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Networking and  
Advocacy  
for **Green  
Economy** 

**brdn**  
Balkan Rural Development Network

**Project “Networking  
and Advocacy for Green  
Economy - NAGE”**

Support to enhance the  
policy and decision-making  
impact of the Balkan Rural  
Development Network  
(BRDN) and its constituents,  
through involvement in the  
agricultural and rural program  
and policy reform processes  
for introduction of the green  
economy concept

**Policy recommendations  
for facilitation of the  
approximation process of the  
Western Balkan countries to the  
EU CAP segment related to green  
economy and entrepreneurship**



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This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the Rural Development Network of North Macedonia (RDN of NM) and do not necessarily reflect the views of the European Union.

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**Project “Networking and Advocacy for Green Economy - NAGE”**  
**Support to enhance the policy and decision-making impact of the Balkan Rural Development Network (BRDN) and its constituents, through involvement in the agricultural and rural program and policy reform processes for introduction of the green economy concept**

**Policy recommendations for facilitation of the approximation process of the Western Balkan countries to the EU CAP segment related to green economy and entrepreneurship**

**September 2021**

## BACKGROUND

The overall objective of the project “Networking and Advocacy for Green Economy - NAGE” is to **provide support to enhance the policy and decision-making impact of the Balkan Rural Development Network (BRDN) and its constituents, through involvement in the agricultural and rural program and policy reform processes for introduction of the green economy concept.**

This output is a part of the broader objective of development of strategic documents and policy briefs to attribute the processes of national agriculture and rural development policy in the WB countries, for achieving enhanced introduction and/or advancing of the green economy model by ensuring participative approach that will satisfy the rural networks’ constituents’ and rural stakeholders’ needs and interests.

This will contribute to the achievement of the project’s expected result to initiate comprehensive and CSO participatory policy development process through identification of the gaps of the national agricultural and rural development programs to the CAP and analysis of the impact to the natural environment and sustainable development.

### The concept of green economy

The ‘green economy’ concept has emerged over the past decade as an important policy framework for sustainable development. It presents a smart agenda that envisages efficient resource use, with less environmental damage and carbon emissions, simultaneously promoting social inclusiveness. Green economy as a term refers to an economy resulting into improved human well-being and reduced inequalities over the long term, while not exposing future generations to significant environmental risks and ecological scarcities.<sup>1</sup> As a one of its main features, green economy enhances (public) investments in specific areas or green sectors that can either restore and maintain natural resources or increase the resource use efficiency, and as such can lead to new jobs and income generation, but with less emissions, resource degradation and environmental pollution.<sup>2</sup>

1 UNEP (2011) Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers, United Nations Environment Programme.

2 Weick, V. (2016) Green Economy and sustainable development, in: Katharina Kummer Peiry, Andreas R. Ziegler & Jorun Baumgartner (eds.), Waste Management and the Green Economy. Edward Elgar Publishing.

The concept of green economy does not replace that of sustainable development, but instead it can be understood as a tool to achieve sustainable development. Green economy in its various forms has been proposed as a way for catalysing national policy and international support towards sustainable development. Originally seen as a useful policy approach to tackle the economic and financial crisis, the concept has received significant international attention over the past decade as a tool to address the 2008 financial crisis as well as one of two themes for the 2012 UN Conference on Sustainable Development (Rio+20). Nowadays, it is seen as a strategic way of delivering a fairer society living in a better environment, with three key interlinked objectives underling the green economy approach: improving resource efficiency, ensuring ecosystem resilience, and enhancing social equity.<sup>3</sup>

The agricultural sector plays a vital role in the transition to a green economy. Agriculture depends first and foremost on natural resources as core production factor and as such can cause both environmental harm and/or provide environmental benefits. At global scale, agriculture, forestry and other land use contribute to around one-fourth of greenhouse gas emissions; it is thought possible to significantly reduce or even achieve carbon-neutral sector status by applying good management practices, creating environmental services, producing renewable energy, whereas also attaining food security. The agricultural sector can support economic development, with balanced resource use, creation of green jobs, while ensuring food and nutrition security. Hence, agriculture, dealing with climate change, degradation of resources and poverty, faces the same problems addressed by the green economy paradigm.

### Western Balkans and the links to green economy

The issue of green economy in the region has been the focus of the NAGE publication “State of affairs for fostering green economy in agriculture and rural development: Comparative analysis of programs and measures in the Western Balkan countries and Croatia” (2020)<sup>4</sup>. This document provided thorough identification, analysis and comparison of the non-EU member countries’ documents, national programs and measures for agriculture and rural development regarding green economy against the

3 EAA (2014) Resource-efficient green economy and EU policies. Copenhagen: European Environment Agency.

4 Available at: <http://brd-network.org/2021/01/21/state-of-affairs-for-fostering-green-economy-in-agriculture-and-rural-development-comparative-analysis-of-programs-and-measures-in-the-western-balkan-countries-and-croatia/>

Croatian legislation on the same topic. As such, it provided grounds to further explore the driving forces, hindrances, and gaps for each of the Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia), and to pinpoint feasible policy recommendations.

The country policy briefs presented herewith were prepared by the National Working Group coordinators, following a participatory process within the National Working Groups and its members comprising a range of relevant stakeholders (academic and research community, NGO sector etc.), and synthesized in collaboration with the Regional Working Group coordinator and a regional consultant from Croatia.

In summary, the major drivers linked to the green economy transition recognized in the Western Balkan countries mainly relate to: (i) raising the awareness about the green economy paradigm and mainstreaming green economy principles, initiatives and actions into agriculture sector development; (ii) establishing a clear concerted policy agenda, supported by achievable objectives and measurable indicators; (iii) strengthening institutions and building capacity (e.g. for implementation of RDP measures), which will in turn create conditions for more successful and prompter use of IPARD funds; (iv) a higher level of harmonization of national policies with the CAP and their alignment with the EU Green Deal and Farm-to-Fork strategy; and (v) encouraging and enabling private sector investments and green business models.

The main hindrances to the process involve: (i) persisting structural deficiencies in the sector present in all respective countries (smallholder farming, low skilled labour, depopulation of rural areas and lacking market participation); (ii) unbalanced use of the natural resources; (iii) low prioritization and political will dedicated to the shift to a green economy; (iv) insufficient monitoring and evaluation of the enforcement of relevant policies; (v) lack of coordination and intra-sectoral connections on cross-cutting issues; (vi) weak capacities of local communities in the context of natural resources management and solving environmental problems; (vii) complicated and demanding procedures aggravating the application process for the applicants and administering of the measures.

The increasing inclusion of sustainable development goals in the national strategic and programming documents provides grounds for promotion of novel practices aimed at economic, social and environmental benefits. However, in all countries, the major challenge is the actual implementation of the programmed objectives and their realization into effective measures. In promoting the transition to green economy, Rural Development Programs can particularly play a major role by supporting resource-efficient, low-carbon, and socially justifiable investments, as well as by encouraging sustainable management of natural resources. Also, the EU supported IPARD program should be directed more towards a green economy and used more intensely. Having in mind that the new IPARDs are just being formulated, now is a proper moment to include green economy-related measures in the next programming cycle for the period 2021-2027 (such as for instance agri-environment and organic farming, forestry measures, advisory services, etc.).

Other important recommendations include further legislative upgrading and alignment with the EU acquis, strengthening the institutional and administrative capacities, better coordination, and collaboration between the key governmental institutions, as well as inclusively increasing the awareness and knowledge related to the green economy among all relevant stakeholders.

# ALBANIA

The green economy is not thoroughly applied in any strategic framework in Albania, although its concepts are widely used as reference in various documents (for instance, the concept of sustainable development is included in the Constitution of the Republic of Albania, and over 20 strategies that are interlinked with the concepts of green economy, the key ones listed in the Annex). There is no strategic document which is explicitly integrating the concept of green economy, planning relevant activities, supporting or monitoring their implementation in Albania. The main components of green economy such as sustainable use of resources and use of agro-environmental schemes are foreseen at the National Strategy for Development and Integration (NSDI) 2015-2020 and Intersectoral Strategy for Agriculture and Rural Development (ISARD) 2014-2020. However, just a few activities relate to green economy development. Major part of these activities is mainly implemented by development agencies within capacity building projects and a few are established along the IPARD program.

## Main drivers linked to agricultural/rural development policy and green economy

- Emerging requirements in the context of EU alignment as defined in the National Plan for EU Integration.
- Commitment to the international agenda related to sustainable development and climate change – EU's Green Deal requirements into CAP 2030 is putting pressure to all EU candidate countries to revise their sector policies. SDGs shape common objectives for all developed and developing countries through green and inclusive economy. Paris Agreement on Climate Change reinforces mitigation and adaptation actions especially in the energy sector while providing a robust framework on climate finance.
- As currently the major strategic documents and action plans are updated, it is a proper momentum for incorporating green economy measures. The further expansion of measures related to green economy in agriculture and rural development is influenced by the reforms held in Agriculture and Rural Development Program Fund and in the Instrument of Pre-Accession in Agriculture and Rural Development (IPARD). The design of IPARD III program and the Strategy for Agriculture, Rural Development and Fishery (SARDF) 2021-2027 are optimal processes for boosting green economy.

- Level of commitment of central government/public administration is high due to the continuing pressure for alignment with EU CAP 2030 as well as motivation to fulfil requirements present in Agenda 2030.
- Central institutions reveal increased attention to green economy components such as renewable energy, circulatory economy and water management by organizing and attending various information and awareness events.
- Legal amendments and institutional development in other sectors such as energy, infrastructure, and tourism, are creating a stimulating environment for green economy (for instance, photovoltaic investments in agriculture and rural development are expected to develop in the future, with the legal improvement; new changes in the Law on Forest might enable activities of carbon footprint accumulation).
- Bilateral donor financing for development initiatives in resource efficiency and natural protection has been a continual driving force to pilot initiatives related to green economy.
- Business initiatives related to green economy are growing in search of market opportunities.
- Urged attention to climate change adaption and mitigation mechanisms in the current ecosystems, mainly as external pressure rather than based on rural community concerns.

## Main hindrances linked to agricultural/rural development policy and green economy

- Relevant institutional and legal components of green economy are implemented by several institutions functioning in separated and not well-connected sectors with highly different set of responsibilities and management tasks (Ministry of Agriculture and Rural Development, Ministry of Tourism and Environment, Ministry of Infrastructure and Energy as well Ministry of Economy and Finance are all dealing with components of green economy).
- High number of actors and missing leading roles among main institutions which have the adequate legal responsibility for formulating documents and coordinating activities.
- No institution is taking lead to prepare the main legal and institutional settings. In addition, local government units are yet not able to promote green economy due to limited budgetary and institutional capacities and high dependence from central government budgetary support.
- Weak commitment to adopt objectives of NSDI II 2015-2020 and ISARD 2014-2020 into action plans and weak capacities to implement the action plans.

- Limited budget and focus on sector-oriented support has not enabled consistent presence in terms of budgetary support measures for developing green economy or relevant criteria used for compliance.
- Policy focus on competitiveness leaves less space for interventions related to green economy.
- Due to limited awareness of business community and farming community on green economy, there are weak potentials for organizing bottom-up initiatives soon.

#### Current coverage and gaps in existing policy linked to green economy

- Albania has no National Green Economy or Sustainable Development Strategy.
- The current legal framework, including national regulations and national strategic documents and action plans, provide conditions but not a stimulus for green economy in the country. There is a high number of laws and other legal acts partially regulating the legal framework of the country's ability to apply green economy concepts. Legal frame has been developed at sector basis and there are too few efforts to tackle this through an intersectoral approach (for instance, there is no comprehensive legal base for green economy but there are laws for use of renewable sources of energy, recycling of waste and ultimately capturing carbon in forests; or, the Law on climate change regulates the green investments and financing, but does not facilitate its interrelation with other laws relate to energy conservation). Similar to the legal base, also the institutional base is fragmented, with no institution in lead. ISARD 2014-2020 green economy concepts (e.g. concepts related to the use of renewable energy, sustainable use of land and local resources) has vaguely been inserted into the budgetary support programs.
- Albania does not earmark financial resources to green economy although there were some isolated efforts of this kind in the past, but are less likely to be applied at present. Such as measures for the use of biomass at heated greenhouses (support measure in 2018 by Agricultural and Rural Development Program (ARDPF) or establishment of photovoltaic panels for guesthouses. These measures use a modest fraction of funding designated to agriculture and rural development (less than 5%). Through IPARD support, minor components of green economy projects are applied such as establishment of photovoltaic panels, animal treatment systems and investments for energy efficiency.

- Almost all funding for the CAP-like rural development pillar measures related to market support was allocated for the improvement of competitiveness, with no components supporting green economy. This gap has been filled by donors in the past, which activated funding for pilot initiatives - for example, water heating in dairy farms (GIZ and UNDP), use of plastic waste for recycling purpose and lately supporting investments in the residential sector to improve energy efficiency (provided by the Green Economy Financing Facility (GEFF) through the support of the European Union (EU), the Austrian Development and the Western Balkans Investment Framework). The donors' initiatives also enabled implementation of pilot initiatives which tested green economy practices, such as provision of photovoltaic panels, waste treatment systems and use of energy from biomass.
- Comparative analyses between EARDF and ARDPF (2020) shows that many measures commonly implemented in the EU related to green economy are not in place currently in the Albanian ARDPF. Of the 17 measures provided by EAFRD, the current ARDPF could quickly implement five measures. Some measures, such as support for areas with natural constraints, have not even progressed beyond the development of definitions. For example, co-operation measure (M16), the measure on setting-up of producer groups (M09) can contribute to the management of green economy investments in groups, while farm business development measure (M06) can facilitate product diversification and off-farm economic development. An increase of farmer awareness on green economy can be substantially improved also through better knowledge and information (measure M01) and advice (measure M02).
- Alignment to EU CAP is a motivation for incorporating the green economy concepts in the activities related to agriculture and rural development. The use of Instrument for Pre-Accession Assistance (IPA), a component of which is its rural development component IPARD, has been a boosting motive for implementing green economy investments, considered that one of the criteria is use of renewable sources of energy. Accreditation is foreseen for in 2022 for the measures related to agri-environment, climate, and organic farming; implementation of local development strategies through the LEADER approach; advisory services; forestry; and technical assistance.
- Drafting of Strategy for Agriculture, Rural Development and Fishery (SARDF) 2021-2027 is an opportunity to put green economy higher on the agenda.

### Policy recommendations - priorities for including/promoting green economy

- Establish a group of external and MARD experts, to contribute to the national dialogue for developing a strategic vision for green economy in agriculture and rural development. The efforts for the national dialogue should be anticipated by an in-depth study on needs for institutional, legal, and budgetary framework for developing green economy, whose findings should be presented at a multi-stakeholder meeting.
- MARD can make best use of the process of consultations and discussions carried in the context of preparation of ARDF 2021-2027 and IPARD III, to bring into the attention the new international commitments (SDGs, Paris Agreement, alignment with EU's Green Deal) and lead a dialogue on national scale with the final aim to prepare an action plan on green economy. NAGE should provide immediate commitment for the expert group to contribute with elements of green economy in the SARDF 2021-2027.
- Conduct an awareness event that informs and promotes national discussion with the participation of academia, civil society, government institutions, donor and media projects on the concepts and mechanisms of green economy in agriculture and rural development and other areas of the economy.
- Prepare a regulatory base for the green economy by adopting a specific legislation which regulates the main activities related to green economy.
- Define a resolution that regulates the preparation or establishment of an agency or coordinating office for the green economy (inter-institutional such as the Council of Ministers).
- Draft a national green economy strategy for agriculture and rural development which is followed by a concrete action plan and budgeting.
- Prepare an action plan for green economy in agriculture and rural development targeted objectives and supporting activities, calibrated support measures and dedicated budget. The action plan should be a stimulus for including more measures and expanding the budget of the ARDPF. Moreover, the action plan should delineate a functional institutional structure (for instance a leading Agency depended from the Council of Ministers) as this would enable to bring together the currently fragmented legal and institutional structures.
- Formulate additional support measures and insert premium criteria in the budgetary plan for ARDPF 2022 to support the green economy by enhancing elements required by the Green Deal such as circular economy, introducing similar components of the EU Farm to Fork strategy related to green economy and enabling maintenance of ecosystems and biodiversity (EU Biodiversity Strategy).

## BOSNIA AND HERZEGOVINA

The green economy concept is increasingly being talked about in Bosnia and Herzegovina (B&H) and is becoming part of the challenge facing decision makers at all levels of the government. In both the Federation of B&H and the Republic of Srpska, there has been some progress in aligning with EU legislation in the areas of agriculture and the environment as part of the green economy concept. There are adequate strategic and program documents that significantly follow similar EU documents, but the key problem is their implementation. It is absent in many spheres and in many measures, where the key obstacles are insufficient financial support, underdeveloped institutional capacities and inadequate administration, all as a lack of a political will of the authorities in Federation of B&H and the Republic of Srpska to take the concept of green economy more seriously. In fact, although sustainable management of natural resources is a strategic goal of the latest agricultural and rural development strategies at both state and entity levels, the implementation of appropriate measures and budget allocations are absent and currently negligible.

### Main drivers linked to agricultural/rural development policy and green economy

- Expressed political readiness for promotion and introduction (application) of the concept of green sustainable development through strategic and program documents.
- Alignment (harmonization) of the legal framework with the principles of green economy in the part related to the impact of agricultural production on environmental protection (many of these provisions exist but are not enforced).
- Better coordination of policies in sectors, programs and levels of government (better coordination within and between levels of government).
- Introduction of a mandatory environmental protection measure as a precondition for the withdrawal of incentive funds (following the example of the EU, but adapted to local circumstances).
- The country is rich in biodiversity, which need to be used in a sustainable manner.
- Meeting the conditions (primarily political) for access to the EU assistance funds, especially IPARD funds for the period 2021-2027 as soon as possible.

### Main hindrances linked to agricultural/rural development policy and green economy

- Lack of political will for a more serious approach to the concept of green economy (lack of a clear political agenda).
- Fragmented agricultural and rural development policy and regulatory framework (because of the complexity of Bosnia and Herzegovina state).
- In both the Federation of B&H and the Republic of Srpska, there is not a sufficient connection between line ministries dealing with measures and activities in the field of green economy.
- Unclear status of strategic documents at the state level (like Rural Development Program in B&H).
- Lack of implementation of existing laws and policies by the authorities (e.g. adopted animal by-product management strategies, organic agriculture, waste management).
- Lack of financial resources and institutional capacity to implement green economy measures.
- Weak capacities of local communities in the context of natural resource management and solving environmental problems. Local communities need to be more involved in recognizing local opportunities in the field of green economy.
- Lack of promotion of the green economy by the key potential actors.
- Farmers (rural population) are not sufficiently well educated and informed about green economy concept and practice.
- Lack or insufficient education on green economy issues in existing curricula in the field of agricultural and environmental sciences.
- Lack of additional education of agricultural advisors on green economy issues.
- Modest institutional capacity and insufficient staff training related to green economy issues.
- Understanding of the green economy as a cost and not as a benefit to the economy and society as a whole.
- Current incentives in the development of entrepreneurship and agriculture are not based on the principles of the green economy.

### Current coverage and gaps in existing policy linked to green economy

The Strategy for Development of Agriculture and Rural Areas of the Federation of B&H Period 2021 - 2027 is in the early preparatory phase, while at the level of the Brčko District of B&H, the Strategy for the Development of Agriculture and Rural Areas of the Brčko District of B&H for the period 2021-2027 is being updated (FAO version). Closest to finalization and adaption is the Strategy for Development of Agriculture and Rural Areas of the Republic Srpska 2021-2027 (draft done, phase of public consultations). On the state level, the Strategic plan of Rural Development for the period 2021-2027 is in preparatory phase. All these strategic documents are expected to be finalized by the end of 2021. The most important features of the strategic document related to the green economy are the following:

- Existence of commitment to harmonization with the strategic framework for the development of agriculture and rural areas of the EU, as well as the "Green Agenda"
- Recognized impact of agriculture (fertilizers) on soil and water pollution, and the need to align with the Green Agenda.
- Identified activity Improving the legal framework in the agricultural sector with the priorities of the new "Green Deal" of the EU related to the principles of environmental protection, adaptation to climate change, protection of biodiversity, safety and food, etc.
- The need to improve the system of application of knowledge and information in agriculture (AKIS) in the part related to the safety of agricultural products for human consumption by adapting to the priorities and standards imposed by the "Green deal" of the EU, and capacity building in the field laboratory diagnostics and phytosanitary controls and implementation of plant protection programs and programs for prevention of infectious diseases and improvement of animal welfare.
- Identified strategic goal "Nature protection and sustainable use of natural resources" with the following specific objectives: Protection and improvement of agricultural land; Protection and sustainable use of water in agricultural production; Increased production of energy from renewable sources in agriculture; Increased volume of agricultural production based on the principles of organic production; Improved waste management practices from agriculture and food industry; Conservation and sustainable management of plant and animal genetic resources; Demarcation of areas with natural constraints for agricultural production.

**Identified gaps**

- Defined (and adopted) strategic goals and measures are very often not enforced. Measures exist „only on paper“, and their implementation is solely a matter of political will.
- Inadequate financial resources are planned for the implementation of the so-called general measures, which include environmental protection measures and sustainable use of natural resources.
- The implementation of measures to support current production is not conditioned by the fulfilment of obligations related to environmental cross-compliance in agriculture and rural development.
- Apart from supporting organic production, soil fertility control, protection of genetic resources, there are no examples of implementation of other measures in the previous period, although they are provided for in strategic documents.
- Inadequate monitoring and evaluation of the implementation of strategic documents (lack of regular reporting and public presentation of the level of implementation of defined measures and the impact of supported activities in relation to the set indicators).

**Policy recommendations - priorities for including/promoting green economy**

- Alignment of the legislative framework in the field of agriculture and rural development with the principles of the green economy.
- Inclusion of activities related to the green economy in the system of knowledge and information transfer that includes all actors: educational institutions, advisory services, producer organizations, NGO sector. It is very important that all participants dealing with green economy are educated in all important aspects.
- Institutional strengthening of human capacities dealing with green economy issues is needed.
- Linking the principles of the green economy with incentive measures, including binding and voluntary adjustment measures - this also implies an increase in budget allocations that will be able to make the so-called greening of agriculture.
- Creating a Green Agenda for B&H in line with the EU green agenda, based on a detailed analysis of the situation.
- Harmonization of pilot measures to support the transition to „green“ technologies at all levels of government and funding of pilot measures as a way to promote the green economy.
- Harmonization of the IPARD operational structure and adoption of the IPARD strategy that includes green economy issues.

- Training of local actors (authorities and organizations at the local level) for the use of pre-accession funds (EU4 Agri and EU4 Recovery) for measures to support the transition to a green economy.
- Establishing a greater degree of inter-ministerial cooperation between the ministries responsible for agriculture, rural development, environmental protection and economy at both state and entity level. Establishment of an institution (council / body) for coordination of regulations and other activities related to the green economy with clear tasks related to monitoring policy coherence and between line ministries related to the green economy such as the Ministry of Agriculture, Water Management and Forestry of RS and FB&H, the Ministry of Physical Planning, Construction and Ecology (RS), the Ministry of Environment and Tourism (FB&H), the Ministry of Economy FB&H and RS, Ministry of Development, Entrepreneurship and Crafts (FB&H), Ministry of Economy and Entrepreneurship (RS).
- More proactive action and targeted design of WBIF-funded projects related to green economy projects.
- Application to TWINING and TAIEX programs for technical support in the implementation of measures related to the green economy.
- Applying for HORIZON 2020 funds with projects related to the green economy in partnership with educational and business institutions and companies.
- Implementation of cross-border cooperation projects related to the green economy.

**Some other issues to consider...**

- In B&H, one of the major problems is the high level of waste materials coming from the agricultural sector (such as crop residues, livestock manure, waste from the preparation and processing of meat, fruits, vegetables, cereals, etc.). Therefore, special attention should be paid to the use of waste organic matter from agriculture and their combination with the organic component in the production of biogas, compost or conditionally biofuels.

# KOSOVO

The green economy is not new concept in Kosovo, but it is still at a very low level of development. Until now, there is no apparent progress in politics development strategies at the national level regarding to the green economy. The main hindrances relate to: unstable political environment with frequent changes of governments, lack of coordination of government policies with the measures defined in the National Development Strategy (NDS 2016-2021), lack of sufficient innovative capacities and ability to invest in advanced green technologies, limited institutional and human capacities and skills to fulfil procedures for transition of green economy, insufficient financial support, widespread informality, etc. Despite the unfavourable economic situation, significant progress has been made in recent years in aligning long-term programming documents and administrative infrastructure with EU requirements. However, their implementation faces with difficulties. Meanwhile, the potential of the green economy and green entrepreneurship have not been sufficiently recognized by the business community in order to increase investment and transform economic model into one which better aligns with sustainable development.

## Main drivers linked to agricultural/rural development policy and green economy

- Increased advocacy activities and initiatives to promote the green economy especially in agro-rural policies.
- Stable relationship between policy makers, research institutions, CSO's, local and international NGOs and individual researchers.
- Involving key stakeholders in drafting the new strategy for agriculture and rural development.
- Developing more focused rural development policies toward green economy.
- Establishment of agricultural advisory centres in each municipality by MAFRD - very important in the transfer of knowledge (further improvement needed, especially on the capacity building).
- Licensing of public and private agricultural advisors from MAFRD.
- Financial support for innovative green business ideas of youth, women and vulnerable groups in rural areas, but it is still minor and needs further expansion.
- Promoting green businesses within the rural tourism activities and projects.
- Encouraging the business community and farmers in adopting new greener technology equipment.

## Main hindrances linked to agricultural/rural development policy and green economy

- Frequent changes in government structure and responsible bodies (ministries) related to economic development, presenting a major problem for public administration to implement their strategies and work plans.
- Lack of statistical data for programming and monitoring and evaluation of different policies.
- Lack of understanding of the green economy concept.
- No concrete plan or greening measures and policies until now.
- Difficulties in the implementation of existing laws related to agricultural and rural development and environmental protection.
- Weak cooperation between relevant institutions, non-harmonization of inter-institutional strategies.
- Low budget allocated to implement and enforce policies for rural development and entrepreneurship.
- Limited institutional and human capacities and skills to fulfil procedures for transition to green economy.
- Still poor control of the implementation of the grants and subsidies. Although the AAD (MAFRD) has in place procedures and manuals, they find little application during the implementation and monitoring processes. The current capacities of the Agency for Agricultural Development are also insufficient for the implementation and successful monitoring of the support programs of the MAFRD.
- Poorly-educated farmers and other key stakeholders, difficulties in adoption of new agriculture and environmental practices.
- Lack of local, regional and national programs supporting the green economy activities in rural areas and in countryside – with special approach on stimulation of women and youth initiatives.

### Current coverage and gaps in existing policy linked to green economy

The Ministry of Agriculture, Forestry and Rural Development (MAFRD), as the competent national authority, has drafted the Rural Development Program 2020-2021. The program is based on the seven-year draft program for Agriculture and Rural Development (ARDP) 2014-2020, which has been prepared in line with the Common Agricultural Policies (CAP) of the EU, respectively with the Instrument for Pre-Accession for Rural Development (IPARD). ARDP outlines a broad strategy with general objectives around growth in the agro-food sector, protection of natural resources and environment of rural areas and improving the quality of life and diversification of opportunities and employment in rural areas. Based on the identified needs and in line with the general objectives for agriculture and rural development, the measures for implementation of the rural development program in Kosovo under the four priorities of the EU IPA II for rural development, have been selected as follows: improve farm sustainability and competitive skills; restoring, preserving, enhancing ecosystems; promotion of socio-economic involvement; transfer of innovations, knowledge. The national support schemes implemented by the MAFRD are structured into two groups: (i) direct payments (subsidy program) to support farmers' incomes, and (ii) rural development measures (grants program) such as investment support. The measures supported under the ARDP 2014-2020 are in coherence with the EU funded IPARD program to support candidate and pre-candidate countries to develop and strengthen the agriculture and rural development sector to be competitive in the EU market. The current grant scheme seems to be working well, although its implementation, measurement of the effects and especially monitoring requires improvement. In the rural development measures, there is poor control of the implementation of the grants and lack of proper measurement of effects and results achieved by projects. Although the Agency for Agricultural Development, with its limited human and budgetary resources, has in place procedures and manuals, they find little application during the implementation and monitoring processes.

### Identified gaps of the program

- Investment in physical assets of agricultural households and in the processing and trade of agricultural products (weak monitoring in the environmental aspect).
- Farm diversification and rural business development (limited budget with small numbers of beneficiaries, as compared to the increasing number of applicants interested in recent years).
- Implementation of local development strategies – LEADER approach (limited capacities of the LAG's and insufficient budget to achieve all objectives of this measure).
- Organic farming (low payment rate for organic farming).
- The drafting of the National Development Strategy (NDS) 2030 began in September 2020, for which the Government of Kosovo published the concept. The strategy will be developed in a number of stages, and aims to define long-term objectives regarding the rule of law, economic, social and environmental development, and the country's EU membership course. The NDS 2030 objectives will be linked to the European Integration Agenda, the Sustainable Development Goals (SDGs) and the Green Deal Agenda and its implementation and monitoring will be done through sectorial strategies and institutional plans to ensure better linkages with the state budget. Kosovo has developed a similar strategy in 2016 which is still in effect (National Development Strategy 2016-2021), but it does not explicitly mention the integration of SDG indicators nor EU CAP segment related to green economy and entrepreneurship. Lack of systematic assessment of implementation of measures, and poorly analysed plans are some of the reasons for the failure in the fulfilment of key objectives.
- Notable to mention are the Kosovo Environment Strategy EMS 2013–2022 and the Climate Change Strategy 2014-2024, supplemented and amended by the Climate Change Strategy 2019-2028 and the Climate Change Action Plan 2019-2021. The Strategy for Local Economic Development 2019-2023 is based on the action plan aimed at coordinating policies for local economic development. Although local governance is built on the principle of the European Charter for Local Governance, financial sustainability of municipalities is not yet achieved. Also, municipal strategies are not harmonized with central level policies.

- Strategic documents that give emphasis on empowerment and energy efficiency issues in Kosovo are the SAA (Stabilization and Association Agreement), the Economic Reform Program (ERP) and the Energy Strategy of the Republic of Kosovo 2017-2026. Sustainable Development in Kosovo - Kosovo has undertaken some positive steps on Agenda 2030, notably the establishment of the National Council for Sustainable Development (NCSD) which is responsible for coordinating SDG action and the preparation of the National Development Strategy 2016-2021. However, concrete actions remain rather limited.
- A slight stimulus has been observed in the Medium Term Expenditure Framework 2022-2024 (MFLT) as support for the industry and business such as: (i) Agriculture and rural development - government policies in the agriculture and rural development (aligned with the EU CAP); (ii) Food Safety - a functional system of food safety and consumer protection in line with EU standards will be strengthened with high priority. For this purpose, appropriate measures based on the concept „From farm to fork“ are expected to be implemented ensuring the effective and safe operation of the production and marketing chain; (iii) Tourism development - priority will be given to projects for the improvement of infrastructure (road infrastructure, regulation of river beds and tourist paths) that enable the development of tourism, and the rivalry of tourism potential through public-private partnership, based on international standards.
- The main challenge of the National Water Strategy 2017-2036 remains in its implementation and monitoring and the publication of statistics on its implementation. Taking into account Kosovo's priorities in the European integration process, the strategy needs to be further harmonized with EU water legislation.
- The Strategy and Action for Biodiversity 2011-2020, with the purpose of biodiversity conservation, sustainable use of natural resources, revenue generation and sharing of benefits from the use of biodiversity equally (the latter exactly as required by the SDG indicator). Unfortunately, data lack to compare where Kosovo stands over the years and in relation to other countries. There is no official report which the goals of this strategy have been implemented or any report with relevant data in this area.

- In summary, in Kosovo there is a legal and strategic framework that regulates environmental protection, but not enough attention has been paid to the EU integration in these documents. Relevant environmental data are missing. Due to the lack of accurate statistics it is impossible to make the right decisions and solve environmental challenges effectively, as required by the EU. Addressing environmental issues and climate change are also requirements of the Stabilization and Association Agreement (SAA).

#### Policy recommendations - priorities for including/promoting green economy

- Establish a Department for Green Economy, for instance at the Ministry of Economy, with aim to identify initial green economy policy options that exploit policy synergies that deliver outcomes across all three – economic, social and environmental – dimensions.
- Strengthen Cooperation with Municipal advisory information centres, (already opened in all municipalities of Kosovo) through investments in knowledge that support the adoption of environmentally friendly farm practices as a key driver behind agriculture innovation process.
- Empower women, with focus in rural areas. Access to finance and skills development for women to become green entrepreneurs (e.g. ecotourism) by starting their own green businesses.
- Introduce eco-schemes (schemes for the environment and climate), as main innovation in the green architecture of CAP proposed by the Commission, in order to support practices that address employment and growth including agroforestry, agro ecology, precision farming, carbon farming, etc.
- The grants program should be monitored and pursued more strictly (more concretely the project implementation and its outcomes), in order to ensure the intended development of the support provided. The Agriculture Development Agency (ADA) should strictly put into use all the implementation and monitoring procedures and manuals. Pressure should be put on the Government and Parliament to allocate sufficient budgets and staff to ADA as this institution is a key factor in implementing and successfully monitoring the support programs of the MAFRD.

- Increase effective advocacy activities with the Government and Parliament of the Republic of Kosovo (including parliamentary commission) to make the necessary budget changes that serve the purpose of achieving the goals and plans of the Ministry of Agriculture, Forestry and Rural Development and other relevant actors.
- To achieve the objectives of the LEADER Approach and the role of LAGs in Kosovo, the strategic framework needs to be improved as a foundation for the development of local partnerships and strategy. As many of LAGs face difficulties, capacity building is urgently needed for LAGs management and other members. Also more financial support to foster participation of locals and to ensure that LAGs are continuously active.

#### Some related issues...

- NORDK will contribute to the working groups preparing the Strategy for Agriculture and Rural Development 2021-2027 and will address the idea for the institutional support and promotion of green economy initiatives through national measures for agriculture and rural development and other policies.
- In terms of the legal side, the concept of green economy remains undefined. The most approximate legal point of view that envisages some aspects of green businesses is the Law No. 06/L-022 on Social Enterprises in Kosovo, voted in 2019. This law defines social enterprises as a legal entity regardless of the manner of its establishment, which in its founding act contains social objectives, carries out economic activities, produces goods and provides services in the general interest of society, and integrates into work persons from vulnerable groups. Overall, the law foresees that the social enterprises will operate within the capacities of human resources and capacities of biodiversity.

## MONTENEGRO

Agricultural producers in Montenegro face various barriers, which are financial and non-financial in nature. In the national system, there are a few financial mechanisms that are available to agricultural producers - loans with favourable conditions, various types of subsidies, donations, and other types of assistance. Agricultural production relies on traditional ways of cultivating and using land, and the application of modern knowledge and technical means is modest. The share of farms with an irrigation system and other climate-adverse technologies is low. In addition, there is a significant problem of fragmentation of agricultural land, resulting in small inefficient farms. Due to this, producers cannot have continuous production providing safe and stable yields of uniform quality, which is a barrier to entering the market. This concerns exports in particular, because such production can neither by quantity nor quality meet the international market requirements.

#### Main drivers linked to agricultural/rural development policy and green economy

- National Strategy on climate change to 2030 incorporates the provisions of several directives specific to the field of climate change in various activities, including agriculture. Within this Strategy, the document Intended Nationally Determined Contribution (INDC) for the reduction of greenhouse gas emissions has also been adopted, committing Montenegro to a 30% reduction in greenhouse gas emissions by 2030, compared to 1990. The document envisages reductions in GHG emissions related to agriculture by replacement of motor fuels and gradual replacement of diesel with biodiesel; replacement of the use of heating fuels and their gradual replacement with LPG, biomass and solar energy in the structure of energy sources; promoting organic agriculture; composting; anaerobic digestion; reduction of CH<sub>4</sub> by reducing intestinal fermentation; animal waste management practices; use of agricultural biomass for energy purposes-anaerobic digestion. Additional measures are: improving and development of livestock, not on crops and cereals; strengthening wine production; development of a marketing strategy for halal lamb slaughter for the Middle East market, focus on good animal waste management practices in line with EU veterinary requirements and improved animal sludge/manure management system by building limited reservoirs to avoid surface and groundwater contamination.

- Strengthening competitiveness of the agricultural production in Montenegro has been significantly enhanced by the second project of institutional development and strengthening of agriculture in Montenegro (MIDAS 2), received the approval of the Board of Executive Directors of the International Bank for Reconstruction and Development in 2018. The development goal of the Project is to improve the competitiveness of agriculture and fisheries in Montenegro, by increasing the provision of state support in compliance with the requirements for EU accession. Having higher number of the producers using these financial lines, thus raising their technical and human capacities, can pose significant impetus towards embracing the concept of green economy in their business operations. These producers can also be a stimulating force for the other ones to use these funds and implement similar practices.
- Further initiatives, awareness and investments of the Government are necessary for upgrading the rural infrastructure. Producers should, through enforced governmental initiatives raise their capacities while the specific promotion could stimulate the agricultural producers to convert to a “greener” production, reducing/eliminating negative impacts of the agriculture to the environment. In addition, the process of product certification related to greening of production and product placement by introducing regulatory instruments (quality schemes) should be further explored by the authorities and producers. These activities are supported by the annual budget for agriculture and increasing the funds dedicated to it gradually over the last decade.
- The number of beekeepers in Montenegro is on the rise especially in the last two decades. Beekeeping, as an activity that has a small overall negative impact to the environment and a great positive impact to increase resource productivity should be further stimulated.
- Collecting forest fruits, medicinal and aromatic plants is an existing activity in Montenegro, with high developmental potential. High natural diversity in this area, along with the fact that this activity has a small overall negative impact makes it one of the significant national potentials.
- Protection and improvement of fertile land, especially in the vicinity of large factories, as a limited resource, is necessary for the sustainable development of agriculture. Also, assessments of degraded land recovery should be made as already stated in strategic and legislative documents. The more efficient enforcement of the Law on agricultural land and the new Action plan for land protection is needed.

#### Main hindrances linked to agricultural/rural development policy and green economy

- Animal husbandry in general is an activity that can have negative impacts on GHG emissions, quality of water and biodiversity conservation. According to the National strategy for climate change to 2030, agriculture has a negligible impact on CO<sub>2</sub> emissions. However, agriculture is credited with the highest emissions of CH<sub>4</sub> and N<sub>2</sub>O.
- Due to the low degree of processing, e.g. finalization of products in the entire Montenegrin food chain, as well as due to poor infrastructure in rural areas (lack of asphalt roads and storage facilities), there is no organized purchase for a large number of products that would guarantee adequate prices. Producers are forced to sell their products on the doorstep, local markets, and shops, or through tourism. This can discourage the producers to implement the practices related to green economy and consider specific investments in that activity.
- Producers are faced with complicated administrative procedures that present them with a barrier to registration of production and products, access to various financial mechanisms, the market and so on. This can also reflect to any initiative related to green economy.
- Another trend that is typical for rural areas, especially in the northern region of Montenegro, is the outflow of population. This trend poses a specific threat to agricultural activities in the country and thereby to the development of the green economy perspective in the sector.
- Packaging of products represents another barrier since the packaging material is mainly imported.
- The limited number of registered and certified organic producers can also be explained by the fact that many producers are still not convinced or aware of market benefits, as most producers in the country already use relatively small amounts of pesticides and more aggressive agri-environmental methods.
- Changes in agricultural policy cause uncertainty among producers and become a limiting factor in the development of agricultural production and the green economy.
- Insufficient promotion of the development potential of other activities in rural areas other than tourism and agriculture. (IT, smart villages, crafts, etc. Due to continuous negligence and lack of specific preservation measures land has been particularly prone to degradation for decades.
- Absence or negligible presence of the IT sector, without which the concept of green agriculture cannot be further developed.

- Plant production in the medicinal plant sector is often exposed to unplanned exploitation and illegal sales, further endangering some plant species that are on the red list of protected species (e.g. *Lincura*).

#### Current coverage and gaps in existing policy linked to green economy

- Numerous state and public activities have been initiated in agriculture and food production, while this economic activity is recognized among the three most important ones in the country. To certain higher extent the concepts of green economy have been implemented in the new strategic documents. For instance, the new Strategy for Agriculture and Rural development in Montenegro for the period 2020-2025 is currently being elaborated. The previous document (Strategy for Agriculture and Rural development with the action plan for the period 2015-2020) defines the goals and priorities and developmental path of the agriculture in Montenegro in liaison towards the EU accession. This strategic document is oriented towards the reforms of the agricultural policy, gradual acquisition of the EU acquis in the area and capacity building. So far, the gradual reform of the agricultural policy has been implemented dominantly in the fields of market-organization, rural development, and general services for agriculture. It can be noticed that the support to agricultural producers through direct payments per hectare and/or head has been constant. However, still the enhancing of the “greening component” is needed, and it is expected that it will be implemented to higher extent in the next five/year strategic document. With the new Strategy for Agriculture for the period 2021-2027 the further harmonization with the EU CAP is expected that will be reflected in positive change in the agricultural sector of Montenegro, including initiatives related to gradual introduction of the concepts of green economy.
- Sustainable management of natural resources as well as balanced territorial development of rural economies are within the objectives of the program, though green economy is not explicitly focal in the measures. In plant production, it is mandatory to respect the principles of good agricultural practice, regular application of agro-technical measures in orchards, maintaining good agricultural condition of the land. Farms are obliged to respect the recommendations set out in the Code of Good Agricultural Practice in animal husbandry and milk production. Thus, cross-compliance requirements are introduced gradually to enable farmers to be better prepared for their full implementation.

- The IPARD II program in Montenegro contributes to the restructuring and modernization of the agricultural and processing sector, to make farms and the processing sector more competitive, and thus more ready to join the EU and use EU funds. The IPARD II program defines three strategic objectives related to the respective measures (Strengthening the competitiveness of agriculture; Ensuring the sustainable management of the natural resources; and Achieving balanced territorial development of rural economies and communities, including job creation and retention of existing jobs). In addition to the measures for investments in physical assets of agricultural holdings and in processing and marketing of agricultural products, important measures linked to the green economy are lacking: agri-environment-climate and organic farming measures, LEADER initiative, investments in infrastructure, etc.
- In order to efficiently implement the above measures and raise the producer and government administrative capacities, Montenegro has gradually been putting efforts in establishing an Integrated Administrative and Control System (IACS), which should be fully compliant with EU rules. In terms of strengthening the absorption and administrative capacity to implement the measures of the EU CAP, one of the most important moments for Montenegro is the establishment of a fully functional IPARD Agency accredited to manage EU funds for agriculture, rural development and fisheries. The establishment of the Accounting Data System on Agricultural Holdings (FADN) system is also underway.
- National biodiversity strategy envisions that Montenegro’s “Functional ecosystems and wealth of biodiversity are the basis for a sustainable and harmonic framework for the development of Montenegro and its citizens” by the year 2050. Its strategic targets are outlined as follows: until 2020, biodiversity protection is in practice as one of several most important social and political priorities in the overall development; biodiversity is protected by multidisciplinary and multisector approach; an efficient mechanism for financing of biodiversity protection achieved, as well as a switch to sustainable biodiversity economy and necessary capacities built into 2020; significant reduction of identified direct pressures on biodiversity until 2020 registered; until 2020 preconditions created and targeted measures for biodiversity protection implemented; environmental infrastructure as the basis for conservation of national biodiversity created until 2020; and knowledge of biodiversity improved, systematized, and widely and equally available through developed mechanism. Further, the Strategy asks for the preparation of the National Biodiversity Monitoring Program until 2021, which will allow systemic collection of data on biodiversity status. Increased agricultural production will be ensured through environmentally sustainable practices and socially equitable manners.

### Policy recommendations - priorities for including/promoting green economy

- Successful implementation of the green growth concept is highly dependent on the multiple sector activities and the implementation of the mid-term and long-term policies. The strategic documents should envisage the successful transition to low-carbon, resource-efficient economies. The priorities should be focused to gradual implementation of clean technologies, renewable energy, green transportation and infrastructure, waste management, and bio-based agricultural operations.
- In Montenegro, this developmental path has been recognized to certain extent, with some accepted measures that promote green economy concept. However, the existing initiatives should be further expanded, where special attention should be given to the efforts towards multi-sectoral approach and horizontal implementation of the green and circular economy. Some of these are outlined below:
- One of the main hubs for generation and implementation of new ideas and practices could be achieved via knowledge transfer. So far in Montenegro, there are deficits in the scientific research sector, which should to great extent support the development of agriculture and harmonization with the EU CAP. The aim is development of knowledge-based agriculture; strengthening institutional support for the development of sustainable agriculture; faster implementation of reforms and harmonization with the EU CAP, with strengthening administrative capacity for faster application of new technologies and innovations in agriculture.

- Quality schemes are important asset for the promotion of traditional products, using natural biodiversity and potentials, cultural heritage and skills of people. The schemes currently envisaged by the law include: “designation of origin”, geographical indication, “guaranteed traditional specialty”, “higher quality”, “mountain product”, “from my farm” and “organic product”, are additional elements of product quality guarantee. So far, in Montenegro seven products have been protected by geographical indications, thus none of these is still certified. Support of this component through agricultural policy measures ensures the promotion of the quality of products by maintaining the specificity and diversity of Montenegrin production and cuisine; protection from any imitation and deception; contribution to the sustainable development of the area; increasing the market value of products; increased consumer confidence; maintaining tradition in agricultural practice; strengthening the competitiveness of agricultural and food products; establishing and strengthening the link between tourism and agriculture; ensuring a stable supply of safe and quality food. All these developmental perspectives are compliant with the concept of green economy and can contribute to the goal-oriented initiatives in the field.
- Farm development as a part of the implementation of the IPARD II program in Montenegro promotes investments in physical capital of agricultural holdings, physical capital related to processing and marketing of agricultural and fishery products. After the amendments to the IPARD II program, accreditation was requested for the Measure Diversification of Farms and Business Development. Agri-environment, climate and organic farming measures, LEADER initiative, investments in infrastructure, strengthening of advisory services should be more significantly incorporated in the IPARD III program.

- Producer organizations have been promoted through state support for clusters, thus the expanding of these incentives is strongly needed. In this regard, MARD, in cooperation with the International Fund for Agricultural Development (IFAD), has launched the Cluster Creation and Rural Development Project (RCTP), which is being implemented in seven Montenegrin municipalities. There are two basic components of the project, namely cluster development and rural infrastructure development. The objectives are the connecting agricultural producers from the municipalities covered by the project; reduction of production and transport costs with the association of agricultural producers; creating value chains that will enable a shorter connection between producers and end consumers; providing grant support for small farmers. When organized in clusters or associations, producers can more efficiently use the available funds, and easier embrace the concept of green economy through the introduction of new practices and services and better valorisation and preservation of natural resources.
- Conservation of natural resources is especially important since Montenegro has a rich biodiversity on a relatively small area. The genetic fund of plants and animals in agriculture is extremely rich, which is reflected in a many species, varieties, and races, and especially the indigenous populations of plants and animals used for food production. The Montenegrin gene bank will become richer over time and will take care that the existing germplasm is available to all institutions and individuals who express interest in it. This fact, as well as the obligations regarding the conservation and sustainable use of genetic resources in accordance with international conventions and principles, apart from strong dedication, also requires appropriate financial support from the budget to stimulate farms to maintain genetic resources. Therefore, further actions are still needed in this field.

- Adaptation of katuns (mountain remote meadows used for cattle grazing during the summer months) is tightly related to the, for Montenegro, important concept of sustainable use of mountain pastures and raising cattle on pastures. This segment, as a part of biodiversity conservation (specific flora and fauna, use of adapted local animal breeds) has a special economic significance for the farm by producing mountain cheese and cream in order to increase added value on the farm. Current support is granted for investments in the adaptation of huts (on the katun) in the mountains for farmers and their families while maintaining traditional aspects of construction, regulation of water supply (reconstruction of existing drinking troughs, reconstruction of existing watering systems, as an alternative to natural water sources and purchase of plastic water tanks ) and procurement and installation of photovoltaic systems and procurement of cooling devices that can be powered by a photovoltaic system.
- Organic farming relating to farms with a small production volume cannot be competitive if their products do not add value to product quality, which is achieved by organic production. The fact is that in recent years, the interest of producers in this type of production is growing, but it is still not at the extent that can be in the scope of more significant production. Therefore, it is necessary to continuously encourage this way of agricultural production. In addition, consumer awareness of the importance of healthy food is growing day by day, which encourages a constant increase in demand for organic products, both in our country and in the world.

#### Some other issues to consider...

- Available data on the impact of agriculture on the environment show both positive and negative trends. The positive effects are especially related to the increase in areas under organic production, while at the same time there is a general increase in the consumption of mineral fertilizers and a significant increase in the consumption of plant protection products. In this context, in the coming period, it is necessary to work on technological improvements in the field of agriculture, dissemination of knowledge and information on ways to preserve soil fertility, expansion of organic agriculture and development of an efficient sector of the food industry.

# NORTH MACEDONIA

Sustainable management of natural resources in rural areas has been a strategic goal since the Law of agriculture and rural development was adopted in 2007. Ever since, there have been measures in line with environmental cross-compliance in agriculture. Green economy is a wider concept covering economic activities that take care of sustainable use of natural resources (water, soil, biodiversity of species, maintaining pastures and forests, etc.), waste management, mitigation of erosion process, adaptation to climate change, use of renewable energy sources, etc. Many of these are already present in strategic and programming documents, but overall strategic linking and efficient implementation are lacking. In many cases it is difficult to distinguish the factors hindering and encouraging the green economy transition, since some issues can be considered both as an obstacle (due to the restrictive effect), and as a driving force (due to its existence as basis for further development).

## Main drivers linked to agricultural/rural development policy and green economy

### Policy environment

- There is a political will for promotion of green and sustainable development, seen through the number of strategic and programming documents and a solid legal framework on this issue (see Annex).
- The new National Agriculture and Rural Development Strategy (2021-2027) gives increased priority to the application of environmental practices in agricultural production, but also to mitigation and adaptation to climate change, sustainable development, and protection of ecosystems, more closely aligned with the new EU Common Agricultural Policy.
- The national budgetary support for agriculture and rural development is becoming more flexible and approachable to support (green) operations.
- There are measures to encourage green business models in agriculture and rural development for primary producers and agri-food processors, and the use of green technological solutions for all potential users by different programs and ministries (Ministry of Agriculture, Forestry and Water Economy, Ministry of Economy, Fund for Innovation and Technological Development), such as organic farming, utilization of green manure, renewable energy, digitalization etc.

### General awareness

- There is some basic awareness of the opportunities brought by the green economy - economic, but sustainable utilization of the limited natural resources; still, there is a need for further expansion.
- There are initiatives for increasing the existing awareness and the support of and from local authorities in implementing policies and actions aimed at sustainable development and green economy that would further boost green practices.
- Some more educated producers are aware of the possibilities for cost reductions through an efficient use of resources, that can be a major incentive for adopting green economy.

## Main hindrances linked to agricultural/rural development policy and green economy

### Inconsistency

- Although some green measures are present in the strategic documents, frequent amendments of the national and annual programs confuse the users. The operative action plans are not always consistent with the planned strategies and multi-annual budgets. The lack of stability of measures and accessible financial support for green investments often hinders producers' planning process and business decisions.
- The impact of green practices takes time to become apparent. The inconsistency in the program implementation also includes *ad hoc* budget reallocations from less utilized measures (such as agri-environment measures or some infrastructure measures), not allowing the expected impact to occur.
- The administrative requirements and paperwork are perceived as burdensome for the applicants, especially for using the IPARD funds. Often, the opportunity costs for documents preparation are high, relative to the amount of the requested grants.

### Lack of coordination

- Green economy embraces agriculture, environment, and economy; thus, more institutions are involved in its regulation: Ministry of agriculture, forestry and water economy, Ministry of Economy, and Ministry of environment and physical planning. One of the main hindrances is that there is no sufficient coordination among them.
- Considering the synergic agriculture-environment-economy effects, related regulations need to be coordinated. Although in general, the green economy related regulations are solid, in some segments they are not in compliance with the regulation of other institutions – they are being overlapping or even opposed or conflicting.

- There is a lack of awareness among these institutions that green economy can be economic driver for certain groups (for example, small farmers, local community).
- Local communities and municipalities are not sufficiently involved in recognizing local opportunities and providing comprehensive support to individual or groups in employing green economy practices. Thus, certain level of decentralization is needed, especially in rural areas. The LEADER approach and the functioning of LAGs need to go beyond their written function in strategic documents.
- So far, a participatory approach for determining appropriate green economy measures about preserving and sustainable use of natural resources, as well as adaptation to climate change and the need to adopting green economy, is lacking.

#### Competences

- Competence and technical capacity of applicants are an obstacle to adopting green economy practices. Many farmers are not aware that they need to comply with some environmentally related legal obligations.
- Low level of education, and lack of entrepreneurial skills and spirit, especially among rural population, are a major developmental obstacle. This particularly affects the small holdings, as it makes their access to finances through grant programs more difficult. They need increased accessibility to knowledge, information and innovation linked to green economy.
- The agricultural knowledge, innovation and information system is not fully functional, especially regarding green economy opportunities. More accessible and clear guidelines for all potential applicants are lacking.
- The relevant institutions are not sufficiently equipped with human capacities, especially dealing in green economy issues. There are evident barriers from certain individuals in some of the institutions regarding the green economy practices; thus trainings, clear procedures and protocols are needed for administration officials.

#### Current coverage and gaps in existing policy linked to green economy

- There are number of strategic documents that cover different environmental and green economic issues, regulated by different institutions (about 30 different documents, key ones listed in Annex). The general coverage of the prepared strategic documents focuses on encouraging: (i) activities important for the environment, (ii) adaptation to climate change and mitigation of its effects, (iii) balanced development of rural, less economically viable or naturally constrained areas, and (iv) local development and, among others, preserving and promotion of local traditions and cultural heritage. However, some of these strategic and programming documents are outdated and need revision (for instance, water strategy and strategies concerning environmental monitoring, communication, data management awareness etc.).
- Regarding the gaps in the existing documents, it is not about what is missing, but rather, if the adopted documents are being adequately implemented, financed, monitored, and evaluated. Hence, the existing gap arises between the strategic documents and the operational execution (evident examples in the agriculture, for instance frequent changes in the annual programs versus initial strategic planning).
- The National Agriculture and Rural Development Strategy for the period 2021-2027 was adopted in 2020, providing wider coverage and more opportunities for addressing sustainable development and green economy.
- The pending IPARD 2021-2027 should accredit and implement new measures which are very important in terms of promoting green economy practices, such as the agri-environmental measures, LEADER, advisory services, etc.).

### Policy recommendations - priorities for including/promoting green economy

- **Coordinated action between institutions relevant for green economy.** Green economy policy design, implementation and monitoring need to be coordinated and integrated. Although there is a National Council for Sustainable Economy, there is a need for stronger coordinated regulation and action related to the green economy through a technical inter-ministerial body. The inter-ministerial body for green economy should be responsible to coordinate and monitor the harmonization of the policy among the green economy related ministries, such as Ministry of agriculture, forestry and water economy (MAFWE), Ministry of Economy (ME), Ministry of environment and physical planning (MOEPP), and closely related with the Ministry of local self-government (MLS).

It is very important that all involved actors in this process, such as the representatives from different ministries with different educational background and professional focus, interpret the green economy issues, protocols and approaches in the same way (“speak the same language”) and thus mitigate the confrontational situations and attitudes on same topics. For instance, different government institutions treat water, land, waste, and other resources from different, often overlapping angles and aspects (as a production input, economic resource, environmental issue, etc.). Such understanding is needed to tackle the green economy issues taking into considerations the specific needs and opportunities for the agriculture, environment, economy, and local conditions.

- **Establishing promotional and educational program for green economy issues.** The concept of green economy should be more intensively promoted among all key stakeholders involved in its implementation: academia, primary producers, industry, government, environmental oriented civil society organizations and general public. The promotion and dissemination of information should be tailor made based on the specifics of each stakeholders group. Such a program should be well presented to the staff working in the institutions responsible for designing and implementing of green economy policies and specific measures.
- The program should be both informational and instructive, giving clear explanations of what green economy is, how it can be supported, what is needed to be done, how it should be done, what are the available opportunities for supporting such business decisions, etc. The used language should ensure a full understanding of the informational packages (brochures, guidelines, etc.), regardless of the educational and professional background of the reader. Dissemination of such an informative material should go beyond just a mere uploading it on the Internet sites, - it should be brought closer to the potential applicants (local community centres, advisory offices, etc.).

- **Simplifying the procedures for financial support.**

The procedures for financial support should be less administrative burden, both for the applicants and the administrative officers, and should ensure a higher number of successful applications. The cost for preparing the application documentation (including the opportunity costs, such as time for its preparation) should be appropriate to the requested grants. Therefore, there should be a particular fund with simpler procedures for supporting small farmers and small investments.

Increasing the budget for the rural development, especially for the green economy activities. Such an increase will provide financial resources for supporting greening the agriculture, but also will improve the ratio between the direct payments budget and rural development budget.

**Small steps are beginning of big paths...** There are examples where small investments, or policy decisions might have great cumulative impact on the environment:

- Solar panels for on-farm heating water, as a small investment (of less than 2000 Euros) could have a significant impact for the farmer, reducing the farm costs for electricity. This small investment would have an impact on greening the agriculture. Such small investments might be given as a full grant for smaller farms, given that the costs for project preparing exceed the requested financial support.
- The supporting scheme with 50% grant proved to be effective for renewing the farm machinery. This approach might be expanded for some green investments.
- Green practices include supporting production of indigenous breeds and varieties that are not necessarily economically profitable as commercial ones. However, these are important for the biodiversity and are often more adaptable to the local climate and expected climate changes. Financial support of farmers producing them are vital for maintaining the biodiversity, as well as for finding proper climate adaptation strategies.
- There are cases where the opportunity costs for documents’ preparation is high, relative to the requested grant. For instance, a small dairy farm (with 5-6 cows) requests a 50% grant for investment of around 10,000 Euros, while the preparation of the requested documents costs the farmer about 5,000 Euros. Therefore, farmers often decide to apply to smaller grants offered from other programs (for example, EBRD projects that cover 15% of the investment), because of the simpler procedures and free consultancy services offered to them while preparing and implementing the projects. Such a support ensures a higher number of successful projects and builds the applicants capacities in the long run.

# SERBIA

Despite the absence of a single and overarching strategic document on sustainable development, its key aspects are well covered with public policies in Serbia. This includes a number of sectoral and multi-sectoral policy documents, as well as cross-cutting policies guiding reforms related to EU accession. However, the implementation/enforcement of most policies and regulations is rather weak, requiring substantial adjustments, as most mechanisms are still not fully operational. A green transition of different sectors, institutions and thematic areas is progressing at different pace, with varying degrees of success, and there are examples of good cooperation, practice and innovation. The key challenges still to be addressed relate to energy efficiency, clean energy, climate change, agricultural drainage water management and pollution control, which cause serious damage to the economy and the population well-being.

## Main drivers linked to agricultural/rural development policy and green economy

### General policy framework

- Existence of a basic legal framework.
- Green economy issues are covered in many strategies and programs to some extent, but not always followed by action plans and budgets.

### Capacities & Competences

- A growing number of start-up companies dealing with issues relating climate smart agriculture, digitalization, renewable energy etc.
- An extensive network of scientific and educational institutions involved in knowledge transfer that could contribute to raising awareness and strengthening capacities in the field of green economy.

### Agriculture policy

- Both national and local programs for agriculture and rural development provide investment support and incentives for organic farming, on-farm processing, PDO/PGI, rural tourism, etc.
- Relatively low threshold for access to state and local support for agriculture and rural development.
- Advisory services are available free of charge, cover the whole territory and provide large scope of services and information to farmers; yet, less attention is given to sustainable agriculture and agro-ecological farming practices.
- Strategies of LAGs put a focus on rural tourism, climate change and environmental protection; however, still no funding for projects proposed.
- Continuous growth of organic farming sector (also supported by various donors initiatives).

## Main hindrances linked to agricultural/rural development policy and green economy

### General policy framework

- Insufficient priority given to environmental and green economy issues on both political and policy agendas.
- Fragmented policy and regulatory frameworks.
- Complex institutional set-up, weak policy coherence and coordination mechanisms between the institutions in charge.
- The lack of funding for green initiatives and policies.

### Capacities & Competences

- Insufficient awareness of competent authorities responsible for strategic planning of environmentally sustainable policies, programs, projects.
- Weak capacities of public administration at all levels of governance to manage natural resources and run effective environmental policies in their competence.
- Lack of capacities of environmental inspectorates (staff, data collecting and sharing systems, etc.) to monitor compliance with regulations on environmental protection and to guarantee the implementation of control mechanisms.
- Low overall capacities of local self-governments to deal with the entrusted competence in the field of environmental protection and natural resource management.
- Low capacities of institutions that support the promotion and implementation of green transition (extension services, CSOs, etc.); farmers (including policy beneficiaries) are not obliged to attend courses on environmental cross-compliance in agriculture prior to receiving support.

### Agricultural policy

- Agri-environmental schemes are poorly covered by the national RD program; measures are not targeted towards biodiversity conservation, land use, land and water management, ecological sustainability, etc.
- Still no IPARD agri-environmental measure available.

### Current coverage and gaps in existing policy linked to green economy

- Over the last years some progress has been made in harmonization policy and regulatory frameworks with the EU *acquis* in the field of climate change, environment (nature protection, water quality, pollution, waste management, civil protection), as well as in food safety, veterinary and phytosanitary policies. The current agricultural policy documents make no explicit mention of the green agriculture/economy, but all relevant aspects of this concept are covered by strategic goals and objectives. Besides, a set of measures has been proposed to address the needs identified. The NPARD and IPARD measures to support farm restructuring, modernization and technological renewal are in place and a wide range of funds and financial services, as well as loans with subsidized interest rates, are available in the agriculture sector. The compensation payments for farmers in areas with natural constraints are in place, but these payments are not conditioned upon delivery agri-environmental externalities/services in agriculture and forestry. Besides to this, the requirements for direct payment scheme complying with EU standards (GAEC - Good Agricultural and Environmental Condition and SMR - Statutory Management Requirements) are not defined. Measures on the preservation and utilization of local varieties and breeds, as well as for organic production, have been put in place. However, the complex safety standards and operational requirements which all require new investments, prevent many farmers from capitalizing on products with added value based on local natural resources, varieties, breeds, and local knowledge.
- Much remains to be done in terms of enforcement: mostly in terms of meeting the administrative, financial and technical preconditions for implementation of legislative acts pertaining to the sphere of green economy and green agriculture. The major challenges in adoption and implementation of economic instruments and measures to support green agriculture transition are the shortage of financial resources dedicated, and institutional capacities to develop, implement, manage and monitor sound measures and activities in this field.
- Preparation of new strategic documents for new programming period is under way. The new national programs for 2021-2024 (National Program for Agriculture and National Program for Rural Development), as well as IPARD III Program will be adopted by the end of 2021. It is expected that new programs will have an increased focus on agri-environmental schemes, climate change, and biodiversity protection.

- There is a lack of coherence between programs, interventions, actions, measures across various directorates of Ministry of Agriculture, Forestry and Water management (RD, AP, Directorate for Forests and Directorate for Land Management).
- A cross-compliance mechanism aligned with the EU *acquis* does not exist yet. There is no obligation to fulfil cross-compliance requirements with good agricultural and environmental condition (GAEC) and statutory management requirements (SMR) related to environmental protection, human, animal and plant health, and animal welfare and protection of agricultural land.
- The extension service does not provide training, education and advice related to implementation of SMR and GAEC in agricultural practices.
- Delimitation of areas with natural constraints is not in line with the EU *acquis*.
- The legal framework for organic production is not aligned with the EU *acquis*.
- Insufficient funding for agri-environmental payments, limited just to organic production and maintenance of genetic resources and higher investment support in areas with natural constraints.

### Policy recommendations - priorities for including/promoting green economy

- Further develop and adopt the missing strategic and programming policy documents to harmonize the policy framework with the CAP.
- Improve the legal framework by adapting laws to the green economy concept and supporting the efficient application of laws. The legislation still needs to be fully aligned with the EU acquis and its implementation strengthened. Institutional and human resource capacities are weak, in particular in regard to their enforcement.
- Raise awareness and build the knowledge on green economy of key actors involved in this area (research community, policy makers, business sector, NGOs). Introduce an awareness rising program on agri-environmental issues and resource management, Natura payments, land and forestry management planning, etc.; raise the awareness among both the farmers and policy makers about the benefits of agri-environmental measures and exploit them actively (especially in the frame of coordination and cooperation across vertical and horizontal governance levels).
- Strengthen capacities of public administration at all levels of governance, enabling them: to manage natural resources and effectively implement environmental policies in their competence, to avoid overlapping of support by various funding schemes and/or to ensure better synergy effects; to develop legal and policy frameworks that promote collective actions among communities and businesses based on a shared responsibility; to cooperate with CSOs and community initiatives in order to make policies more effective (promote public land sharing initiatives, community land-use planning etc.).
- Implement training activities for public administrators at different levels of government, as well as for CSOs and Regional Development Agencies dealing with rural development issues who also lack the knowledge and expertise in modern concepts rural development and green rural economy. Local Action Groups could assist in improving acceptance, effectiveness and efficiency of agri-environmental measures.

- Strengthen capacities of extension services to provide advice, trainings and promote agri- environmental activities and practices. These include: increase the number and upgrade the knowledge and skills of extension service providers; development of new training curricula targeted to the specific groups of farmers and their needs; broaden the access to extension services and increase the number of users; designing more effective systems for extension service delivery to reach new users.
- The agri-environmental schemes and the measures designed for farmers in ANC should be extended, better targeted, and stable funding needs to be made available:
  - Agri-environmental measures should include payments for conversion period for organic producers; payments for energy crops; support for pasture management; support for preservation of high nature value grasslands; payments for sustainable use of mountain pastures, etc. These measures should have clearer objectives and include long-term contracts with farmers and go beyond mandatory requirements.
  - Mandatory trainings on green economy for all beneficiaries of the state support should be required.
  - Further efforts needed for accreditation and implementation of agri-environmental measures in IPARD III.

### Some other issues to consider...

- A national program to put green public procurement into action should be prepared, as well as economic and fiscal policy measures for greening the economy in order to stimulate new jobs creation.
- Include green economy performance indicators and set specific targets for agro-environmental policy assessment.
- Agricultural and other farm waste is not collected and/or properly managed (disposal of dead animals, obsolete pesticides, agrochemical packing, etc.).

# ANNEX

## OVERVIEW OF KEY DOCUMENTS LINKED TO AGRICULTURE, SUSTAINABLE DEVELOPMENT AND GREEN ECONOMY

Sustainable development is present in relevant strategic and programming documents in the Western Balkan countries, including the national strategies for agriculture and rural development, which act as cornerstones of the respective policy in all countries. Green economy as such is still not explicitly included in many of them, but references to the concept are contained, related specifically to agriculture and rural development or as a cross-cutting issue in other sectors. A series of new documents for the next programming period were recently adopted or are currently being prepared in the WB countries.

<p><b>Albania</b></p> <ul style="list-style-type: none"> <li>◦ Inter-sectoral Strategy for Agriculture and Rural Development (2014-2020)</li> <li>◦ Instrument for Pre-Accession Rural Development Programme (2014-2020)</li> <li>◦ Document of Forestry Policies (2019-2030)</li> <li>◦ Integrated Programme for Rural Development (2018-2020) - 100 Villages</li> <li>◦ Draft Sector Strategy for Irrigation and Drainage (2019-2023)</li> <li>◦ National Strategy for Development and Integration (2015-2020)</li> <li>◦ National Programme for European Integration (2017-2021)</li> <li>◦ The 2030 Agenda for Sustainable Development (2016-2030)</li> <li>◦ National Strategy on Climate Change and Action Plans (2018-2030)</li> </ul>	<p><b>Montenegro</b></p> <ul style="list-style-type: none"> <li>◦ National Strategy for Sustainable Development (2016-2030)</li> <li>◦ Strategy for agriculture and rural development (2015-2020)</li> <li>◦ Instrument for Pre-Accession Rural Development Programme IPARD II (2014-2020)</li> <li>◦ National Strategy on climate change to 2030</li> <li>◦ Montenegrin Strategy for the transposition and implementation of the European Union environmental chapter 12 - Food Safety, Veterinary and Phytosanitary policies with a General Action Plan</li> <li>◦ Forests and Forestry Strategy with Development Plan - National Forest Strategy (2019-2023)</li> <li>◦ National biodiversity strategy (2016-2020)</li> </ul>
<p><b>Bosnia and Herzegovina</b></p> <ul style="list-style-type: none"> <li>◦ Strategic Plan for Rural Development of Bosnia and Herzegovina (2018-2021)</li> <li>◦ Program of Rural Development of Federation of Bosnia and Herzegovina (2018-2021)</li> <li>◦ Strategy for Development of Agriculture and Rural Areas of Republika Srpska (2016-2020)</li> <li>◦ Mid-term Strategy of Agricultural Sector Development of Federation of Bosnia and Herzegovina</li> <li>◦ Strategy of Agriculture and Rural Areas Development of Brcko District (2019-2025)</li> <li>◦ Strategy of Forestry Development of the Republika Srpska (2011-2021)</li> <li>◦ Strategy of Climate Change Adaptation and Low-emission Development for B&amp;H (2013-2025)</li> <li>◦ Strategy of Nature Protection of the Republika Srpska</li> <li>◦ Strategy of Environment Protection of Federation of Bosnia and Herzegovina (2008-2018)</li> </ul>	<p><b>North Macedonia</b></p> <ul style="list-style-type: none"> <li>◦ National Agriculture and Rural Development Strategy (2021-2027)</li> <li>◦ National Program for Agricultural Development and Rural Development (2018-2022)</li> <li>◦ Instrument for Pre-Accession Rural Development Programme IPARD II (2014-2020)</li> <li>◦ National Plan for Organic Production (2013-2020)</li> <li>◦ National Strategy for Sustainable Development (2009-2030)</li> <li>◦ Strategy for Environment and Climate Change (2014-2020)</li> <li>◦ National Strategy for Nature Protection (2017-2027)</li> <li>◦ National Strategy for Biological Diversity with action plan (2018-2023)</li> <li>◦ Industrial Strategy with Action Plan (2018-2027)</li> <li>◦ National Strategy for Small and Medium Enterprises (2018-2023)</li> </ul>
<p><b>Kosovo</b></p> <ul style="list-style-type: none"> <li>◦ National Development Strategy (2016-2021)</li> <li>◦ Agriculture and Rural Development Programme (2014-2020)</li> <li>◦ Strategy for Climate Change (2019-2028)</li> <li>◦ Strategy for Local Economic Development (2019-2023)</li> <li>◦ Energy Strategy (2017-2026)</li> <li>◦ National Water Strategy 2017-2036</li> <li>◦ Strategy and Action for Biodiversity 2011-2020</li> <li>◦ Sustainable Development in Kosovo 2018</li> </ul>	<p><b>Serbia</b></p> <ul style="list-style-type: none"> <li>◦ Strategy of Agriculture and Rural Development of the Republic of Serbia (2014-2024)</li> <li>◦ National Program for Agriculture for the period (2018-2020)</li> <li>◦ National Program for Rural development for the period (2018-2020)</li> <li>◦ Instrument for Pre-Accession Rural Development Programme IPARD II (2014-2020)</li> <li>◦ National Strategy for Sustainable Use of Natural Resources and Goods (2012-2022)</li> <li>◦ Water Management Strategy on the Territory of the Republic of Serbia (2017-2034)</li> <li>◦ National Strategy for Sustainable Development (2007-2017)</li> <li>◦ National Program for the Adoption of the Acquis (2018-2021)</li> </ul>

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This project is funded  
by the European Union



## **Project “Networking and Advocacy for Green Economy - NAGE”**

**Support to enhance the policy and decision-making impact of the Balkan Rural Development Network (BRDN) and its constituents, through involvement in the agricultural and rural program and policy reform processes for introduction of the green economy concept**

### **BALKAN RURAL DEVELOPMENT NETWORK (BRDN) members:**

**ALBANIAN NETWORK FOR RURAL DEVELOPMENT (ANRD)**

**RURAL DEVELOPMENT NETWORK IN BOSNIA AND HERZEGOVINA (MRRBIH)**

**CROATIAN NETWORK FOR RURAL DEVELOPMENT (HMRR)**

**NETWORK OF ORGANIZATIONS FOR RURAL DEVELOPMENT OF KOSOVO (NORDK)**

**NETWORK FOR RURAL DEVELOPMENT OF MONTENEGRO (NRDM)**

**RURAL DEVELOPMENT NETWORK OF NORTH MACEDONIA (RDN OF NM)**

**NETWORK FOR RURAL DEVELOPMENT OF SERBIA (NRDS)**

**For more information, consult [www.brdnetwork.org](http://www.brdnetwork.org) for related publications:**

- **State of affairs for fostering green economy in agriculture and rural development: Comparative analysis of programs and measures in the Western Balkan Countries and Croatia**
- **Roadmap to Green Economy in the Western Balkans – proposed steps and actions**

#### **Suggested citation:**

Martinovska Stojcheska, A., Znaor, D., Zhllima, E., Bajramović, S., Sopi, L., Martinović, A., Kotevska, A., and Bogdanov, N.(2021). *Policy recommendations for facilitation of the approximation process of the Western Balkan countries to the EU CAP segment related to green economy and entrepreneurship*. Skopje: Rural Development Network of North Macedonia.

September 2021

