



The European Union's Neighbourhood Programme

*Assessment of the Agriculture and Rural
Development Sectors in the Eastern
Partnership countries*

Regional report



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Acronyms and abbreviations

AM	Armenia
AZ	Azerbaijan
ARD	Agriculture and Rural Development
BY	Belarus
CIB	Comprehensive Institution Building
DCFTA	Deep and Comprehensive Free Trade Area
DG AGRI	Directorate General for Agriculture and Rural Development
DG SANCO	Directorate-General for Health and Consumers
EaP	Eastern Partnership (countries)
EC	European Commission
EBRD	European Bank for Reconstruction and Development
EE3	Eastern Europe (countries inc. Belarus, Moldova and Ukraine)
EGPRSP	Economic Growth and Poverty Reduction Strategy Paper
ENP	European Neighbourhood Programme
ENPi	European Neighbourhood Programme Instrument
ENPARD	European Neighbourhood Programme Agriculture and Rural Development
ENRD	European Network for Rural Development
EU	European Union
FDI	Foreign Direct Investments
FSP	Food Security Programme
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GE	Georgia
Ha	Hectare [unit of land]
HDI	Human Development Index
HVA	High Value Agriculture
HVPP	High Value Processed Products
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
IFI	International Financial Institutions
IPARD	Instrument for Pre-Accession Assistance for Rural Development
MD	Moldova
MRL	Maximum Residue Limit
PPP	Purchasing Power Parity (index)
PRISM	Policy, Regulatory and Institutional Support Mechanism (of EaP countries)
SAPARD	Special Accession Programme for Agriculture and Rural Development
SC3	South Caucasus (countries inc. Armenia, Azerbaijan and Georgia)
SITA	System for Identification and Traceability of Animals
SME	Small and Medium Enterprises
SFP	Single Farm Payment
SPS	Sanitary and Phyto-Sanitary
SPS	Single Payment Scheme
SWG	Regional Rural Development Standing Working Group for SEE
TBT	Technical Barriers to Trade
UA	Ukraine
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development
WB	World Bank

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1 Introduction

1.1 Context and objective of the assessments

Many of the Eastern Partnership countries have large rural populations relying to some extent for their livelihoods on small and fragmented land plots and use of communal or state owned pasturelands. These small-holders have very limited resources with little growth potential. In many cases the small holders account for practically all national production of agricultural products. The products from small-holdings are often primarily for subsistence or semi-subsistence purposes. The selling of any surpluses is made more difficult by limited links to organised markets and a degraded and dilapidated rural infrastructure.

The current global crisis, with rising food prices among other consequences, has demonstrated the need of the Eastern Partnership Countries to develop agriculture and rural development policy, including for small-scale farmers. On one hand, to modernize agriculture and increase production on a sustainable basis; on the other hand, to develop rural areas, the infrastructure, and to increase income opportunities providing for a better quality of life and prospects for families.

The overall scope of this assessment is in line with the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD), an initiative built on the EU's best practice experienced in developing agriculture and rural areas. An ENPARD approach would help partner countries to operate more effectively in foreign markets, to benefit fully from future DCFTAs, to stimulate farming domestically and to promote long-term agricultural and rural development strategies.

The *"Assessment of Agriculture and Rural Development Sectors in the Eastern Partnership Countries"* identifies issues central to the development of appropriate strategies and policies, the areas of intervention and the beneficiaries. The assessments were carried out in the period September to December 2012. For each of the 6 Eastern Partnership (EaP) countries, a comprehensive sector (agriculture and rural areas) analytical study was undertaken, including the assessment of national public and private capacities and of sector support, including by the EU and any other donors.

The assessments were undertaken by the FAO in a direct arrangement with the European Commission's Directorate-General for Development and Cooperation, and Directorate-General for Agriculture and Rural Development. Overall supervision was provided by the FAO Regional Representative for Europe and Central Asia in Budapest, REU, together with a team of international and national experts, in consultation with the competent national institutions, especially the Ministries of Agriculture of the countries. In addition, the assessments were supported by the EU Delegations to the EaP countries, as well as the decentralized FAO representation offices.

The six country assessments provide the basis for a synthesis of major common issues, identification of gaps, potential solutions and priority actions and challenges of the agriculture and rural development sectors at national and regional levels. For the 2014-2020 programming period, EU partner countries will indicate three sectors for cooperation with the EU, providing an opportunity to consider making agriculture and rural development one of these priority sectors.

The EU launched in November 2012 a new Panel on Agriculture and Rural Development to foster an exchange of information and lessons learned, a forum for discussion. The importance of the Agriculture and Rural Development sector in the EU and the Eastern Partnership Countries will be translated into a more intense dialogue using this dedicated panel.

The results and recommendations of the country assessments were presented during the Regional Technical Workshop, 19th November 2012, in Brussels. The terms of reference for the Panel on Agriculture and Rural Development were presented and discussed. The six sector analytical studies as well as a regional study were presented, followed by recommendations for follow-up. The first issue selected for the Panel agenda was, 'What is Rural Development', reflecting an almost total absence of a rural development policy or competence in the Eastern Partnership countries.

1.2 Study Team

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Part 1: Summary of Country Report findings

1. Introduction

The EU is committed to inclusive growth and stability in its Neighbourhood, recognising the importance of agriculture in terms of food security, sustainable production and rural employment. To support the sector the ENPARD was launched. The EU offers a dialogue on agriculture and rural development to all partner countries and is prepared to assist in implementing policies and related reforms for all those committed to make agriculture and rural development a focal sector in their cooperation with the EU.

This could include assistance in preparing long-term agricultural and rural development strategies with all the relevant stakeholders, and in building necessary institutional capacities at national and local levels. ENPARD will draw on the EU experience in reforming agriculture and rural areas in pre-accession countries and will take into account the diversity of experiences and efforts in partner countries.

ENPARD also adopts a strategic and holistic approach with a strong focus on civil society and sector stakeholders' participation. It is not a ready off-the-shelf product that fits all the partner countries, and the challenges they face, in the same way.

In the 2014-2020 programming period, partner countries will indicate the three priority sectors for cooperation with the EU. This provides an important opportunity for partner countries to consider making agriculture and rural development one of these priorities.

Principles for supporting agriculture/rural development in ENP countries include the following:

- Actions should be aligned with National Development Strategies
- Initiatives should build on existing policies, strategies and programmes (national/regional/local), linked to action plans and association agendas
- 'Stand-alone projects' outside national and regional strategies should be avoided
- Use of comprehensive participatory approaches is crucial
- Development of synergies with other programmes, in particular regional development programmes is considered critical
- Ensuring proper coordination between different ministries involved is also considered essential.
- Support should generally promote the strategic modernisation of the agricultural sector and increases domestic production of safe food in a sustainable way.

2. Regional overview

Background

The Eastern Partnership is made up of six countries in two geographic areas. (i) The South Caucasus: Georgia, Armenia and Azerbaijan, the border of Eastern Europe and Southwest Asia, between the Black and Caspian Seas. (ii) Moldova, Ukraine and Belarus, the steppe lands and black soils of Moldova and Ukraine, the marshes, forests and loamy soils of Belarus. The new Eastern Europe, located between the expanded EU and Russia.

Reviews were carried out in each of the six countries in the autumn of 2012, to assess the agriculture and rural sectors and to provide recommendations for actions that could/should be implemented in a regional context. This summary presents an overview of the findings.

The Agriculture and Rural Development sectors of the countries in the EaP vary in nature, composition, and relative size. The sectors inevitably relate to agricultural land use involving communities of rural dwellers and the way in which products are produced, prepared and sold or used by human and animal populations. All this is in the context of respective traditions, cultures and organisational methods. Climate, natural resources and location set out the natural constraints. The method of use of resources determines the outcomes.

Land ownership and use

In all cases, except for Belarus where all land is state owned, there has been a process of land privatisation since the early 1990's. This process resulted in large parts of the former state and collective farms being distributed to beneficiaries, members of the former farms, on the basis of specific algorithms. It is notable that 1990 is used as the threshold base index for comparative purposes.

	South Caucasus SC3	Eastern Europe EE3	Total EaP6	Total EU27
Land area Total	18.63mHa	84.51mHa	103.14mHa	400.42mHa
Agriculture area	9.91mHa	53.92mHa	63.83mHa	170mHa
Agriculture %	53.2%	63.8%	61.9%	42.5%
Arable	3.42mHa	42.62mHa	45.96mHa	97.3mHa
Plantations	0.57mHa	1.33mHa	1.9mHa	10.9mHa
Grasslands	5.60mHa	9.97mHa	15.58mHa	61.8mHa
Forest	22%	22%	22%	40%

This privatisation resulted in millions of titles being granted (though not necessarily registered), with these millions of former state or collective farm employees entering into a 'self-employed' status, where in most parts they still remain. These land entitlements included lands around houses (kitchen gardens / yards¹), which are important elements of basic subsistence in many countries. In addition agricultural lands were distributed, usually around 1.4 hectares of land to each entitled beneficiary, split in three distinct parts (in kind and location) - arable, plantation (vineyard) and orchard. This resulted in a highly fragmented pattern of use, and ownership.

At the same time large areas of land remained in public ownership - including pasturelands (near-by villages and mountain pastures), reserve lands, lakes, roads, research institutes, forests. State property interests in all cases remain highly significant in Georgia for example 75% of the land area remains under public ownership.

¹ These yards / kitchen gardens are often themselves over 0.25Ha

The dynamic of the land privatisation process was expected to include a fast developing land market, as the basis of consolidation, to develop economies of scale and professionalism in farm management. In most cases this has not happened. In Belarus the state acts as the landlord and determines through deep centralised planning, all details of national production, encoded in programmes and in law. In Ukraine a moratorium on land sales may soon be ending, but in this important agricultural country, corporations have a very significant presence and account for much of the production of the export commodities - grains and oilseeds. In fact a handful of corporations hold the arable land area equivalent to half of all arable land in Moldova, which lies between the large exporters, Belarus and Ukraine, but has an agriculture sector dominated by small holders - a constraint that has been described as the 'curse of smallness'².

The South Caucasus agriculture is totally dominated by small holders, with a significant element of the agriculture based on animal husbandry, grazing the high mountain pastures, and cultivating the plateaus, which also form an alternative climatic zone to the hotter valley floors.

Rural Communities

	SC3	EE3	EaP6	EU27
Total Population	16.54m	58.82m	75.36m	502.5m
Rural Population	7.46m	18.56m	26.02m	115.58m ³
Employed in Agriculture	23.7%	7.07%	10.72%	4.7%
Number of Holdings	2.7m	7.8m	*10.5m	**13.7m

*65% in the Ukraine **46% in Romania and Poland

In the South Caucasus smallholders - rural households are responsible for over 95% of production. In Eastern Europe this varies from 10% in Belarus to 71% in Moldova, with Ukraine at about 50%. This production dichotomy determines the two groups. The agri-enterprises as registered legal entities producing for the domestic and export markets. The small-holders, unregistered physical entities, classified as self-employed, producing in the first instance for subsistence, and selling or trading any surpluses in domestic market places, formal and informal. Except for Belarus, this group is distinguished by owning and managing most of the grazing livestock.

² FAO Concept and Program on Agrarian Structures, 'Agrarian structures in the Europe and Central Asian region'

³ Eurostat for EU27 use NUTS 3 (classification: rural, intermediate or urban based). In EaP classification only as rural or urban.

Agriculture development in the region

State development support measures are mainly aimed at increasing levels of aggregate production and means to develop efficiencies of scale in the agriculture and food industry. Support policy is by grants and subsidies that encourage production, provided through treasury based disbursement arrangements. In Moldova a specific paying agency in agriculture has been established.

IFIs are often involved in infrastructure development projects, especially irrigation and roads. In the South Caucasus support policy is driven more by food security concerns, and aims to ensure a more reliable supply of essential foodstuffs, in particular wheat. In Eastern Europe support policy is more about production modernisation and in meeting quality standards, sanitary and phytosanitary regulations and requirements of export markets.

Plants and plant products

The supply chains in agriculture in the two regions set out a picture. Eastern Europe is the powerhouse for primary commodity production and exports. In the South Caucasus there is an increasing drive, or intention, for an increased reliability and security of supply of basic commodities, especially wheat.

The wheat production figures in the South Caucasus barely cover 50% of national consumption in quantity terms. In Georgia it covers less than 10%, following a massive production collapse in the last decade. Wheat is a primary indicator of the state of agriculture development, productivity and national food security, in the face of uncertainties in the availability of traditional sources of supply due to export restrictions as a common reaction to the increasing number of drought and weather related supply constraints.

2011	Wheat				Maize	Potato	Milk
	Produced MT	Consumed MT	Yield Ha	Million Ha	Produced Millions tons		
World	655.10	662.60	3.1	240.00	844.41	324.18	600.0
EU27	132.40	124.50	5.0	26.48	57.14	56.97	136.1
EaP6	26.96	17.21	3.24	8.31	14.21	28.39	21.06
EE3	24.75	14.85	3.30	7.49	14.90	26.82	18.45
SC3	2.21	4.21	2.69	0.82	0.29	1.57	2.61
Belarus	1.80	1.85	3.27	0.55	0.55	7.83	6.55
Moldova	0.75	0.70	2.85	0.28	1.42	0.28	0.54
Ukraine	22.20	12.30	3.33	6.66	11.93	18.71	11.36
Armenia	0.24	0.56	2.07	0.12	0.01	0.48	0.61
Azerbaijan	1.90	2.85	2.92	0.65	0.14	0.95	1.46
Georgia	0.07	0.80	1.40	0.05	0.14	0.14	0.54

Policy is beginning to take into account the effect of bad or inappropriate practices and climate change, but so far this is more conceptual and not reflected in real programmes. Systems and resources to back up measures to improve practices do not substantially exist. Essential foodstuffs have parameters of temperature, moisture and soil conditions as to where they can grow. A status quo can longer be taken for granted.

In the South Caucasus crops irrigation is necessary to achieve any acceptable yield, especially in the main zones on the valley floors. The higher uplands are used to grow crops with a lower temperature ceiling such as potatoes, also with a lower incidence of diseases. But for reasons of: absent owners, bad irrigation practices, location near troubled border zones; many hundreds of thousands of hectares of productive arable land are reported as out of production. In Eastern Europe there is need for good practices to counter an increasingly mono-cropped, large scale, export orientated production regimes, which is straining eco-systems.

Good agricultural practices need to be introduced into support mechanisms to help curtail the increasing evidence of declining soil productive capacity. The intentions are already evident in concepts, programmes, regulations, but so far only implemented by limited, often donor funded, extension actions. Resources are not included into state budget resource allocation systems. There is an absence of any cross-compliance measures built into state subsidy and grant arrangements.

Animals and animal products

In all the EaP livestock distinguishes the rural households from the agri-enterprises. In all cases, with the exception of Belarus, the animal sector, especially for grazing animals, is almost exclusively in this rural household domain. The extensive public owned pasture lands, be they nearby or in mountain pastures, are freely accessed. Grazing animals is the way to higher value proteins and fats, a store of value, and a cash flow for rural families. This mass common ownership however causes problems with management of a public space, in that they are not properly managed.

The availability and free access to communal pastures results in a seasonal bias to production of milk in the grazing season. There is little enclosure and cattle, sheep, goats, pigs and horses free range for subsistence. This free ranging allows for fast communication of animal diseases, especially in the extensive mountain pastures of the South Caucasus. The resulting high levels and types of animal diseases, including zoonoses such as brucellosis is quite severe. The food culture of the South Caucasus is wheat, meat and dairy based. Urban populations and tourists need a safe food supply. Eating cheese made from raw and unpasteurised milk is an issue for serious consideration.

In Eastern Europe these extensive mountain pastures do not exist (except in Western Ukraine). A predominance of flatter, arable lands, constrains the availability of grazing. Mostly livestock are grazed on communal pastures nearby villages and housed in the animal keepers' yards. There is little contact with livestock from other villages, until there is a movement, to market or slaughter. Traceability and movement control systems are gradually being introduced into the Eastern European Countries.

In Eastern Europe, a main issue is the commercialisation of livestock, to bring grass and animals back into arable rotations, on enclosed and managed enterprises so as to develop a nutritional cycle. Here the health issue is more to do with monitoring and control within systems of food safety and animal health that are robust enough to enable access to EU markets. This is the most difficult aspect of SPS - sanitary veterinary control. Advisory, assessment and system upgrade support is coming through from such resources as the CIB, but this sector remains the most demanding and the most significant constraint to market participation. It is quite different situation from the South Caucasus.

Top three most valuable agriculture commodities (total production)

	1	2	3	
Armenia	Milk	Meat	Grapes	Totals
	0.56	0.05	0.22	<i>Million Tons</i>
	0.16	0.13	0.13	0.42 <i>Billion US\$</i>
Azerbaijan	Meat	Milk	Tomatoes	
	0.42	0.15	0.43	<i>Million Tons</i>
	0.50	0.41	0.16	1.07 <i>Billion US\$</i>
Georgia	Milk	Meat	Grapes	
	0.58	0.03	0.12	<i>Million Tons</i>
	0.18	0.08	0.07	0.33 <i>Billion US\$</i>
Belarus	Meat	Milk	Potatoes	
	0.96	6.59	7.83	<i>Million Tons</i>
	1.80	1.73	0.34	3.87 <i>Billion US\$</i>
Moldova	Grapes	Milk	Wheat	
	0.48	0.54	0.74	<i>Million Tons</i>
	0.28	0.15	0.10	0.53 <i>Billion US\$</i>
Ukraine	Meat	Milk	Sunflower	
	1.91	10.98	6.77	<i>Million Tons</i>
	3.34	2.92	1.82	7.08 <i>Billion US\$</i>
FAOSTAT 2010				

The importance of the livestock sector in the macro-region is noteworthy. In all the EaP countries milk and meat represent the most valuable product types. The combined value of milk production is \$5.55billion, from 19.4 million tons of milk, representing (at regional average of 3,500Kgs), around 5 million dairy cattle.

Finance and credit

Sector policies and strategies set out the priorities and requirements for modernisation and infrastructure development requirements. These include the objectives and the indicators defining the targets and how progress is measured. The fuel for this process is finance, fixed and working capital. The main question is the source and application of investment funds - how much, and from which sources? In principle if investment sources, and decisions on application, rely totally on grants and do not include funds and guarantees from beneficiaries, either directly from savings, or indirectly from taxes and levies, then it is probably not worth doing.

Some third party investment sources are already clear. The mandate of the European Investment Bank (EIB), for example, allows for lending up to EUR 3.7 billion to projects in Russia, Eastern European and Southern Caucasus countries within the period 2007 - 2013. To complement the mandate, EIB has set up the Eastern Partners Facility (EPF), at its own risk, for an amount of EUR 1.5 billion. This facility enables the Bank to support investment grade projects, notably EU Foreign Direct Investments (FDI) in the region. The EIB has, for example, recently provided a loan of EUR 150m to Moldova: EUR 75 million to finance the increase of the quality (not the capacity) of the Moldovan wine industry and EUR 75 million to support the rehabilitation and upgrade of priority roads in Moldova.

The EU also provides, within the context of the ENPi, very significant resources, financial and intellectual, specifically in the context of national action plans and annual programmes.

Country Strategy Papers are currently in the process of review for the next programming period, 2014-2020. These plans may identify agriculture and rural development as a priority area. The grants provided by the EU, on a bi-lateral basis are highly significant, providing direct budget support, grants to civil society and provision of technical assistance.

However, looking at the depth and the scale of the issues in the sector, there is a need to also mobilize local savings in the agro sector, as a primary source of investment funds. Without mobilising local savings to support investments, grants will never be sufficient to promote sector development, especially in areas where farmers lack 'bankable' collateral for credits. The issues regarding the inability to use primary assets as lands and buildings for collateral in the region emphasise this point.

Establishment of trust needs to be developed, Differentiation must be made between grants and credits by the rural population. The need to train and convince rural savers to trust the policies of their elected representatives and invest in ARD development is a priority. It is very important to make compelling arguments about why investments in certain activities are needed. Changes in public policies must be backed by arguments on what difference the investment will make and what, and who, the benefits will achieve.

The issue of trust and confidence underpins the use of networks, which have become fundamental for some policies in the EU. There are significant investments in networks in the EU. The aim of the networking is to promote ownership as a way of ensuring more effective policy implementation. The EU recognizes that affected communities know best what is needed and that their messages should be converted to policies, practical programmes and projects. The main point being that the more involved rural communities become, the more likely they are to invest their money, time and knowledge in the proposed ideas. Rural Networking means that Ministries make the policy but also listen to communities, which articulate the needs and help define the opportunities.

In rural Europe there are thousands of Local Action Groups (LAGs) representing different rural areas working in the EU and using national, private and community money to implement projects. LAGs have been supported by the EU, for over four programming periods, as a way to build the civil, rural community spirit. In this next programming period, 2014-2020, the approach is being extended to promote integration of rural communities with urban communities. Potential activities/pilot projects for building capacities can and need to be defined to support the EaP countries in this area.

Trade and barriers to trade

Membership of WTO, the Customs Union, the CIS and soon the DCFTA, also require an adherence to the standards and rules on tariffs and subsidies, not least amber box issues for the two EaP-WTO candidates. - Belarus and Azerbaijan. SPS requirements, including animal welfare, at the technical and institutional level, are the most difficult and demanding, especially sanitary-veterinary. It is here that the EU offer the CIB and other TA instruments to help overcome these technical barriers to trade at an institutional level, but not at grassroots. For example, veterinary services, including disease monitoring and control, at regional and community levels are weak, if they exist at all. This is a policy and structural issue linked to a highly fragmented land use, no incentives to adopt good practices and lack of effective strategy to remedy constraints.

Economy & Trade 2011

	SC3	EE3	EaP6	EU27
GDP \$PPP billions	\$142.58b	\$493.23b	\$635.81b	\$17,758b
GDP per capita	\$8,620	\$8,385	\$8,437	\$31,500
Agriculture share	7.8%	9.6%	9.2%	2.1%
Food & Beverage Exports	\$1.25b	\$15.96b	\$17.21b	\$93.88b
Food and Beverage Imports	\$2.88b	\$9.44b	\$12.32b	\$96.75b

* Euro:\$ at 1.25

Sector modernisation and support is a political issue: how limited resources are made available, what for and where, and to which beneficiaries; decisions as to the supply chains to be supported, and the parts of the supply chain. In Belarus and Ukraine, these chains are clustered within the state and private agri-enterprises / corporations, large and vertically integrated structures. It is also from these structures that the sector is valued and measured as monetised transactions in statistical terms, the export and import statistics that define engagement in international food and beverage trade.

Agriculture quality standards and regulations

As EU markets become accessed under such arrangements as the DCFTA, issues of agriculture standards and regulation, and approximation to these standards and regulations, come into focus, and are matters of interest on a regional basis, regarding:

i.) Quality Standards

Differences in national quality standards legislations led to international quality standards being adopted, as:

- **UNECE:** minimum food quality of agricultural products, if a legislative marketing standard does exist in the EU, as in the case of:
 - General marketing standard (GMS)
 - Specific marketing standards (SMS)
- **Codex Alimentarius:** minimum food safety and minimum food quality - "vertical" or "commodity" standards laying down the specific features of processed, semi-processed and raw foods
- **Geographical indication (GI):** similar to trademarks, where a name or sign used on certain products which corresponds to a specific geographical location or origin (e.g. a town, region, or country). The use of a GI may act as a certification that the product possesses certain qualities, is made according to traditional methods, or enjoys a certain reputation, due to its geographical origin, promoting and protecting names of quality agricultural products and foodstuffs.

ii.) Regulations

The EU CAP ensures that its rules are compatible with environmental requirements and that measures promote the development of agricultural practices preserving the environment and safeguarding the countryside, by:

- targeting aid at rural development measures promoting environmentally sustainable farming practices;
- enhancing compliance with environmental laws by penalising non-respect for these laws by farmers through a reduction in support payments from the CAP.

iii.) Health and Consumer legislation regarding animal and plant products and materials:

- **Animals:** Animal Health; Animal Welfare; Zootechnics
- **Plants:** Genetically Modified Organisms; Pesticides; Seed & propagation material; Plant health & bio-safety; Plant property rights; Standing committees (national experts representing EU governments and public authorities)

<p>Relations between the European Union and the Eastern Partnership</p>
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Relations between the EU and EaP countries are defined on a regional and bi-lateral basis. Individual country action plans and programmes are defined by National Indicative Programmes (bi-lateral). Those countries in the process of establishing an EU Association Agreement, may also include a DCFTA negotiation. A DCFTA pre-requisite is WTO membership, where all EaP. Countries are WTO members, except Belarus and Azerbaijan, who are actively pursuing membership applications.

The ENPARD is also aimed to support EaP countries to take advantage of a DCFTA, including modernisation of enterprises, approximation of the requisite standards and regulations (where SPS is of particular importance and difficulty), and development of a more competitive and sustainable form of agriculture. Thus the objectives of an ENPARD are:

1. To improve **rural livelihoods** by facilitating inclusive economic growth and sustainable development of rural areas
2. To contribute to **food security** by ensuring more sustainable provision of affordable food, while at the same time contributing to increasing food safety and raising quality standards to better benefit from export markets
3. To improve **administration** of agriculture and rural areas by developing institutional and stakeholders' capacities, including design and management of agricultural strategy

These objectives therefore require the target groups to include the enterprises that would form the supply chains for the exports (and imports) of food and beverages, including between the EU and the EaP, and also the rural communities that rely, often in large measure, for agriculture as the basis of their livelihoods, which may be for subsistence, semi-subsistence or for production for sale.

In all the EaP there is a general problem of rural poverty, or at least a lower quality of life, causing depopulation as the economically active leave to the cities, or abroad, for a living. This is indicated by the high levels of remittances in some EaP countries, which in Moldova account for 23% of the GDP, the fourth highest in the World. Rural development is important and so far is the poor relation in terms of development actions in the ARD sector.

2.1 South Caucasus region

Self employed smallholders of the South Caucasus account for over 95% of holdings. They have no fiscal identity, pay no direct taxes other than at a local level. Information systems contain limited information on market participation, economic size and actual working units of these small-holders. It is a sector that has, until recently, been on the policy sidelines.

Wheat is a *de facto* index for primary agricultural support actions in the South Caucasus. The region needs to import half of its requirements every year. In many ways wheat is the metaphor for agriculture and is a focal point of national support actions. In the context of increasing incidence of natural and climatic constraints on production, this must continue to be the case. A certainty of supply from traditional sources can no longer be taken as a given, following drought conditions in the wider region, with increasing incidence, and severity, and a consequent block or restriction on exports. A fundamental food security issue - reliability of supply, is critical in a region whose cuisine is based on wheat, meat and dairy products.

2.1.1 Armenia

The agriculture sector employs 39% of the working population. Arable land is limited to just 17% of the land mass, or 0.452m hectares (0.15ha per capita) less than some individual agri-enterprises in the Ukraine. Yet the sector accounts for 18.6% of the GDP. Primary production is predominantly from private farmers, a 97.2% share. The demographics are very specific, two thirds of the population and the most important agriculture zone is centred in Yerevan and the three surrounding regions. The agriculture and beverage export trade is dominated by brandy.

The arable lands of Armenia are very limited, and specific in location. These lands require irrigation for an adequate yield. Inappropriate and bad practices, together with land lost to production adjacent to borders in conflict areas, have put considerable areas of scarce arable land out of production. The need for professionalism and good practices in the face of the easily damaged eco-systems is of central importance.

National strategic priorities are set out in the:

- Sustainable Development Programme
- Strategy of Agriculture Development
- Food Safety Policy
- Cattle Breeding Programme
- Tax Administration Strategy

State budget grants and subsidies to agriculture, irrigation and forestry come to a total of 3.03% of state budget expenditure, a relatively substantial percentage allocation. There is no specific rural development programme, or policy. The Agriculture Development Strategy 2010-2020, addresses a scarcity of resources, low profitability and fertility, and an outdated inventory. The primary support is to grain, wheat in particular. Other issues are the severe epidemiological situation regarding animal diseases, animal breeding and breed improvement, and the Armenian Forest.

State financing for the agriculture sector halved in 2010 due to the economic crisis, limiting state resources to support only functional and programme driven allocations. There is little funding for rural community development, protection of landscapes and ecology, other than provided within the context of donor support and IFI funding.

The livestock sector is important, especially milk, sheep and cattle. Pasture management and animal health are central issues. A regional epidemiological situation, the presence of a number of diseases including zoonoses, is important and unresolved.

It is accepted that there is a need to prioritise the priorities, as there are too many underfunded measures. Regarding rural development, firstly there is a lack of policy differentiating territorial to rural community development, and the means to target and support livelihoods in the rural areas. Rural development is important, indicated by a shortage of the economically active population in these areas.

2.1.2 Azerbaijan

Agriculture and Food Industry is an important source of rural livelihoods. The agriculture sector employs 38.3% of the working population and based upon 55% of the land mass (4.7m Ha). Of this irrigated land constitutes the one third (1.4m Ha) yet accounts for 90-95% of production. The agriculture and fisheries sector contributes 7% of the GDP. The sector is dominated by private farmers, accounting for 95% of primary output.

The priority sector goals are to increase production, providing a more reliable supply and to improve employment and income in rural areas, to decrease the gap between quality of life in urban and rural areas, and to reduce an urbanisation trend. These priorities are set out in:

- State Programme on Socio-Economic Development of the Regions of Azerbaijan for 2009-2013
- State Programme on Poverty Reduction and Sustainable Development for 2008-2015
- State Programme on Ensuring Reliable Population in food provision for 2008-2015

The state budget provides for area payments and input support subsidising over 400,000 agricultural producers (nearly one half of all producers), especially for wheat, and support to machinery services (agro-leasing). There are no taxes for (family) farms, except a land tax. The production subsidies have been effective in nominal terms, resulting in an increase in production in 2011 of 34% as compared to 2003. There is a serious issue with soil erosion and losses of arable land due to bad or inappropriate agricultural practices, especially water management and fertiliser use, an issue that is highlighted by the NAS.

There are also limited niche exports including caviar, nuts and pomegranate juice, but the production focus is on wheat. The system of machinery services provision, requiring a minimum areas to cultivate, is resulting in some voluntary informal cooperation to set up viable wheat production areas. There are at the same time large losses reported at local level due to a poor post harvest infrastructure (storage and distribution). The development of a Law on Cooperatives is in process.

The livestock sector is important, especially milk, sheep and cattle, with an important trade in live sheep. Pasture degradation, pasture management and animal health are central issues in the livestock sector. A regional epidemiological situation, the presence of a number of diseases including zoonoses, is important and unresolved.

There is also growing importance attached to the improvement of knowledge and expertise (Vocational Education Training). The lack of a rural development policy and assignation of competence in the area is also acknowledged.

2.1.3 Georgia

Agriculture and Food Industry is an important source of livelihoods. The agriculture sector employs 52% of the working population; based upon 43% of the land mass (6.99m Ha). An increasing share of agricultural land is unused. This is also apparent from the available statistics, from reports and field visits that a significant amount of the arable land is unsown/unused (130,000 Ha, mainly in the eastern part of Georgia). As a consequence wheat and maize production has fallen dramatically over the last decade. The rebuilding of this strategic food security base is a key element of the strategy for agricultural development. The sector, which currently contributes 8.8% of the GDP, is dominated by private small holders, accounting for 95% of primary output.

A core requirement of EU Sector Policy Support Programme (the Georgia-ENPARD) to the Agriculture sector was a defined strategy in place, and adopted by the government. The strategy sets out to achieve an effective, competitive and sustainable agro-food sector by developing agriculture through improving value chains. The main goals are set out in headline areas as:

- i. Enhancing competitiveness of entrepreneurs and farmers
- ii. Institutional development of the sector
Capacity building for the staff of the Ministry of Agriculture and structural development
- iii. Development of the value chain
- iv. Development of the regional and agriculture infrastructure
- v. Ensuring food security

The financing agreement for the Georgia-ENPARD SPSP is set for ratification, following completion of an Agriculture Strategy Action Plan. The plan should also reflect the approach of the new government, recently elected to power. The specific objective of the SPSP is to improve the agriculture sector in Georgia by supporting the implementation of the national sector strategy and to strengthen small farmer organizations.

Given that other donors provide, or plan to provide assistance to certain priority themes of the strategy, e.g. USAID on value chains, the SPSP will focus on specific aspects of the Strategy, where (1) other donors are not active and (2) where the EU has an added value and/or background/experience. The new government has also made pledges to considerably increase resources in the ARD space. The SPSP will focus on 4 main results, all of which are integral part of the 2012/2022 Georgian agriculture strategy:

- Result 1. Strengthened co-operation amongst small farmers
- Result 2. Access to capacity building by small farmers improved
- Result 3. Geographical Indications regulated and developed
- Result 4. Efficiency of the institutions involved in agriculture improved

A key outcome, and indicator, is the formation of 50 Producer organisations. This points to Georgia becoming leader, a test bed, for how fiscal and legislative measures, combined with support actions at local level, will lead to improved rural livelihoods and scale development and efficiency in agriculture from producer cooperation. The results will be of importance in the wider region, where the fragmentation of land holdings and a large proportion of self employed make up the rural productive and livelihoods base.

The new administration have already indicated that rural development will be a focal area as well as agriculture production development. This will also require that a rural development policy is established, and that competence is assigned.

The most significant change to the revised Technical and Administrative Provisions relating to the Georgia ENPARD is that, in terms of extension services, the emphasis moves from the previous model of (existing) national MoA service/machinery centres delivering extension to a more decentralized model where extension/advice is to be provided at every district level by MoA staff (i.e. same way as it was before the removal of the MoA territorial presence some years ago).

Trans-boundary Animal Diseases (TAD's) and zoonoses pose a serious economic, social and health problem. Disease is endemic in animals, including zoonoses such as brucellosis and bovine tuberculosis. There is a specific Regional issue with animal health needing a framework measures to improve the animal health situation in the region.

2.2 Eastern Europe

The agriculture sector in Eastern Europe, in particular Belarus and the Ukraine, is dominated by large agri-enterprises. However there are also very large numbers of small holders in rural villages, as in the South Caucasian countries.

Trade and enterprise development is a complex issue, including negotiation of quotas and tariffs within trading blocks, including with the EU, the Customs Union and in the wider WTO context. These are important issues, as all the Eastern European countries are involved in international trade. At national level these issues require: the adoption of common rules and standards; information, including enterprise performance and cost structures, and; technical barriers, most significantly SPS, and most problematic, sanitary-veterinary.

2.2.1 Belarus

In Belarus all land is state owned and used on the basis of long-term leases of 5-99 years. The state is the landlord, managing and controlling through 5-Year plans. These include sector programmes. The plan is a legal requirement. All enterprises, which form elements of the plan, must abide by its designated contribution to the achievement of the plan. In this context the institutional arrangements are highly structured: the NAS plans, the MoA engineers, the Treasury disburses, the AgroIndustrialBank finances and the Statistical Committee collates and provides the data. There is policy, strategic and implementation integration.

Strategic priorities

- Development of the national agribusiness is set by five-year state programmes.
 - 1996-2000 Food Security
 - 2001-2005 Bolstering the agrarian economy, re-equipping the processing industry, raising export potential
 - 2005-2010 State rural revival and development program: sustainable farming, raising earnings of rural residents, creating the foundation to make life in rural areas attractive.
- State program for sustainable development of rural areas in 2011-2015: 18 national and regional programs for agribusiness development

Belarus is an important exporting nation of agricultural products. Currently 87% of the trade is with Russia. Now that Russia is a member of the WTO, and Belarus a candidate for WTO membership, plus its membership of the Customs Union, there is a pressing requirement to

accommodate market based mechanisms. This is necessary to compete effectively. Enterprises in agriculture have problems with liquidity that are closely connected with efficiency levels. As the rules require changes to the system of sector support - subsidies have to be reduced- this is a further challenge to enterprise management. At the same time the target for the agriculture sector is to increase the foreign trade surplus by \$1.75billion, mainly through an expansion of the dairy industry (a further 1200 large dairy farms by 2015).

The demographics of Belarus feature increased urbanisation following industrialisation, and there is a need to keep an active population in the important rural areas. The state seeks to improve the quality of life in rural areas by diversifying income opportunities. It could be argued that this may be in some extent constrained as the framework of the planning system only accommodates the small-holder in a general way, not fitting into the supply chain norms, - for example rights to sell product on farmer markets. There is however a programme for rural development, which includes measures to support rural tourism.

Belarus is a regional member of the EaP. Engagement is important especially relating to the development of trade (the rules and standards required), and in a transition to a market conditions, as enterprises have to adjust management and investment according to market pricing and mechanisms for accessing investment funds.

The most pressing issue is a need for an exchange of information, the rules and standards. Enterprises, managers and technicians have to adjust to a more liberal, market mechanism and less direct state support. This dynamic requires development and delivery of information packages for dissemination through the national education, training, extension and professional development network, especially for agricultural enterprise management:

- Farm business management: *management information systems and gross margin analysis*
- Extension service information packages on gross margin and costing principles
- Curriculum development at colleges: *Farm business management, Marketing and distribution*
- Data service for collection of farm business accountancy network

2.2.2 Moldova

Agriculture and Food Industry is a very important sector, employing one third of the population (23% and 15% respectively). The agriculture area accounts for 75% of the land mass, 36% of the GDP and 41.3 % (food and beverages) of the value of exports (€ 1, 4 billion Euro), a year on increase of 4, 6% from 2010. Unlike its eastern neighbours the structure of land holdings is much like Romania, fragmented, one million small holdings of an average size of 1.4Ha dominate the sector. Small holders account for 71% of production. State land holdings mainly include communal grassland (there are no mountains / pastures), reserve lands, forest and lands held by research institutes and colleges.

Policy and strategy is focused on agriculture. There is no rural development policy or assigned competence. The MoA are looking now to fill the gap, but there are other over laying competences in the domain, not least SME and regional development, which will have to be accommodated.

Otherwise agriculture strategy is ENPARD compliant, set out in the strategic priorities for the activities of the MAFI, 2011 – 2015, headlined in eight areas:

1. Food Safety Strategy 2011-2015
2. Development of modern market infrastructure and import substitution
3. Conservative / low till agriculture

4. Milk and meat production sector
5. Support development of renewable energy from agricultural raw materials
6. Reorganisation of the agricultural subsidy system to support the implementation of policies for modernisation of strategic sectors
7. Basic information systems to support the functioning of the food chain
8. Support the development of high value agricultural production

In addition a national Paying Agency, under the MoA has been formed and is in active development. The agency distributes state budget sector subsidy funds. These provisions will include in the 2013 budget provisions related to a 'Top-Up' of € 14m from the EaPIC, as an element of the financing agreement of the ESRA SPSP, where the agriculture related outcomes are to be targeted on:

- Supporting horizontal cooperation and vertical integration of producers groups through direct investments in shared production, storage, processing and logistic infrastructure
- Supporting the development of production of GI and Traditional Specialties in rural area
- Supporting the development of organic production, marketing and certification
- Supporting the implementation of EU food quality and safety standards in the milk, fruit and vegetable sectors
- Supporting the creation of a system of farmer's markets in rural areas

The definition of Rural Development is important, as is the assignment of competence in the area, and a considered methodology and targeting mechanism. In agriculture an agenda is established, as a set of strategic priorities. There is no inclusion, or provision, of a specific GAP agenda linked to subsidies, other than a strategic priority to introduce a 'low-till' agriculture.

There are in fact numerous priorities but limited resources. There is no programme budgeting. Funding is through the state subsidy provisions and the ENPi, including such provisions as the CIB to meet the cost of SPS requirements under the DCFTA.

Moldova is a country where the relatively small size, and the importance of the agriculture and food sector, plus a motivated MoA, allows for a relatively fast, national implementation.

2.2.3 Ukraine

Agriculture and Food Industry is a very important, national and international, sector, employing 23% of the population; and accounting for 71% of the huge land mass, 42.8mHa. Agriculture accounts for 18-25% of the GDP and 19% of value of exports; produced equally by private farmers 52.7%, and from Corporate and state farms 47.3%. However the corporate sector dominates the commodity export trade. There are 152 enterprises each with a minimum of 10,000Ha, the largest at 530,000Ha is more than twice the arable area of Armenia. The Ukraine is the 12th largest wheat exporter in the World.

Policy is set out in the Presidential Programme 2010-2014, "Rich Society, Competitive Economy, and Efficient Government". The strategic priorities for the activities of the Ministry of Agricultural Policy and Food Ministry are being set out in a new strategy, launched for the 24th International Agricultural Exhibition-Fair AGRO 2012, Kiev, September, 2012. The strategy features

- | | |
|--------|---|
| Area 1 | Reform of the agricultural land market; Increase in soil fertility; National Project "The grain of Ukraine" |
| Area 2 | Food safety and Food security |

- Area 3 Economic growth and improved livelihoods in rural areas
- Area 4 Rural infrastructure development
- Area 5 International technical assistance for livestock sector development within an Agriculture and Rural Development framework

Small holders, rural households, account for 50% of total production. Of these about one quarter are classed as commercial (turnover exceeding \$1000pa), 40% being semi-subsistence and 35% subsistence. In total there are 15m resident in the rural area, of which 3.3m are engaged in agriculture but only 0.7m are directly employed. The strategic intention is to unite 70% of smallholders in Co-operatives, with especial importance assigned to the development of the important dairy sector, which is dominated by smallholders.

In terms of Rural Development, whilst there is a '*Development of Native Village Programme*', there is no allocated provision in the state budget. Budget provisions for subsidies to agriculture; amount to around \$1billion, which are disbursed as a Treasury enterprise subsidy, with little apparent transparency. Indeed statistics tend to be closely guarded as they may provide valuable trading information in contract supply negotiations.

In general the main issues following restructuring and privatization were the consequent and significant structural and organisational changes:

- Increased mono-cultural, export oriented production, dominated by production by “agri holdings”
- Very significant reduction in pastureland
- Intensification of production accompanied by lack of good practices
- Stagnating and decreasing livestock sector
- Dual structure of agri production: very large agri-holdings, and one million small plot holders, very few mid-sized family farms
- Rural unemployment and degraded social infrastructure in rural areas

The multifunctional (socioeconomic) role of the agrarian sector is recognised, but so far not addressed with any state resources. Although the issue of land degradation is a serious issue there is no inbuilt mechanism, including within the substantial subsidy programme, relating to a national codex of sustainable agricultural practices.

3. Summary of regional assessment findings

3.1 Main regional differences

There are a number of distinct differences between the South Caucasian and Eastern European countries that make up the Eastern Partnership. In the South Caucasian countries self-employed smallholders account for over 95% of all holdings and for practically all production of plant and animal products. They have, in common with the same categories in the Eastern European countries, no fiscal or statistical identity, pay no direct taxes other than at local level. Statistics are very broadly based, with little data available on market participation, economic size, actual working units and other indicators as to how rural communities operate and perform.

The small land holdings, held by the rural population, following land distribution (except in Belarus), are subdivided into separate smaller plots, in up to three types, plus kitchen gardens (yards). This, combined with limited association or cooperation, results in a peasant-based agriculture. A lack of a post harvest (sorting, packing, storage, handling and distribution) infrastructure and market networks constrains value adding opportunities, and product availability. These constraints, within the agri-food supply chains, cause knock-on problems in the level and consistency of product quality, short seasonal availability and high levels of wastage.

A common feature of the South Caucasian countries, especially following the 2007 drought and restrictions on imports from traditional suppliers of grains, is a push to develop a reliable supply of foodstuffs, especially of wheat. This objective is being supported by subsidies from the state based upon area payments and input subsidies provided through treasury arrangements.

This push for grain production is itself forcing some actions to encourage land parcel amalgamation. This is done formally through legislative arrangements to encourage formation of producer and agriculture cooperatives, combined with fiscal arrangements to lift barriers, including turnover and VAT thresholds. There are also informal associations, grouping together land plots to provide for a more efficient use of machinery for arable cultivations. There are also significant problems in the South Caucasus regarding irrigation, and consequent problems, due to inappropriate practices, with salinity, causing land losses to production. Combined with significant areas of unused land, simply left idle by the owners, many hundreds of thousands of hectares are uncultivated.

In contrast are the very large enterprises in Eastern Europe, in particular Belarus and the Ukraine. However, in Ukraine and Moldova, there are also large numbers of title holders of small agriculture land plots, as well as kitchen gardens, demonstrating the same problems and constraints to development as in the South Caucasian countries, but with better soils and climatic conditions for arable cultivations.

The South Caucasian countries contain very large areas of state owned and communal pasturelands, which are used as the only source of grazing of animals, owned on an individual basis. The herding of animals on a large scale on these pasturelands, highland summer pastures that also form borderlands, results in problems of both a lack of rangeland and grassland management and animal disease transmission, both in-country and trans-boundary. The list of zoonoses present and endemic in the area is extensive.

In the Ukraine and Moldova livestock tend to be held by small-holders and grazed on nearby communal lands, thereby constraining production and putting great pressure on (unmanaged) pastures, and on ground waters, as the animals are housed and overwintered on household yards. The control of animal diseases is therefore more easily managed as animals are housed and herd together only on a village basis, not mixing with other village herds, until such time as a movement takes place. This isolation of livestock, on a community basis, is also aided by the fact that the arable lands circle communities, and under current practices and ownership, no animals graze or range over these lands. They are held within walking distance of the village households.

Trade and enterprise development is a complex issue in all the countries, including negotiation of quotas and tariffs within the trading blocks, including the EU, the Customs Union and in the wider WTO context. In this regard information is required, including comparative enterprise costing and market based mechanisms for management, investment and financing. At national level the issues are more pragmatic, not least the incorporation of common rules and standards, information on performance and cost structures, and technical barriers to trade, most significantly SPS and especially sanitary-veterinary.

3.2 Main regional similarities

The main regional similarities that feature to a greater or lesser degree in each of the EaP countries ARD sectors can be clustered in two distinct groups, namely (a) Agri-food supply chain constraints and inefficiencies and (b) Institutional and policy constraints and inefficiencies. The main challenges in each of these areas are summarised below, not in priority order:

A. Agri-food supply chain constraints and inefficiencies:

- 1. Fragmented land holdings and lack of producer cooperation and integration*
- 2. Low level of professionalism and training in rural communities*
- 3. Gaps in standards, regulations, legislation and comparative information*
- 4. Lack of food security in strategic cereal and animal origin products*
- 5. Outdated technology and lack of appropriate infrastructure in rural areas*
- 6. No codex or incentives for good agriculture practices*

B. Institutional and policy constraints and inefficiencies:

- 1. Under-developed food safety system: sanitary-veterinary*
- 2. No rural development policy, assigned competence or budget resources*
- 3. A concentration on production subsidies with no cross compliance mechanism*
- 4. A need to prioritise the many priorities & include within budget frameworks*

All of the above challenges can be differentiated by scale in each country, approaches to sector support, policy priorities and objectives, and the extent of involvement in trade but the commonality of the challenges and some of the ways in which these might be overcome provide a platform for further consideration of regional activities that could provide support and benefits for all countries of the region. These support areas/ needs can be considered to fall within three broad thematic areas:

1. *Agriculture and Rural Development policy, institutional and regulatory framework development:*

The rural populations in all EaP countries have long been taken for granted and often ignored in the policy and programming process. One of the consequences of this policy vacuum has been the gradual depopulation of rural areas as the economically active migrate to cities or abroad. These negative demographic trends, combined with a need for a vibrant working population to support agri-industry requires a more robust policy and institutional commitment to be developed in response.

1.1 Rural development policy, competence and budget resources:

- 1.1.1 Clear rural development policies, assigned competence and strategic priorities, supported by a budget framework with source and application of funds;
- 1.1.2 Policies and programmes to promote food security in strategic food products and realignment of subsidies and payments to ensure cross compliance / improvement in farming practices and standards.

1.2 Standards and regulations

- 1.2.1 Gaps in agri-food product standards, regulations, legislation and comparative information on production (gross margins);
- 1.2.2 Systems to ensure food safety and animal health standards.

2. *Agriculture and livestock sector competitiveness and sustainable productivity enhancement:*

2.1 Land management and improving the environment

- 2.1.1 Policies and programmes to address fragmented land holdings and lack of producer cooperation and integration;
- 2.1.2 Programmes to increase professionalism and vocational training of both farming and non-farming rural stakeholders;
- 2.1.3 Improvements in the access and use of appropriate technology and appropriate infrastructure in rural areas;
- 2.1.4 Sensible and manageable codex for good agriculture practices.

3. *Community-led rural development:*

3.1 Improve the quality of life and encourage diversification of economic activities

- 3.1.1 Community driven rural development responses to improve conditions in rural areas;
- 3.1.2 Support systems and measures to encourage a sustainable diversification of rural economic, social and cultural activities.

Part 2: Recommendations on regional actions

The findings from the assessment reports summarised in PART 1 of this report reveal that whilst all of the Eastern Partnership (EaP) countries face their own unique challenges in developing their agriculture and rural sectors, linked to their specific physical, economic, political, social and cultural dynamics, they also share many common challenges. They also share a wide range of common current and future challenges as they seek to gradually harmonize their systems, services and standards to comply with international requirements for sector trade and integration. Building upon these common challenges and needs a number of priority areas have been identified which evidence suggests, would benefit from common support on both a national and regional basis. These include the following:

- ***Agriculture and Rural Development policy, institutional and regulatory framework development:*** This includes the development of sector strategies, programmes and measures and specific standards and regulations that will facilitate trade and enhance product quality and overall sector performance. It also includes development of more effective and efficient governance structures at national, regional and local level.
- ***Agriculture and livestock sector competitiveness and sustainable productivity enhancement:*** This includes the strengthening of primary, secondary and tertiary agriculture and livestock production, processing and marketing standards, systems, services and support structures. It also includes development of relevant research and innovation systems, advisory and support services for agriculture and livestock producers.
- ***Community-led rural development:*** This includes development of both agricultural and non-agricultural initiatives in rural areas that will have a direct benefit for rural citizens and the quality of life in rural areas.

4. Possible regional activities in Agriculture and Rural Development

Experience from other regions indicates that for any successful regional activities to be developed a number of minimum prerequisites need to be fulfilled including the following:

- **Critical mass of countries:** The number of countries facing the same or similar issues in the region, with the desire and capacity to get involved and stay involved for the benefit of their own country and for the macro region as a whole;
- **Transferability:** The opportunity for EaP wide solutions to be developed, adapted and utilized nationally, regionally and locally;
- **Costs & benefits:** The economic and social costs and benefits to be accrued to each country from participation in any regional action.

The Eastern Partnership Panel on Agriculture and Rural Development

The EU and the EaP partner countries are launching a new Panel on Agriculture and Rural Development (ARD) to foster the exchange of information and lessons learned, which will make a more useful forum for discussion. The importance of the ARD sector in the EU and the EaP countries will be translated into more intense dialogue using this dedicated panel.

Lessons learnt from the Arab Spring underline the importance of ARD, reflected in Council conclusions on: 'Increasing the Impact of EU Development Policy: an Agenda for Change'.

Through the Panel different questions can be addressed such as the need and level of approximation of the national legislation with the Acquis.

The Panel on Agriculture and Rural Development, which was launched in November 2012, will facilitate the exchange of experiences and best practices on sustainable development of agriculture and rural areas in the EU and in the Partner Countries, including on sector-specific strategies, policies and institutional capacities and serve to support further development and implementation of agriculture and regional development programmes – by identifying sector challenges and supporting the Partners in designing solutions to be applied.

The country assessment studies that have been undertaken have identified the major issues, common the region, though each country has its own particular profile. These could be taken forward, to test and demonstrate the impact and effectiveness of regional collaboration in these areas (*see Annex 2 for examples of regional initiatives in the ARD sector in other regions*). The framework of regional initiatives, identified by the country assessments is outlined for consideration below:

4.1 Possible Agriculture and Rural Development thematic area

Thematic areas	
1	Agriculture and Rural Development policy, institutional and regulatory framework development
1.1	Rural development policy, competence and budget resources
1.1.1	<p><u>Rural Development Policy</u></p> <p>Issue: No rural development policy, assigned competence, or strategic priorities within a defined budget framework.</p> <p>Actions: define a common policy and strategy and support mechanisms - measures and institutional support structures.</p>
1.1.2	<p><u>Cross compliance mechanism</u></p> <p>Issue: inclusion of cross compliance mechanisms within state support measures aimed at improving food security in strategic arable (cereals) and animal products.</p> <p>Actions: package of agricultural good practices together with enforcement and monitoring procedures.</p>
1.2	Standards and regulations
1.2.1	<p><u>Gaps in standards, regulations, legislation and comparative information</u></p> <p>Issue: a need for common standards meeting international and EU standards, to include compliance measures - monitoring and inspection mechanisms for existing regulations</p> <p>Action: identify priority areas for approximation, including: Geographic indicators; HVA (Fruit and Vegetables); Dairy and dairy products.</p>
1.2.2	<p><u>Under-developed system of food safety and animal health</u></p> <p>Issue: compliance with SPS standards especially veterinary-sanitary:</p> <ul style="list-style-type: none"> • Extensive endemic disease problems in the South Caucasuses, in particular linked to bovine zoonoses (brucellosis and tuberculosis) and transmission in milk and milk products. A significant risk to a safe food supply to urban areas and regional tourism development, and; • Problems: compliance with SPS standards regarding Veterinary-Sanitary for animal traceability and movement systems. <p>Actions:</p> <ul style="list-style-type: none"> • Framework for compatibility and improvement of animal identification and traceability and holding registration systems; • Disease containment, control and eradication programmes in identified supply chains for milk and milk product supply to urban and tourism areas. Set out a support mechanism to support herd development, enclosure and herd accreditation (brucellosis free) within the identified supply chain to be secured, with traceability, monitoring and inspection.
2	Agriculture and livestock sector competitiveness and sustainable productivity enhancement
2.1	Land management and improving the environment

2.1.1	<p><u>Fragmented land holdings and lack of producer cooperation and integration</u></p> <p>Issue: the predominance of small and fragmented land plots leads to inefficient and insecure supply of agriculture products.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Producer Organisations: support development through legal, regulatory, fiscal and investment support, to provide the basis and the incentives for small holders to cooperate for more effective and efficient production and operations linked to the marketplaces. • Regulatory barriers to scale and employment, including turnover thresholds and legal structures for producer organisation formation • Land: access and ownership; land use and practices; tax and regulatory measures and use of revenues; land as collateral
2.1.2	<p><u>Low level of professionalism and training in rural communities</u></p> <p>Issue: access to training and education for rural producers through extension services, farmer schools and college courses</p> <p>Actions: strategy and details for curriculum development, facilities and timetables in rural schools and colleges</p>
2.1.3	<p><u>Outdated technology and lack of appropriate infrastructure and investment in rural areas</u></p> <p>Issue: outdated and inefficient systems for production and post harvest operations including storage, handling, distribution and markets</p> <p>Actions: define and develop means and mechanisms to mobilise development funds including by: agrarian receipts (financial instrument that helps farmers to obtain working capital from banks or input suppliers before harvest); state support investment support mechanisms with co-funding; savings of rural populations</p>
2.1.4	<p><u>Regional codex for good agriculture practices</u></p> <p>Issue: Definition of a codex for good agricultural practices and the supporting mechanisms, including water and irrigation</p> <p>Actions:</p> <ul style="list-style-type: none"> • Define dedicated measures and mechanisms to develop, introduce and monitor good agricultural practices • Information mechanism to enable regional comparisons of enterprise margins regarding the production of primary agricultural commodities
3	<p><u>Community-led rural development</u></p>
3.1	<p><u>Improving the quality of life and encouraging diversification of economic activities</u></p>
3.1.1	<p><u>Promoting community driven rural development</u></p> <p>Issue: mechanism to enable community participation in agriculture and rural development policy and strategy development</p> <p>Actions: formation of local action groups to participate in the identification of priorities; participation in local development initiatives; targeting criteria and indicators; support measures and mechanisms; strategies and pilot projects.</p>

These Agriculture and Rural Development thematic areas were discussed during the Regional Technical Workshop, 19th November 2012, in Brussels. All Eastern Partnership countries were represented, together with the European Commission, Member States, the EBRD and EIB and the FAO who also acted as organiser. The Workshop Programme included:

- Presentation of the Panel on Agriculture and Rural Development under the institutional framework of the Eastern Partnership initiative (EaP), Platform 2 on Economic integration and convergence with EU Policies, followed by a plenary discussion for feedback, comments and suggestions from countries representatives;
- Presentation of the six comprehensive sector analytical studies - comparative analysis, recommendations for follow-up, by the FAO, followed by working group discussions and a plenary session;
- Presentation of the major issues and priorities of agriculture and rural development at regional level by the FAO, followed by a plenary discussion for feedback, comments and suggestions from countries representatives.

The workshop delegates raised the question of the need to firstly distinguish Rural Development from Agricultural Development and Regional Development. In addition to agree on the definition of rural areas, as in most countries there are no such distinction and definition. In most countries Rural Development is considered the same as Agriculture development.

The EU experience in community development (LEADER level) was presented, including some examples from the Baltic Sea macro-regional initiative. The soft power of networking was elaborated, which is gaining momentum in the EU. Efficient discussions rather than debating platforms are a prerequisite also enabling bilateral exchanges for illustration of problems and perspectives.

The discussion aimed to provide a preliminary indication on the initial highest priorities of each country, as a first step. It was agreed that other priority topics could be discussed in subsequent meetings. Each country was asked to identify their top three priority areas from an agreed common list of challenges. A general proposal was accepted for the first meeting to start with an explanation of the RD sector and approaches used in the EU, considering how RD is defined compared to Agricultural Development and Regional Development.

	Priority Issues	UA	MD	GE	BY	AZ	AM
1	Fragmented land holdings and lack of producer cooperation and integration		✓	✓		✓	✓
2	No rural development policy, assigned competence or budget resources	✓		✓		✓	
3	Low level of professionalism and training in rural communities	✓			✓	✓	
4	Gaps in standards, regulations, legislation and comparative information	✓		✓	✓		
5	Under-developed food safety system: sanitary-veterinary;		✓				✓
6	Outdated technology and lack of appropriate infrastructure and investment in rural areas		✓				
7	Lack of food security in strategic cereal and animal origin products						✓

The proposal for the first topic for the Panel on Agriculture and Rural Development was adopted as: **'What is Rural Development?'**

Annexes

Annex 2: *EU rural development policy and the three axes*

Annex 3: *Comparative experience of similar initiatives in other macro-regions*

Annex 4: *Consolidated summary of overall sector statistics*

Annex 5: *Summary data and maps*

Annex 1: EU rural development policy and the three axes

The European Union has an active rural development policy because this helps to achieve valuable goals for our countryside and for the people who live and work there. Theoretically, individual EU Member States could decide and operate completely independent rural development policies. However, this approach would work poorly in practice. Not all countries in the EU would be able to afford the policy, which they needed. Moreover, many of the issues addressed through rural development policy do not divide up neatly at national or regional boundaries, but affect people further afield (for example, pollution crosses borders all too easily; and more generally, environmental sustainability has become a European and international concern). Also, rural development policy has links to a number of other policies set at EU level.

Therefore, the EU has a common rural development policy, which nonetheless places considerable control in the hands of individual Member States and regions.

Structure of rural development policy

The essential rules governing rural development policy for the period 2007 to 2013, as well as the policy measures available to Member States and regions, are set out in Council Regulation (EC) No. 1698/2005. Under this Regulation, rural development policy for 2007 to 2013 is focused on three themes (known as "thematic axes"). These are:

1. improving the competitiveness of the agricultural and forestry sector;
2. improving the environment and the countryside;
3. improving the quality of life in rural areas and encouraging diversification of the rural economy.

To help ensure a balanced approach to policy, Member States and regions are obliged to spread their rural development funding between all three of these thematic axes. A further requirement is that some of the funding must support projects based on experience with the Leader Community Initiatives. The "Leader approach" to rural development involves highly individual projects designed and executed by local partnerships to address specific local problems.

As before 2007, every Member State (or region, in cases where powers are delegated to regional level) must set out a rural development programme, which specifies what funding will be spent on which measures in the period 2007 to 2013. A new feature for 2007 to 2013 is a greater emphasis on coherent strategy for rural development across the EU as a whole. This is being achieved through the use of National Strategy Plans that must be based on EU Strategic Guidelines.

This approach should help to:

- Identify the areas where the use of EU support for rural development adds the most value at EU level;
- Make the link with the main EU priorities (for example, those set out under the Lisbon and Göteborg agendas);
- Ensure consistency with other EU policies, in particular those for economic cohesion and the environment;
- Assist the implementation of the new market-oriented CAP and the necessary restructuring it will entail in the old and new Member States.

Annex 2: Comparative experience of similar initiatives in other macro-regions

Many macro-regional clusters already exist throughout Europe and in other continents, at both country and sector level. Over time, these macro-regional clusters have been able to explore and benefit from closer cooperation and collaboration, including the Baltic Sea Region, the Danube Delta, the Mediterranean region, the North Sea region and the Western Balkans region. Specific initiatives in these macro-regions, often assisted by the EU, have helped to promote common awareness, understanding and ultimately joint actions to address macro-regional and national challenges. Various mechanisms have been established to help facilitate practical initiatives, promote dialogue, exchange of knowledge and experience and establish practical cross-border cooperation projects, engaging stakeholders at national, regional and local levels. Some practical examples of macro-regional clusters are summarized below:

Baltic Sea Region collaborative initiative:

The EU Strategy for the Baltic Sea Region (EUSBSR)⁴ was adopted by the European Commission, in June 2009. The EUSBSR aims to address the urgent environmental problems of the Baltic Sea region, through an integrated strategy. As the initiative has developed over time it has focused on a number of sectoral regional initiatives. Examples of agriculture and rural development initiatives that have evolved through this collaboration include:

- ***Baltic Compass:*** Promoting sustainable agricultural practices in the Baltic region. It functions as a regional platform where participants and stakeholders can develop more efficient agro-environmental policies, share innovations and best practices, create scientific scenarios and facilitate investments. Baltic Compass does this by sharing practical solutions and innovations through a dedicated web portal, business and investment facilitation (advice and networking), strategic risk assessment concerned with land use and animal husbandry (science and scenarios) and guidance and support for policy adaptation (through political and ministerial level dialogue and forums). Concrete benefits for regional farmers currently include better access to support when investing for future businesses in the sensitive Baltic ecosystem, in all countries of the region. For more information visit www.balticcompass.org
- ***Baltic Manure:*** An initiative to enhance the perception of manure as a source of energy and as a fertiliser rather than merely as a waste product. The initiative identifies business opportunities and fosters renewable energy use in the region, as well as reducing environmental load from agriculture to the Baltic Sea. For more information visit www.balticmanure.eu
- ***Baltic Deal:*** Brings together farmers and farming advisory services to improve agri-environmental practices and measures. The aim is to reduce nutrient losses from farms, so as to foster sustainable agriculture and maintain production and competitiveness. For more information visit www.balticdeal.eu.

Regional Rural Development Standing Working Group in South Eastern Europe (SWG)

The “SWG” stands for Regional Rural Development Standing Working Group in South Eastern Europe. It is an International Inter-governmental Organization, consisting of governmental

⁴ http://ec.europa.eu/regional_policy/cooperate/baltic/index_en.cfm

institutions responsible for rural development in the region. It was founded to promote sustainable rural development in South Eastern Europe.

Member countries include Albania, Bulgaria, Bosnia and Herzegovina, Bosnia and Herzegovina –Republic of Srpska, Croatia, Macedonia, Montenegro, Kosovo and Serbia. Observing members are Austria, Serbia- Province of Vojvodina, Federation Bosnia and Herzegovina, and Slovenia.

The main objectives of the SWG are to enhance regional co-operation among the Ministries of Agriculture in South Eastern Europe and facilitate information sharing on rural issues and rural development topics. Since its launch in 2005 the SWG has gradually established a range of network services and forums to facilitate regional dialogue, promote sharing of experiences in the implementation of rural development policies and the development of practical tools to guide agricultural and rural development policy development.

All actions are aimed at furthering the rural agenda in the countries of the region, engaging both public and private stakeholders in the process. On-going activities include conducting studies, assessments and research in rural development; assisting in strategic planning and programming for rural development; promoting transnational rural development cooperation at local, regional and national level. For more information visit the website at <http://www.seerural.org>

European Network for Rural Development (ENRD)

The European Network for Rural Development (ENRD) was set up by the European Commission, Directorate-General for Agriculture and Rural Development, in 2008, to help Member States implement their national and regional Rural Development Programmes (RDPs). The ENRD provides a platform for the sharing of ideas and experiences on how rural development policies are working in practice and how they can be improved. Its main stakeholders include National Rural Networks (NRNs) in all EU27 countries, Member State authorities, LEADER Local Action Groups (LAGs) and rural development organisations with an EU perspective. The ENRD provides wide-ranging support to rural development stakeholders and informs the EU rural development policy debate by:

- highlighting examples of successful rural development projects across the European Union;
- assisting National Rural Networks (NRNs) in the development of their network services;
- promoting transnational cooperation (TNC) amongst Local Action Groups (LAGs); and
- providing analysis of relevant rural themes such as short supply chains, social inclusion, forestry, social farming, rural entrepreneurship, community-led local development etc.

The ENRD shares information with stakeholders in a variety of ways, including through participation at events and fairs across Europe; ENRD publications including an e-newsletter (Rur@l Newsflash), an ENRD Magazine, quarterly EU Rural Reviews and dedicated thematic brochures; ENRD website; and various interactive tools to promote targeted networking and communication groups.

The ENRD concentrates on providing results that could not have been achieved by individual countries acting alone and it is these outputs that represent the real added value of the ENRD. To facilitate the work of the ENRD a dedicated secretariat has been established, known as the Contact Point, which is staffed by experienced team of rural development specialists. For more information visit <http://enrd.ec.europa.eu>

Regional Animal Health Networks

Animal Health Networks provide member countries with technical support, expertise to further advance international standards, provide guidance and promote capacity building. The following examples of existing networks provide practical illustrations of how such initiatives can help to build synergies and efficiency in terms of animal health expertise and to enhance transparency and mutual confidence in disease information exchange in specific regions:

1. RADISCON (Regional Animal Disease Surveillance and Control Network) is a joint FAO/IFAD endeavour targeted at 29 nations located in North Africa, the Sahel, the Horn of Africa, the Middle East and the Arab Gulf, which aim is to promote animal disease surveillance within and among these countries. The network promotes the development of an Animal Disease Surveillance and Control Network through a process of strengthening of veterinary investigation, animal disease information and laboratory services, continued professional development and improved professional communication between neighbouring countries.
2. The Caribbean Animal Health Network (CaribVET), which covers 27 Caribbean countries, is a collaboration network involving veterinary services, laboratories, research institutes, and regional and international organizations aiming to improve animal and veterinary public health in all the countries and/or territories of the Caribbean. For more information visit www.caribvet.net
3. The Mediterranean Animal Health Network (REMESA), which covers 10 countries. Its establishment, activities and technical monitoring are supported by FAO-ECTAD Unit for North Africa and OIE in the framework of the Regional Animal Health Centre for North Africa (FAO-OIE/RAHC-NA) in consultation with member countries, the UMA and the EU. For more information visit www.remesanetwork.org
4. The Pan African Programme for the Control of Epizootics (PACE), which covers 32 sub-Saharan African countries. It was funded by the European Union and coordinated by the Inter-African Bureau of Animal Resources (AU-IBAR). For more information visit www.au-ibar.org

Standing Committee on Agricultural Research (SCAR)

SCAR was established in 1974. It is formed by representatives of Member States (Candidate and Associated Countries can be observers). It has a mandate to advise the Commission and the Member States on the coordination of agricultural research. Since 1981 DG AGRI became responsible for managing the agricultural related programmes of Framework Programmes⁵ and utilized SCAR as a 'Programme Committee'. SCAR establishes a number of Collaborative Working Groups (CWGs). The aim of SCAR and the CWGs is to stimulate and increase research collaboration between funders and programme managers on key research areas. This is done through:

5. identification of strategic priorities for agriculture research;
6. enhanced cooperation between MS (joint research programmes, common infrastructure, etc.);
7. promoting the research agenda in scientific support to the CAP;
8. exchange of information with complementary mechanisms under EU Framework Programmes.

⁵ The Framework Programmes for Research and Technological Development, also called Framework Programmes or abbreviated FP1 through FP8, are funding programmes created by the European Union to support and encourage research in the European Research Area (ERA). The specific objectives and actions vary between funding periods.

Seventeen CWGs have been set up by European countries since 2005 engaging voluntarily in the definition, development and implementation of common research agendas based on a common vision of how to address major challenges in the field of agricultural research. The SCAR recognises that research on RD is important for addressing the sustainability challenges of rural communities and landscapes and advises the Commission and the Member States accordingly. For more information visit

http://ec.europa.eu/research/agriculture/scar/index_en.html

ERA-NET Scheme

The ERA-NET scheme enhances the cooperation and coordination of research activities carried out at national or regional level in the EU Member States and Associated States. It does this through: a) the networking of research activities conducted at national or regional level; and b) the mutual opening of national and regional research programmes. The scheme contributes to making a reality of the European Research Area (ERA) by improving the coherence and coordination across Europe of research programmes. It also enables national systems to take on tasks collectively that they would not have been able to tackle independently. Because networking and mutual “opening up” require a progressive approach, the ERA-NET scheme therefore has a long-term perspective that allows for the different ways that research is organised in different Member States and Associated States. For more information visit

<http://www.cordis.europa.eu/coordination/era-net.htm>

As a practical example, **RURAGRI** is an ERA-NET supported by the EU 7th Framework Programme. It consists of 24 partners from 20 EU Member States and associated countries, who have set up RURAGRI to develop a lasting focused network that identifies and opens new research fields. The partners work towards a common research agenda to enhance coordination of research in the field of agriculture and rural development. A fundamental aspect of the ERA-NET is to identify and implement trans-national activities. RURAGRI started on the 1st October 2009 and runs until 30th September 2013. The overall EU funding to run the network is approximately € 1 million. For more information visit <http://www.ruragri-era.net/>

Farm Advisory System (FAS)

An EU initiative, the Farm Advisory System (FAS) aims at helping farmers in Member States to better understand and meet the EU rules for environment, public and animal health, animal welfare and to maintain land in good agricultural and environmental conditions (GAEC). From 2007, national authorities have been obliged to offer their farmers advice under a FAS, applying certain priority criteria if needed. The EU Fund for Rural Development (EAFRD) supports farmers to make use of advisory services and supports Member States in setting up new farm advisory services where needed. The Farm Advisory System covers the overall organisation and the various public and/or private operators that deliver farm advisory services to a farmer in a Member State. Having a national FAS guarantees that each farmer can access advice on at least the basic cross-compliance requirements including environment, public health, animal and plant health, animal welfare and GAEC. A farm advisory service assesses the specific situation of the farmer and gives appropriate advice. In 2010 the European Commission published a report on the FAS which proposing improvements to the management of the FAS: ensuring that knowledge is shared between actors and that synergies between various instruments such as advice, training, information, extension services & research are enhanced. For more information visit:

http://ec.europa.eu/agriculture/direct-support/cross-compliance/farm-advisory-system/index_en.htm

Asian Farmers Association (AFA)

The AFA is a regional organisation that brings together farmers from developing and developed countries in Asia for improved information sharing and offering a framework of opportunities

for development. Established in 2002 after a series of farmers' exchange visits (FEV's) organized by a strategic NGO partner, it consists of a regional alliance of national federations and organizations of small scale women and men farmers and producers. The five FEVs, conducted over three years, identified a strong need to assemble, share, learn and act together towards a common desire for a better quality of life families and farming communities. AFA works with NGOs in facilitating the formation of national farmers' organizations and in continuously building their capacities. A General Assembly is held every two years and an Executive Committee meeting every semester. The secretariat is in The Philippines.

The AFA areas of work are to: a) promote sustainable agricultural policies and practices; b) study and promote alternatives to economic globalization; promote agriculture among the young; c) promote fair and just treatment of small-scale women and men farmers; d) promote food sovereignty measures; promote farmer-to-farmer market exchanges; e) push for provisions on access to farm resources and rural development, and protection of small-scale women and men farmers' rights in Asian inter-governmental bodies (ASEAN, SAARC, etc); f) support environmentally-friendly adaptation and mitigation measures for climate change; and g) strengthen AFA at national and regional levels.

The AFA's current strategy includes enhancing networking activities and forging concrete partnerships with relevant organizations in advocacy and other services to members (e.g. on issues such as land tenure, agro-ecology, marketing and enterprise, women, gender equality, agri-health-nutrition-water-energy-food link, and youth. It also focuses on making AFA an effective Knowledge and Learning Hub and diversifying funding sources. Its series of programmes include: advocacy and lobbying; knowledge management and sharing; enterprise development; and governance. For more information see <http://asianfarmers.org>.

Annex 3: Consolidated summary of overall sector statistics

	South Caucasus			Eastern Europe			Total	
ISO	GE	AM	AZ	BY	UA	MD	EaP	EU27
Land area Total	6.99m Ha	2.97m Ha	8.67m Ha	20.76m ha	60.35mHa	3.4m Ha	103.14mHa	400.42mHa
Agriculture area	3.03m Ha	2.12m Ha	4.76m ha	8.63m ha	42.79m ha	2.5m Ha	63.83mHa	172mHa
% Land Area	43.35%	16.78%	54.9%	41.6%	70.9%	75%	62%	42.5%
Arable	0.95m Ha	0.452m Ha	1.94m Ha	5.78m Ha	35.0m ha	1.84m Ha	45.96mHa	97.3mHa
Permanent	0.26m Ha	0.03m Ha	0.28m Ha	0.13m Ha	0.9m ha	0.3m Ha	1.9mHa	10.9mHa
Grass / pasture	1.82m Ha	1.25m Ha	2.54m Ha	2.72m Ha	6.89m	0.36m Ha	15.58mHa	61.8mHa
Forest	40%	9.7%	10.8%	37%	17%	9.7%	22%	40%
Population Total	4.44m	3.1m	9.00m	9.48m	45.78m	3.56m	75.36m	502.5m
Labour force	1.95m	1.19m	6.12m	5.0m	22m	1.27m	37.53m	228.4m
Rural %	47%	36.3%	47.1%	25%	31.2%	54%	34.5%	23%
Rural total	2.09m	1.13m	4.24m	2.37m	14.29m	1.9m	26.02m	115.57m
In agriculture %	52%	38.6%	40%	10%	23%	28%	21.6%	4.7%
In agriculture	1.01m	0.46m	2.45m	0.5m	3.3m	0.36m	8.08m	10.74m
Number holdings	0.7m	1.2m	0.8m	0.004m	6.8m	1m	10.5m	13.7m
Average size, House Hold	1.37Ha	1.4Ha	1.7Ha	55Ha	3.5Ha	1.4Ha	2.7Ha	14Ha
Average size, Agri-Enterprise				4885Ha				
Production House Hold	95%	97.2%	95%	10%	52.7%	71%		
Production Agri Enterprise	5%	2.8%	5%	86%	47.3%	29%		
GDP PPP 2011	\$24.86B	\$17.8B	\$99.92B	\$143.6B	\$337.7B	\$11.93B	\$635.81B	\$15,650.0B
Agriculture share	8.8%	19.1%	5.5%	9.4%	9.4%	16.2%	9.2%	1.8%
GDP Per Capita	\$5,600	\$5,550	\$10,200	\$15,200	\$7,300	\$3,400	\$8,420	\$34,500
Food, Beverage Exports	\$0.31	\$0.22b	\$0.72b	\$3.34b	\$11.78b	\$0.84b	\$17.21b	€75.1b, 2007
Food, Beverage Imports	\$0.85	\$0.70	\$1.33b	\$3.05b	\$5.76b	\$0.63	\$12.32b	€77.4b, 2007
Cities	61	49	11	6	459	3	589	
Regions	9	10	66	6	24	37	152	NUTS2 271
Rural Communities	4,488	866	1700	1,439	2,845	699	12,037	LAU1 8,398
Villages	4,488	866	4253	23,500	10,278	917	44,302	LAU2 21,601

Annex 4: Summary data and maps

Eastern Partnership

Eastern Europe

Belarus, Moldova and Ukraine

Eurasian steppe lands and black soils of Moldova and Ukraine, the marshes, forests and loamy soils of Belarus



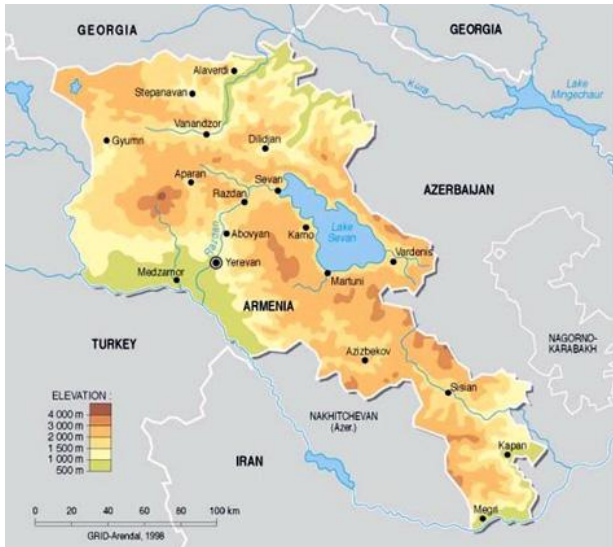
South Caucasus

Armenia, Azerbaijan and Georgia

Trans-Caucasus, the borderlands of Eastern Europe and South-West Asia, defined by the Kura-Aras River Basin, between the Black and Caspian Seas



Armenia – AM

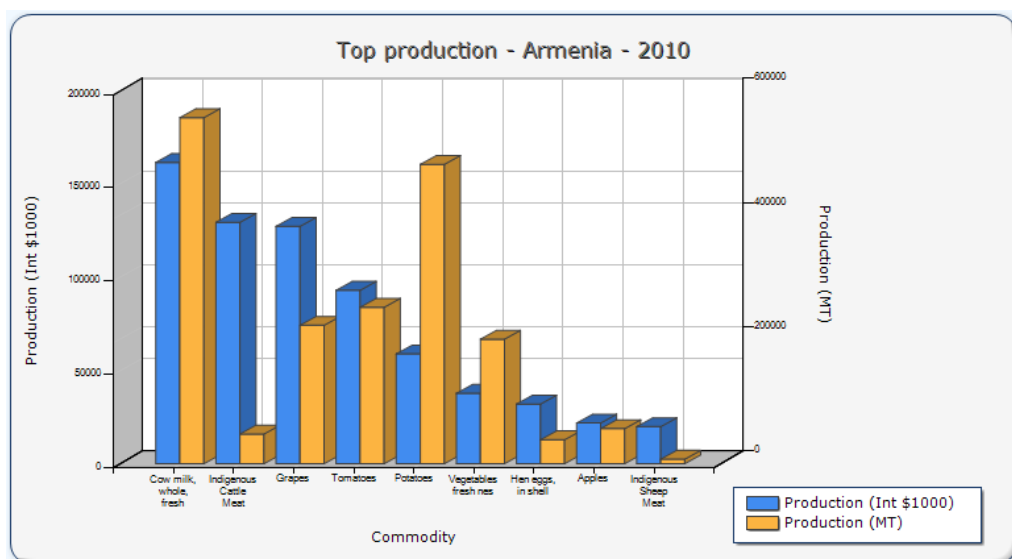


Territory: 2,97m Ha (Water 0.15m Ha)
 Arable land: 0.452m Ha
 Permanent crops: 0.0296m Ha
 Grasslands: 0.128m Ha
 Pastures: 1.118m Ha
 Cultivated land area: 16.78%
 Forest 0.371m Ha (9.7%)
 Population (millions) 3.1million
 Rural population 36.3%
 Employed in agriculture 38.6%
 GDP PPP (2010): \$17.8 billion
 GNI per capita 2011 (PPP \$): \$5,550
 GINI (2008): 30.86
 HDI rank: 76
 Structure of production by farm type
 - corporate enterprises 2.8%
 - small plot holders 97.2%
 Average holding size 1.4Ha

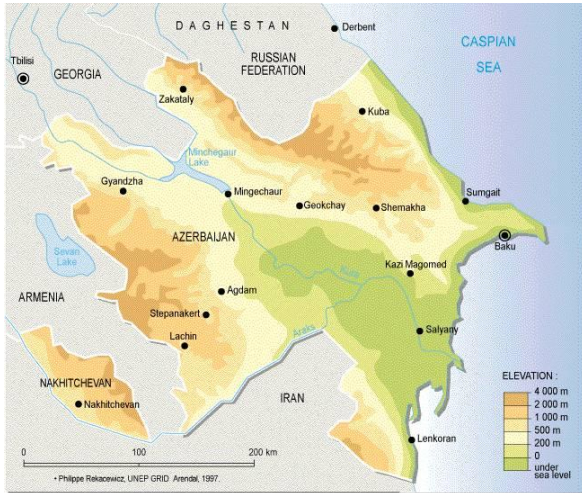


Administrative regions

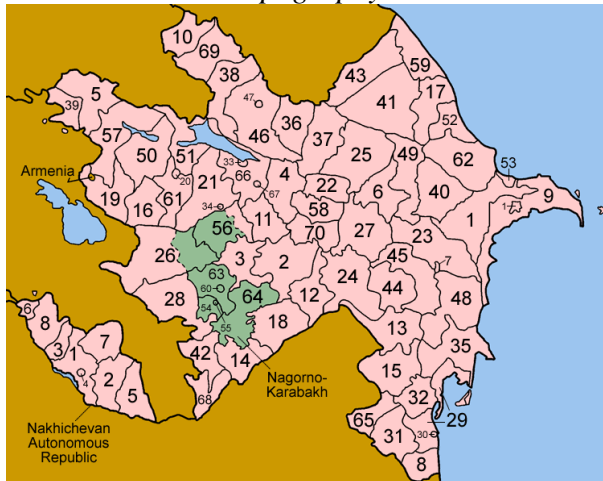
Armenia is subdivided into ten administrative divisions, or provinces (marzes). Within each province are communities, self-governing, consisting of one or more settlements. Settlements are classified as either urban or rural. As of 2007 there are 915 communities, 49 urban, 866 rural, administrative communities. The capital, Yerevan, also has the status of a community and is divided into twelve semi-autonomous districts



Azerbaijan – AZ



Topography



Raions / Districts

Population 9.235m

Rural population 47.1% (4.35m)

Population engaged in:

Agriculture 40%

Total area 8.63million ha

Agricultural lands 55%, 4.78mill. ha

Arable land 36%, 1.72m Ha

Perennial plantations 3%, 0.16m Ha

Meadows 2%, 0.11m Ha

Gardens 5%, 0.26mHa

Pastures 54% 2.53m Ha

Forest 12%, 1.04m Ha

Structure of agricultural production:

Private holdings 97%

State holdings 3 %

Agriculture share GDP 7%

GDP PPP (2010): \$92.92 billion

GINI (2008) 33.71

GNI PPP (2010) \$10,200 per capita

HDI 0.731 Rank (2011) 76th

10 Economic Zones

66 Districts

11 Cities, 13 City Districts, 77 Towns

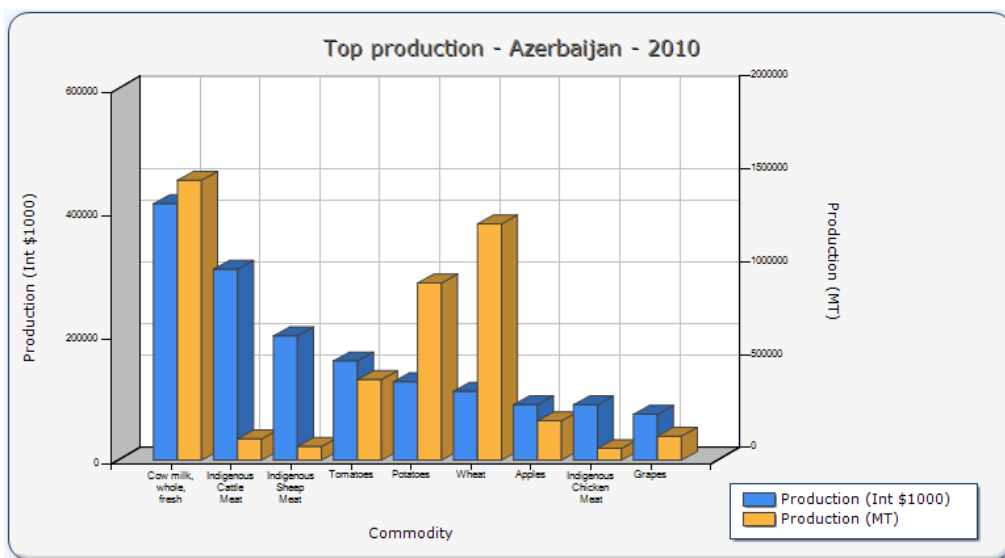
258 Settlements

1,700 Rural Administrations, 4,253 Rural

Settlements, 817,700 Family farms

Including the Nakhchivan Autonomous

Republic: 7 districts and 1 city



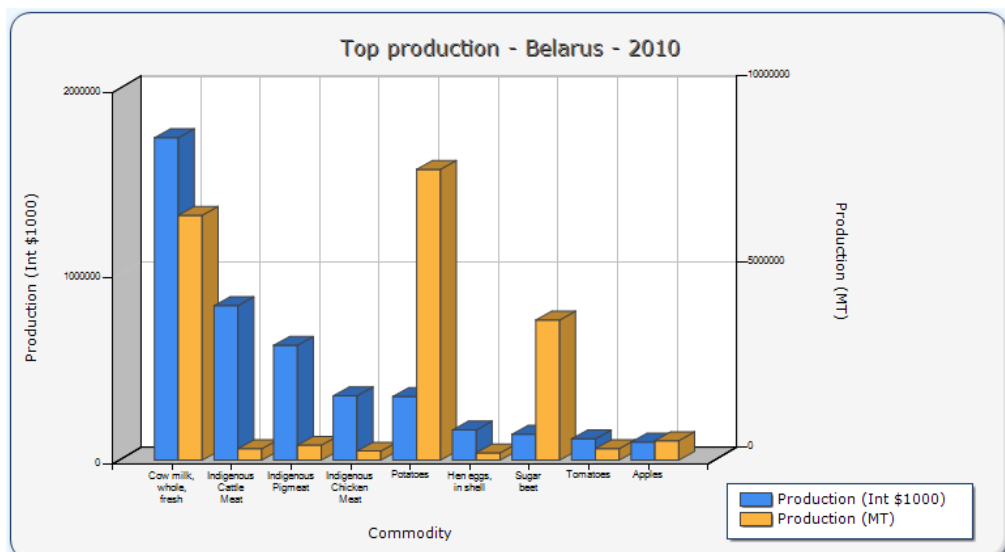
Belarus – BY



Population 9.458mill.
 Population Minsk, 1.89m
 Fertility rate (2011) -0.362%
 Life expectancy 70.5 years
 Rural population 24.2% 2.29(m)
 Agriculture 9.4% (work force)
Commercial farms 2337, Ave. 4885Ha
Private farms 1570, Ave. 55Ha
 Total area million 20.76m Ha
Agricultural lands 8.874mHa (42.7%)
Arable 5.506m Ha
Perennial 0.122m Ha
Pastures 3.224mHa
 Agricultural land holdings:
Private farmers 1.4%
Households, 10.2%
Agro- organisations 86.4%



GDP PPP: \$143.6billion
 Agriculture share GDP: 8.5%
 GINI (2008) 27.2
 GNI PPP \$15,200 per capita
 HDI 0.756 Rank 65th
 Regions (Oblasts) - 6; Municipality 1
 Cities of regional significance - 5
 Regions (raions): 118 rural, 24 urban districts
 Towns, regional & district subordination: 111
 Urbanised settlements: 101
 Village Councils 1,439
 Villages, 23,500



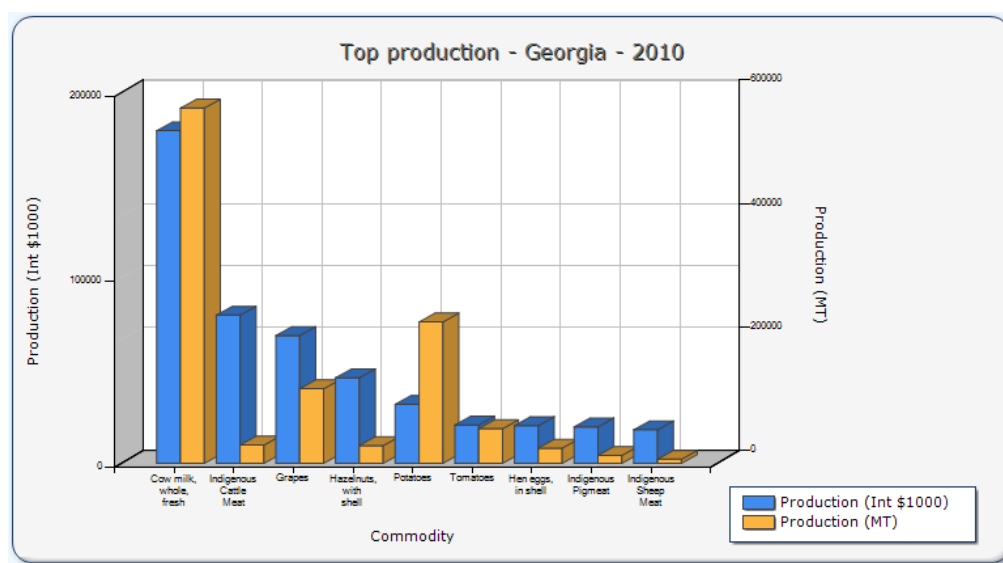
Georgia – GE



Total area 6.97m Ha
 Agricultural lands 3.03m Ha
 Arable land 0.802mHa
 Perennial plantations 0.26mHa
 Meadows & pastures 1.97mHa
 GDP PPP (2011): \$24.86 billion
 Agri-share GDP 9.3%
 GINI (2008) 41.3
 GNI PPP (2011) \$5,600 per capita
 HDI 0.743 Rank (2011) 97th
 ISO 3166-2:GE
 Population (2011) 4.5m
 Population growth (2011) -0.327%, Fertility rate: 1.46
 Rural population 46.8% (2.1m)
 Agriculture Land
 Privatised 25%
 State owned 75%



Georgia is divided into 9 regions, 2 autonomous republics (Abkhazia, Adjara) and the capital city, Tbilisi. The regions are divided into 65 districts with 61 cities (Republic 10, Autonomous 4; Regional 46), Villages, 4,488



Moldova – MD



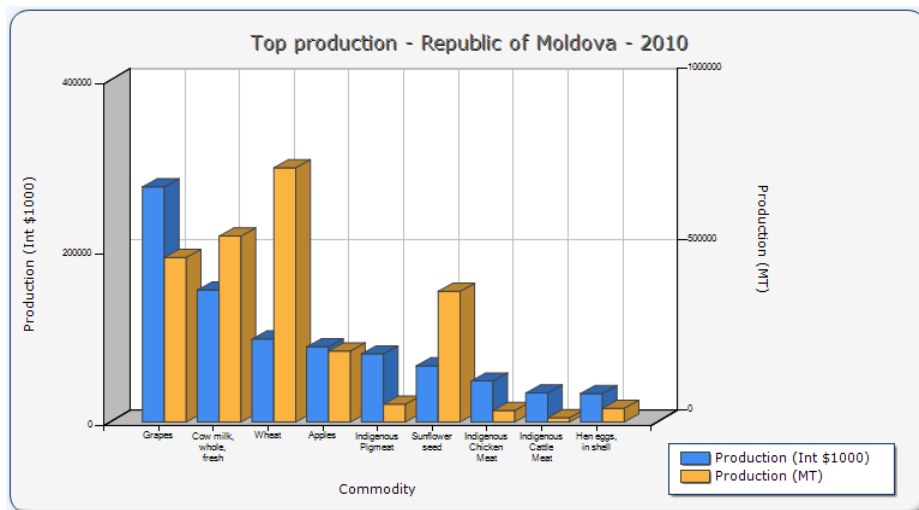
Population 3.56m (excl. Transnistria)
 Population 4.18m (incl. Transnistria)
 Rural population 54% (1.92m)
 Fertility rate: 1.23
 Population engaged in:
 Agriculture 27%
 Processing industry 15%
 Total area 3,38 million ha
 Agricultural lands 2, 48 mill. ha
 Arable land 1,82m Ha
 Perennial plantations 0,3m Ha
 Meadows & pastures 0.36m Ha
 Structure of agricultural production:
 Private holdings 73.8%
 State holdings 26.2%
 Agriculture share GDP: 16.2%
 Agri-food industry share GDP 36%
 GDP PPP (2011): \$11.93 billion
 GINI (2010) 33.03
 GNI PPP (2011) \$3,400 per capita
 HDI 0.649 Rank (2011) 111th



1 x autonomous territorial unit (Gagauzia)
 1 x territorial unit (Transnistria)
 3 x municipalities (Chisinau, Balti, Bender).
 32 x districts (raions)

1,681 localities

982 localities: 5 municipalities, 60 cities,
 917 communes
 699 villages (659 part of communes).



Ukraine – UA



Population 45.6 mill.
 Fertility rate (2011) 1.4
 Rural population 31.9% (14.54m)
 Employed in agriculture 23.1%
 (work force)
Commercial farms 0.7m
Private farms 2.6m
 Total area 60.35 million ha
Agricultural lands 42.79m Ha (70.9%)
Arable 32.5m Ha (53.8%)
Perennial 0.9m Ha (1.5%)
Pastures 7.85mHa (13%)
 Structure of agricultural production:
Private farmers 52.7%
Corporate and state farms 47.3%



GDP PPP (2011): \$337.7billion
 Agri-Food share GDP: 25%
 GINI (2008) 26.44
 GDP PPP (2011) \$7,300 per capita
 HDI 0.729 Rank (2011) 76th

Oblasts - 24
 Cities with special status - 2
 Cities of regional significance - 178
 Other cities (district significance) - 279
 Districts - 490
 Towns - 885, Villages - 2,845
 Councils - 10,278

