial crop plantations
Support to construction and equipping of greenhouses
Support to investments related to land policy
Support to investments in processing of animal products
Support to investments in storage, packing and processing of plant products

Support to investments in processing on family holdings
Support to producer organizations
Improving the quality of products
Promotion of agricultural products
<b>Axis 2: Measures for sustainable management of natural resources</b>
Preservation of genetic resources in agriculture
Organic farming
Sustainable use of mountain pastures
<b>Axis 3: Measures for improving the quality of life and diversification of economic activities in rural areas</b>
Diversification of economic activities in rural areas
Revitalization and development of rural areas and construction of rural infrastructure

## Measures for strengthening competitiveness of agriculture

### Measure I-1: Investments in agricultural equipment and mechanization

**10. Please explain why mechanisation projects are selected by a special Commission when this should be an automatic process based on selection criteria? Are the applications approved only after the machinery has been purchased?**

The special Commission for support to investments into agricultural equipment and mechanisation has been formed within the Ministry from staff currently employed in nucleuses of the future Rural Development Unit and the Paying Unit, with support from representatives of professional-extension services.

More concretely, the support for supply of agricultural equipment and mechanisation in 2009 was implemented by a Competition – Public Advertisement and 396 potential beneficiaries applied, of which the Commission approved 310 applications for support for mechanisation and equipment already purchased in the current year. The applicants rejected did not meet the conditions for support and the eligibility criteria. The most frequent reasons for rejection were: investment made in earlier years, lack of valid bills as evidence of an investment made – fictitious bills, absence of customs declarations for imported equipment and mechanisation, second hand agricultural mechanisation purchased, application refers to an investment planned, not the one already made.

Implementation of this support, as well as of other forms of support, was a training of a kind for administrative capacities and beneficiaries.

The methodology of work of the commissions included: field visits, checking of documentation, photo recording of investments and presentation of reports with complete documentation, including the proposal for approval or refusal of the application for support, as appropriate.

Therefore, implementation of this measure through the commissions is an interim solution, pending the establishing of the units necessary, which will set up an automatic process based on the selection criteria.

### **Measure I-3: Setting-up perennial plantations and constructions of greenhouses**

**11. How is improvement of soil quality defined? Are there any clear measurement values that have to be achieved (e.g. certain % increase of soil elements, etc.)?**

Soil fertility control:

Knowing the content of biogenous macro and micro elements, acidity, humus content is particularly important when setting up perennial plantations, and also in production of annual crops, particularly in greenhouses.

For that reason, within the Agro-budget for 2010 (program 2.1.3. – see Annex), we have defined the support for refunding the costs of laboratory analysis of soil samples of up to EUR 25 per sample, depending on the parameters tested. The objective of this measure is to provide conditions for provision of an appropriate recommendation on an optimal nutrition method in order to maximise the genetic fruit-bearing potential of the plants grown and in order to protect the environment from unnecessary contamination using the fertilizers in a rational manner. Therefore, these analyses determine the existing level of content of biogenous micro and macro elements, so that the recommendation for application of fertilizers would define the need for introduction of the level of nutrients lacked, which is necessary and specific for the cultures grown and for different soil types.

### **Measure I-4: Investments regarding land policy**

**12. What is covered by the phase "other land operations"? What exactly are other land operations?**

Among more significant land melioration measures in Montenegro, the greatest opportunities for increasing the high fertility soil resources that Montenegro lacks lie in draining and irrigation, but also other land operations, such as fertilisation of soil, increasing the fertility of a soil on a longer term through introduction of deficient nutritive elements in doses higher than those for annual needs of the crops grown (phosphatisation, calcium lime fertilisation, organic fertilisation).

In addition to these meliorative measures there are also the measures of soil protection and development and most important among them are protection against erosions, protection against harmful agents of dirty technology and protection of fertile soils against urban-industrial consumption.

**13. As regards community participation, please clarify whether projects developed by community's concern state land or privately owned agricultural land or any other form of land (e.g. rented, etc.). Does this also cover basic infrastructure such as canalization, sewerage systems, etc.? What is the difference between large and small projects? How is it defined?**

In drafting of this measure – Investments in the field of land policy, we wanted to set the broadest possible framework of investments eligible in the field of land policy, taking into account the topical problems in this field. From a framework that broad, the plan in 2010 is to provide support for implementation of small projects related to individual agricultural holdings, which also relate to support for construction of irrigation systems for that particular holding.

The large projects mentioned in this measure would have to be elaborated in more detail in the period to come and their implementation would require allocation of significant financial means that are currently lacking at both the national and local levels.

In drafting of these future projects, their effects would refer to agricultural land, regardless of the ownership status; we would like to point that most of agricultural land in Montenegro is in private ownership.

These large projects should, by their composition, produce positive effects in a larger number of agricultural holdings within a specific local community and also include the basic infrastructure: irrigation channels, channel systems, construction of mounds for protection against floods, and similar.

The funds for large projects could be provided in future through contributions from the national level and from the level of the local community. After making the investment, a part of the investment would be repaid by agricultural holdings, the land proprietors, because after the investment, their land would have a new, higher use value.

### **Measure I-5: Investments in animal products processing and I-6 Investments in storage, packing and processing of plant production**

#### **14. What is meant by "new product development" and what is the eligible expenditure under this heading.**

"New product development" means expanding the product range by introduction of a new product, which had, up to that point, not been present in the product range of that particular producer.

The expenditure eligible for financing under the new product development includes: supply of new and adjusting of existing equipment, civil engineering work on adaptation or construction of annexes to buildings, development of technical documentation and advertising analyses.

The term "new product" in the answer to the question 15 was not used in the context of the term novel food, laid down by the Law on Food Safety (Official Gazette of Montenegro 14/2007) and implies food and food ingredients that has not, to a significant degree, been used for human consumption and is not a result of a genetic modification.

### **Measure I-7: Investments in processing on family holdings**

#### **15. What is meant by "unusual products of high quality" and how is it defined?**

"Unusual products of high quality" means autochthonous products, produced in a traditional way, by old recipes.

Both by the method of manufacture and by organoleptic characteristics, these products are significantly different from the products of the same category. Such products are an inevitable part of Montenegro's culture and tradition and some of them (dairy products, dried and smoked meat products, various drinks) are already considered as Montenegrin gastronomic specialities. A number of these products have, due to their quality based on traditional technologies, already paved their way to the increasingly demanding consumers, national and international. In future, such products may be protected by designation of origin, geographical indication or as traditional specialities guaranteed. Thus, they would remain distinctive at the market, contribute to preservation of the tradition and make the offer in tourism more diverse.

## Measures for sustainable natural resources management

**16. Please clarify the commitments supported, the reference level for calculating the level of support, the calculation method and the support level that will be granted from 2010 onwards.**

As presented in our answer under the measures for sustainable management of natural resources (question 16) 4 measures are defined for this group as follows:

- Measure II-1: Areas with limited opportunities for agricultural production;
- Measure II-2: Preservation and sustainable use of genetic resources in agriculture;
- Measure II-3: Organic agriculture;
- Measure II-4: Sustainable utilization of mountain pastures.

Under the Measure II-1: Areas with limited opportunities for agricultural production have not been included in the Agro-budget for 2010, that is, this measure will be introduced after the conditions for its full implementation are met as of 2013, when a precise classification of territorially classified areas by natural limitations would be developed, as stated in the note in this answer.

Under the measure II-2: Preservation and sustainable use of genetic resources in agriculture, the following commitments are supported:

Component	Amount, €
Genetic resources in livestock farming: (supply of male breeding animals 4000 €; premiums for 80 head of cattle, 60€ each - 4800 €; 1000 sheep and 200 goats 8 € each - 9600 €; additional premium for rearing 200 head of <i>zetska žuja</i> of 7€ per head – 1400 €, in line with the Action Program.	19,800
Monitoring, identification, inventory making and organisation of <i>ex situ</i> conservation, morphological characterisation, reports -5,000€; Research and study on morphological and production features of domestic sheep breed – sora and definition of its typical breed features – 4,000 €	9,000
Genetic resources in plant production (direct payments, inventory making, <i>in situ</i> and <i>ex situ</i> conservation, study, setting up of collections and registers, reports, etc.)	15,000
Research on mushroom resources: Collecting of mycological material, research, collection keeping, presentation of results and publication of magazines, etc.	10,000.00
Educational campaigns and raising the awareness on the need to preserve genetic resources	4,000.00
<b>Total</b>	<b>57,800.00</b>

Under the Measure II-3: Organic Agriculture, the following commitments are supported:

Components	Amount, €
<b>A. Payments in plant production:</b> - For crops and growing of medicinal herbs -150€/ha, - For vegetables, perennial plantations, seed and planting material - 250€/ha <b>B. Payments in livestock production:</b> - Per livestock unit - 50€, - Per head of poultry - 2€, - Per bee hive - 30€.	65,000

Under the Measure II-4: Sustainable use of mountain pastures, the following commitments are supported:

The support is given to agricultural holdings practising transhumance for at least two months in a year.

The support is in the form of a payment per livestock unit. One livestock unit (UG) means: a cow of 500 kg and above, ox, two heifers or seers, 8 sheep, 10 goats, one horse, while lambs and calves are not included into the calculation for the premium.

All species and categories of ruminants and maximum two horses per holding are taken into account for the calculation. The minimum number for support is 5 livestock units.

The amount of support per livestock unit is 15 €.

In case the total amount of applications for support received is higher than the amount planned, the payment per livestock unit is reduced proportionally.

The precondition for support for cattle is that animals are identified with eartags and that their movement to the mountain pasture (*katun*) is reported by the movement notification form (movement to *katun*) in accordance with the legislation in force.

The total support to farmers who do not satisfy these preconditions will be decreased for unidentified cattle up to 15% and for unreported movement to *katun* up to 10%.

Component	Amount, €
Support for transhumance of livestock in <i>katun</i> 20 euros per livestock unit (calculation – 23,000 livestock units x 15 €)	345,000

The reference levels for calculation of the level of support as well as the method for calculation for the support and the level of support to be earmarked in 2010 are presented in detail in Agro-budget for 2010, enclosed in the Annex.

### 17. What is the "objective criteria" mentioned in the context of the measures?

The objective criteria mentioned in the context of the Measure II-1: Areas with limited opportunities for agricultural production will be defined following the classification of territorially classified areas by natural limitations. The level of natural limitations will be defined under this classification, and they will, at the same time, also provide a basis for the support criterion. As stated in the answer, the implementation is expected from 2013, onwards.

The objective criteria for Measure II-2: Preservation and sustainable use of genetic resources in agriculture: in our answer, it has been pointed out that as of 2010, the support for this measure would be set based on objective criteria, in order to compensate the additional costs or the income lost by agricultural holdings resulting from farming of livestock of a specific breed and growing of a specific plant variety. The plan in the Agro-budget for 2010 is that the compensation is made as presented in the answer to the question no. 16. Would like to underline that the stated amounts of support per head and per hectare are added to the basic payments from the measures of direct support for livestock and plant production (Market-price policy – Measures 1.1.1. and 1.1.5) from the Agro-budget 2010. /see Annex/

We would like to point out that, due to limited budgetary resources in 2010, full compensation of the income lost on those grounds was not possible.

The objective criteria for Measure II-3: Organic agriculture are defined by the Agro-budget for 2010 (annex Agro-budget Program 2.2.2) as presented in the answer to the question no. 16. The ambition and the objective of this support is not to compensate, in entirety, the additional costs and the income lost by an agricultural holding engaged in organic agriculture as the holding engaged in organic agriculture can and should receive additional income at the market independently, by selling its products.

The objective criteria for Measure II-4: Sustainable use of mountain pastures that are mentioned are defined in the Agro-budget for 2010 (annex Agro-budget Program 2.2.3) as presented in the answer to the question no.16.

Due to lack of financial means, the support for this measure in 2010, cannot compensate in entirety the additional cost or the income lost by agricultural holdings which is earmarked to the traditional livestock farming system, the transhumance to *katuni*, to the level provided for by the National Program of Rural Development.

**18. In the priorities listed there is a focus is on biodiversity. Can you please advise if other environmental concerns linked to agriculture (soil protection, water management, climate change mitigation and adaptation) are at this time an issue in Montenegro and if so please provide an outline of the situation.**

In addition to biodiversity, there are other significant environmental concerns linked to agriculture, primarily through the fact that the concerns cause significant negative effects to agriculture. We can say that, due to the character of agricultural production in Montenegro, environmental problems caused by agriculture itself are smaller (low use of pesticides per ha, 10 times lower than in the region, low level of use of fertilisers, etc.). The main environmental concerns related to agriculture are land erosion, particularly pronounced in hilly and mountainous region of Montenegro, land erosion in valleys caused by torrential rivers (the Lim, the Grncar, the Bojana, etc.), floods, increasingly frequent and longer drought periods, fires as a direct result of global warming.

Among the negative environmental effects caused by agriculture the most topical at this moment are:

- Solving the issue of waste of animal origin;
- And the issue of treatment of waste waters from agro-industrial sources.

Solving of these environmental problems identified as priorities fall within the scope of authority of this ministry and the ministry in charge of environmental protection.

A detailed overview of the situation as regards these issues can be found in the Chapter C 27 Environment

Funds for implementation of measures aimed at solving the environmental problems are provided under the MIDAS project, through the GEF (Global Environment Fund) grant contracted in the amount of 4 million USD, with the implementation period of 4 years for these measures. These funds will be earmarked for:

- Protection of water resources,
- Prevention of land erosion,
- Improved organic waste management,
- Pastureland regeneration,
- Building the capacity of extension services in order to promote the methods and environmentally sustainable good agricultural practices,
- Protection within the biodiversity of endangered species.

**19. Are all measures targeted at farmers?**

The measures are targeted directly at farmers who meet the obligations assumed and satisfy the conditions for support, but it is certain that the wider community benefits from these measures through the preservation of natural resources, preservation of the biodiversity, improved quality of agricultural products (a direct benefit for consumers as well).

**Measures for improving the quality of life and diversification of economic activities in rural areas**

**20. Do the measures cover only rural areas and if yes, how are rural areas defined?**

A clear definition of rural areas is not yet set in Montenegro. However, we use the population density as the main criterion for defining rural areas.

Taking into account two OECD methodologies, with population density limit set at 150 inhabitants per km<sup>2</sup>, and the Eurostat of 100 inhabitants per km<sup>2</sup>, the situation in Montenegro is as follows:

- average population density is 44.9 inhabitants per km<sup>2</sup>.
- of 21 local governances, only four municipalities have population density higher than 100 inhabitants per km<sup>2</sup> (Budva 130; Podgorica 117; Tivat 296; Herceg Novi 141 ). In these municipalities, this population density is the result of density within the strict urban agglomerations.

Taking all this into account, the measures for improving the quality of life and diversification of economic activities in rural areas include rural areas only.

**Leader projects**

**21. How will rural municipalities be associated to private organisations to establish local action groups?**

As far as this question is concerned, we would like to point out, first of all, that Montenegro does not have a lot of experience with LEADER projects, except, as we stated in the answer, that there were some projects that included some of elements of approach to implementation of LEADER projects.

In any case, a comprehensive education of stakeholders in implementation of LEADER projects will be necessary before the beginning of implementation of LEADER projects, in which local level stakeholders should take the most important participation, with support from clear and transparent procedures and support from the relevant stakeholders at the national level.

In implementation of LEADER projects, particular attention will be paid to ensuring the participative approach for all participants through development of local action groups – LAGs.

LAGs will, among others, link the ideas, activities and funds of public and private sector. Participation of both representatives of the local authorities and of the private organizations will be defined in the LAGs structure.

We deem that such LAGs structure would make possible encouraging public-private partnership through implementation of LEADER projects, which will contribute to development of goods and services to the benefit of the local community.

The activities and projects included in the local strategies will be integrated into a harmonized entity, where connecting of different stakeholders from economy, social policy, culture and environmental protection will be important.

Taking into account the complex nature of LEADER projects, we planned beginning of their implementation in Montenegro for 2011. By that time, as stated before, it would be necessary to familiarize all the stakeholders with the idea, approach and principles.

#### **IV. QUALITY POLICY**

**22. (Ref to Q. 17): Please supply further information with regard to "agricultural products and food of higher quality". How is this higher quality defined, controlled and differentiated from geographical indications?**

According to the Law on Agriculture and Rural Development (Official Gazette of Montenegro 56/2009) agricultural products and food of higher quality are agricultural products and food that, according to their specific characteristics, differ from the same agricultural products and food, and from their minimum quality.

The specific characteristics of agricultural products and food are also determined with regard to: the composition, sensorial and physico-chemical characteristics as well as the method of production and processing. Agricultural products and food may bear the mark "higher quality" if they comply with the conditions prescribed.

The Law provides for adoption of a bylaw that will lay down in more detail, the conditions for agricultural products and food of higher quality, the method of control and the higher quality marks.

In difference geographical indication\*, denoting a product quality or characteristics of which are essentially attributed to its geographical origin, the "higher quality" indication certifies that the agricultural product or food, by its characteristics, is, in a positive way, different from the same products or their quality prescribed.

\*The Law on Appellations of Geographical Origin (Official Gazette of Montenegro 48/08) the geographical appellation is defined as the appellation identifying specific goods as goods originating from the territory of a specific state, region or locality on that territory, where certain quality, reputation or other characteristics of the goods can be essentially attributed to its geographical origin.

Development of a new Law on designations of Origin, Geographical Indications and Indications of Traditional Specialities Guaranteed is underway. The first version of the Draft Law has been prepared in accordance with the EU Regulations 32006R0510 and 32006R0509.

## **V. ORGANIC FARMING**

**23. (Ref to Q. 19): According to the information provided, there are currently three control bodies operating in Montenegro: Monteorganica and two foreign control bodies (BCS Öko-Garantie GmbH from Germany and Organic Control System from Serbia). Please explain how and by whom are these control bodies supervised?**

In accordance with the Law on Organic Agriculture (Official Gazette of the Republic of Montenegro 49/04) and the Rulebook on more detailed conditions to be met by a person for carrying out the control of organic agriculture (Official Gazette of the Republic of Montenegro 36/05), the Ministry of Agriculture, Forestry and Water Management authorised one legal person – Monteorganica – for carrying out of control and certification activities.

The Ministry of Agriculture, Forestry and Water Management, through agricultural inspectors, supervises the activities of this body.

Agricultural inspectors carry out the supervision in accordance with the Law on Inspectorial Supervision (Official Gazette of the Republic of Montenegro 39/03), the Law on Organic Agriculture (Official Gazette of the Republic of Montenegro 49/04) and the accompanying bylaws.

The Law on Organic Agriculture (Official Gazette of the Republic of Montenegro 49/04), Article 20, lays down that the producer may hire a foreign legal person for certification of its products, with approval from the competent authority (Ministry of Agriculture, Forestry and Water Management).

Two foreign legal persons (BCS Öko-Garantie GmbH from Germany and Organic Control System from Serbia) have been approved by the Ministry of Agriculture, Forestry and Water Management for establishing the compliance with the conditions for setting up of organic agriculture, the control of implementation of organic agriculture methods and for issuing the certificate for products obtained by organic agriculture methods.

In accordance with the Instructions on the procedure for issuing the approval for hiring a foreign legal person for control and certification of products of organic agriculture (Official Gazette of the Republic of Montenegro 82/05 and 26/07), the approval for work for these foreign persons was issued based on appropriate authorisations issued by the competent authorities of the countries they are from. These two bodies are not based in Montenegro and their activities are not under the supervision of the agricultural inspectorate, i.e., of the Ministry of Agriculture. Their obligation, laid down by the Instructions, is that at the end of the calendar year they are to present the Ministry with a report on their activities in the course of that year.

Such a solution is a result of recommendations of international experts, given at the very beginning of development of organic agriculture in Montenegro, and it will be modified through amendments and modifications to the Law on Organic Agriculture.

The Government's program of Work for 2010, quarter IV, provides for development of the Law on amendments to the Law on Organic Agriculture.

**24. (Ref to Q. 19): Please explain what rules are applicable to organic products imported into Montenegro. What controls are in place and who is responsible for monitoring?**

According to the Law on Organic Agriculture (Official Gazette of the Republic of Montenegro 49/04), at imports into Montenegro, the products of organic agriculture have to be accompanied by a certificate issued by an authorised body for control and certification in organic agriculture.

According to the Law on Food Safety (Official Gazette of Montenegro 14/2007), these products have to meet the food safety requirements are subjected to controls of competent bodies, that is, the competent inspectorates (sanitary, phytosanitary or veterinary inspectorate).

In Montenegro, there are no rules in place for control of certificates during imports and on keeping the records on organic products imported. The planned amendments to the Law on Organic Agriculture will lay down in detail the rules on imports of those products, in accordance with the EU regulations (32007R0834 and 32008R1235).

The Government's program of Work for 2010, quarter IV, provides for development of the Law on amendments to the Law on Organic Agriculture.

**25. (Ref to Q. 20): Please indicate the source for the data provided in the reply to question no. 20.**

Source: Ministry of Agriculture, Forestry and Water Management.

## **VI. AGRICULTURAL STATISTICS**

**26. (Ref to Q. 21): As regards the agricultural census: please provide an update as regards the preparations (legislative amendments and practical arrangements, like e.g. the agreement with the Ministry of Finance). When will the agricultural census take place and subsequently when do you expect that the outcome/data will be available?**

Amendments to the legislation:

At the Parliament session held on March 2, 2010, amendments to the Law on the implementation of the agricultural census 2009 were enacted (in Article 1, "2009" is replaced with "2010", which means that the agricultural census will be implemented in the current calendar year, and the Article 2 states that "the period of time for conducting the Census shall be laid down by the Government". Changes to other articles – Article 3 to 6 – refer to legal, technical and typing errors corrections resulting from the proposal of the text and the Article 7 governing the issue of implementation and application of this Law).

Practical organization, such as, for example, the agreement with the Ministry of Finance:

With this agreement, the Ministry of Agriculture, Forestry and Water Management is tasked with provision of funds from the credit arrangement with the World Bank and those funds were included in the Agro-budget at the time when the census had been planned for 2009, and now that the change has been made, the funds have, in accordance with the agreement between the MAFWM and the World Bank planned in 2010 within the MONSTAT budget.

Furthermore, in accordance with the Agreement, the representatives of the MAFWM take part in activities of the working bodies and groups, both in working groups established earlier and now, when a MFWM representative is included in the work of the Committee for agricultural census, constitutive sitting of which will take place in the middle of March.

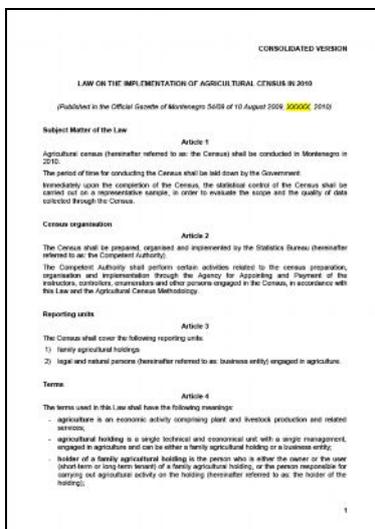
When will the census be conducted and when will the results be available:

A realistic period for implementation of the census is June 01-15, 2010, and taking into account that one of main activities with the World Bank is selection of the employment agency for hiring census participants. The Technical Services Unit forecasted 7 weeks for that activity.

The first results, according to the Law, are due 30 days after the completion of the census.

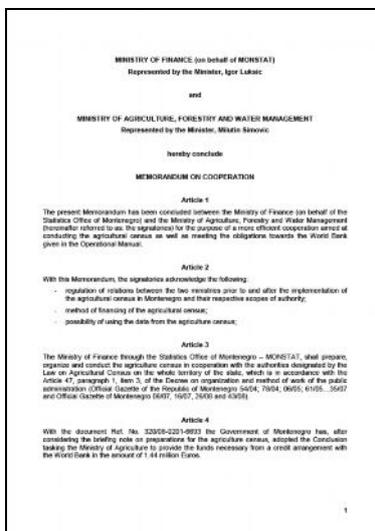
## Annex

### 1. Amendments to the Law on the implementation of agricultural census in 2010



*Please double click to open the whole document*

### 2. Cooperation Agreement Ministry of Finance (on behalf of MONSTAT) and Ministry of agriculture, forestry and water management



*Please double click to open the whole document*