INTRODUCTORY REMARKS

Montenegro, as a new and youngest country in Europe, puts strong emphasis on strengthening its institutional capacities in the widest sense. Montenegro has already started with international integration processes. EU integrations are going to be very demanding and it will be the biggest challenge Montenegro has to face.

There is no doubt: new challenges in EU integrations will have clear and strong reflections in agriculture as a very important sector for the economy and rural society. Full harmonization with Acquis communautaire of EU would mean many changes in the sector and reshaping of it.

Experiences of developed countries show that even a well developed agricultural sector needs to be supported. Institutional support is one of the most important and crucial things. Very often, institutional support is a precondition for other supports: direct support to the farmers; implementation of quality standards, support to investments, implementation of new concepts of rural development policy and so on.

As it was the case in many other countries in our region, building appropriate institutional capacities that could meet all developmental needs was not taken so seriously in the past.

Process of transition opened and sharpened necessity for building up institutional capacities in agriculture as a real precondition for its further sustainable development.

In the meantime, Montenegro has already made some important steps within the institutional reforms, so organizationally for the moment there are neither serious obstacles nor radical reforms necessary for the majority of existing institutions. The Veterinary service is already transformed; the Phytosanitary service is entering the process, while expert services (extension and animal breeding service) are organized on a new basis. A similar situation exists with laboratories.

POLICY AND STRATEGY

One of the very important reform steps was the adoption of new strategy, titled: "MONTENEGRO’S AGRICULTURE AND THE EUROPEAN UNION – Food Production and Rural Development Strategy", in July 2006. The strategy was realized in cooperation between the Ministry of Agriculture, Forestry and Water Management (MAFWM) of Montenegro and the European Agency for Reconstruction (EAR). It is a one–year intensive work of a combined team of experts: Slovenian experts engaged by the EAR and wide participation of the domestic experts and the representatives of the Montenegrin institutions.

The Strategy is a comprehensive and informative document that consists of three sub-documents:
1. Analysis of the Current Situation and Developmental Prospects covers the main preconditions for development of plant and livestock production, structural characteristics, relations between agriculture and the environment, institutions, foreign trade, analysis of agricultural policy, competitiveness and future trends;

2. Platform, Objectives and Pillars of the Reform has a central place in the Strategy, since it proposes a concept of sustainable agriculture development, with strong emphasis on its multifunctional role and defines the main objectives of agricultural policy and determines the reform in the main fields: agricultural policy, legislation and institutions;

3. Concept of Agricultural Policy Measures and Budgetary Plan for 2007-2013, as a logical sequel to the previous two documents, defines a plan of agricultural policy instruments, with the need to adjust them to Common Agricultural Policy (CAP) principles; it also consist a budgetary plan for 2007-2013, with projection of increasing domestic support.

The strategy proposed the concept of the sustainable development of agriculture with strong emphasis on appropriate balance between economic growth, environment protection and social policy. Multifunctionality of agriculture is the core principle of the concept.

Main objectives of development of the agricultural sector, without hierarchy among them, are:

- Increasing competitiveness of food producers,
- Sustainable management of the resources,
- Ensuring adequate standard of living for rural population,
- Ensuring stable and acceptable supply of safe food.

The Strategy strongly pointed out necessity of the reforms in three main directions:

a) Agricultural policy - gradual implementation of the new instruments of Common Agricultural Policy of EU;

b) Legislation reforms - harmonization of the law regulations with Acquis communautaire EU, and

c) Institutional reforms - to build up institutional capacities capable of implementation of the new policy and regulation.

In the Institutional reforms, the Strategy emphasises that the total capacity building represents one of the most important challenges to integration processes and if this issue is not seriously taken, administrative and institutional limitations might slow down the integration processes.

The introduction of EU principles is relatively expensive and complex, but it entails the modernization of the state as an important side effect. A functional public system is not only an expense but a substantial base for the achievement of the objectives of food safety, environment protection and other important elements of sustainable development. Efficient administration will be a sign that Montenegro is being modernized and in this regard that it becomes a developed country, which must be the final target of reforms and adjustments to EU standards.

Further development of expert and public services for agriculture

Realization of developmental objectives requires a significant infrastructural support for agriculture which is reflected in, first of all, implementation of a system of food safety and more comprehensive expert support to the faster development of
Agriculture as a whole. A condition for financial support to expert services should be the proposed annual work plan, with detailed scope of measures, dynamics of realization, financial aspects and expected results.

The provision of consistent, EU harmonised data and analysis will have an important role in the implementation of the Strategy. In addition to the information system to be developed by the Ministry, suitable national statistics is an important element of modernization. Quality basis for future agricultural policy and many other purposes requires the improvement of national statistics and their adjustment to EU principles, as well as conduct of a census of agricultural resources. This is especially important for obtaining an insight into the structure of Montenegrin agriculture.

A) GOVERNMENTAL SUPPORT TO EDUCATION, RESEARCH AND SERVICES IN AGRICULTURE

Ministry of Agriculture, Forestry and Water management

The Ministry of Agriculture, Forestry and Water management as a governmental body of the Republic of Montenegro is responsible for defining and implementing policy for agriculture in the widest sense. The Ministry prepares and proposes to the Government agro-budget, as well as a series of other documents, acts and regulations, necessary for the harmonized functioning of agriculture in Montenegro. The ministry takes care of the implementation of health control of animals, follows market conditions and price trends of the basic agro-food products and enforces legal matters related to this area, as well as inspection control in agriculture.

Generally, Ministry consists of two components:

a) administration
b) agricultural inspection

Administration is located in the headquarter in Podgorica, while the inspection is distributed through the country with aim to performing inland and border control.

Vertically, the Ministry is divided into three sectors:

1. Agricultural Sector,
2. Forestry and Hunting Sector
3. Water management Sector,

In addition to these sectors, there are technical units, like: Department for incentive measures, prices and market, Unit for normative legislation matters in the field of Veterinary, the Unit for prosecution and Service of general affairs.

The Agricultural Sector deals with the following issues: current and developmental policy, normative activities, administrative surveillance and law implementation and other regulations in area of agriculture and agro-industry.

The Agricultural Sector is performing its activities and tasks through two departments:

✓ Department for agriculture and
✓ Department for Inspection Surveillance.

Department for agriculture should be a key element of the Ministry in the future integration activities. But, it has old structure, and reform of this part of Ministry
is unavoidable. Ministry has to have, among other units, responsible body for rural development, for direct payment and so on.

**Ministry of Education and Science**

As its name suggests, Ministry of Education and Science is responsible for education and research activities in agriculture. The overall impact of this Ministry on the development of the agricultural sector is of much less importance in comparison to the Ministry of Agriculture, Forestry and Water Management.

Regarding the institutions, the ministry is responsible for the research and high education in the Biotechnical Institute Podgorica and for secondary education in Secondary agricultural schools.

**What are the main challenges on the political level?**

The role of Ministry of Agriculture, Forestry and Water Management in forthcoming EU integration processes is going to be more and more important, since it is the responsible body for implementing many measures in order to harmonize domestic regulation in the food production chain with *Acquis communautaire* EU. On the other hand, Ministry of Education and Science will not be involved in EU integration affairs related to the agriculture.

It will be very important to fully harmonize strategic goals in the field of education and research in the agriculture with developmental goals clearly defined by the above-mentioned new Agricultural strategy. Due to inherited practice from the previous system, research in agriculture is not necessarily and always in tight relations with developmental needs.

Since the Ministry of Education and Science has started to prepare a new Research and Development Strategy, it will be a good opportunity to remove any kind of gaps between these to strategies.

There is no doubt: much more money has to be allocated from both Ministries’ budget in order to strengthen education, research and extension activities in the agriculture.

The strengthening of administrative and inspection service capacities will also be a great challenge for the Ministry of Agriculture.

**B) INSTITUTIONS INVOLVED IN EDUCATION, RESEARCH AND SERVICES**

The institutional structure for supporting education, research and services in the agricultural sector is quite simple. By far, the most significant role is of the Biotechnical institute, while the other institutions are of much less importance. In the following text, more detailed overview of the Biotechnical institute will be presented, while other institutions will be presented according to their role in providing these services to the agricultural sector.
Biotechnical Institute Podgorica

The Biotechnical Institute (ex Agricultural Institute) in Podgorica is a member of the University of Montenegro, with a tradition of almost 70 years. It is an umbrella institution for research and services in agriculture.

There are three main activities of the Institute:

a) Education
b) Research
c) Services

Education

Education is latest component of Institute activities, since two years ago high education of students has been started. Education is organized in accordance to Bologna process.

Education component is organized in two divisions:

- Plant production division; and
- Livestock production division

Since Education is a new activity, there are many changes, now academic and applied studies are carried out.

Very important task and big challenge will be how to design good programs that will attract new young people to enrol to the education. Also, education has to fully respond to developmental needs and to meet many challenges on EU accession.

Research

Research activities are carried out through the organization of fundamental and applied research in the many field of agriculture.

Organizational chart is corresponding to the main research activities. Thus, the Institute consists of ten research centres: Centre for agricultural economy, Centre for Land and Melioration, Centre for Forestry, Centre for Plant Protection, Centre for Crop fields and Vegetable production, Centre for Livestock production, Centre for Veterinary, Centre for Vineyard and Fruit production, Centre for Subtropical fruits and Centre for Continental fruit growing, accompanying with laboratories and two experimental station in vine and fruit production.

This structure of the Institute was established in the previous system and there is no good balance among research disciplines. Before 1900s, the developmental institute in the state combinat existed, and due to that fact Biotechnical Institute was not focused so much on providing services directly to the farmers. That is why researches in agriculture are not necessarily and always in tight relations with developmental needs. Philosophy and approach have been changing, and it will take time to fit research to the real farmers needs.
Services

The regular services provided by the Institute to the farming sector can be classified into two main groups:

1. Extension service
2. Laboratory's service

1. Extension service

The Institute provides extension services through two so called “sister” services: Livestock Selection Service (LSS) and Plant Production Extension Service (PPES). Both are entirely financed from the agricultural budget of Ministry of Agriculture, Forestry and Water Management. Financing is based on annual plan of activities and related costs, and reports approved by the Ministry.

Livestock Selection Service was established in 2000. It is organized in 6 regional centres that cover all municipalities in Montenegro.

LSS performs four main groups of activities:

- animal breeding and herd improvement program (identification and registration of breeding animals of cattle, performance recording of cattle, selection of cattle replacements, organising livestock exhibitions and so on);
- advisory services (nutrition, housing, breeding, rearing of offspring, milking, etc) and providing different kind of information to the livestock producers;
- realization of support measures to the farmers (headage payment for cattle, sheep and goat) from budget for agriculture;
- carrying out program AMIS - Agrarian Market Information System (collection and dissemination price information on weekly basis).

First activity, animal breeding and herd improvement program, takes a major part of working time.

One of the future challenges of the LSS is how to strengthen advisory component and to provide services which will help farmers to implement very demanding international standards in animal production which will be harmonized with rules and practices of CAP of EU.

Plant Production Extension Service in was established in 2003, applying similar pattern like for Livestock Selection Service. It also covers the complete territory of Montenegro.

PPES performs three main groups of activities:

- advisory services to the variety group of the producers (fruit and vegetable growers, wine producer, cereal producer, olive oil producer,
- realization of support measures to the plant producers from budget for agriculture;
- carrying out program AMIS - Agrarian Market Information System (collection and dissemination price information on weekly basis).

It uses different methods in everyday work. PPES gives expert advice, recommendations to farmers in the field, as well as organizing educative trainings, round tables, work shops and seminars on different topics in plant production.
To be just production oriented it seems is not future for this service. Thus, big challenge of PPES is how to provide good and informative package of services which will attract many farmers. Like LSS, Plant Production Extension Service will have to help farmer to implement many EU standards from production to the packing and labelling of the products.

Common challenge for both LSS and PPES is implementation of indicators of performance and monitoring. Also, to improve abilities and expertise of staff through regular trainings of trainers is also very important task for sustainability of the Services.

2. Laboratory services

An important part of the Institute activities is lab analysis. By development of some sectors of agriculture and implementing international standards, this component will have even greater importance in the future.

There are several laboratories functioning in the Biotechnical institute:

- Milk lab provides regular analyzes for the whole dairy sector - it is authorised for milk analyses which are used as a base for implementation of national milk payment scheme to farmers, financing is providing by charging clients and from agricultural budget;
- Phytosanitary lab takes care on plant health for purpose of inland and border control, financed mainly from services;
- Agrochemistry Lab;
- Oenology Lab;
- Pomology Lab;
- Seed Control Lab.

C) OTHER INSTITUTIONS AND ORGANISATION IN AGRICULTURE

In term of providing research and extension services to the farmers, other institutions have smaller impact on the farming sector in comparison with the Biotechnical institute. However, their role is also essential, especially for certain aspects of food production, like food safety, marketing, providing financial service and so on. Thus, just a brief overview will be given for them.

Veterinary Service

Veterinary service in Montenegro is organized in three components:

Veterinary directorate is responsible authority for the veterinary issues and food safety of animal origin products. It was established in 2004, under Ministry of Agriculture, Forestry and Water Management.

Field vet service is completely private since 2004. It gives variety services to the farmers, some of those services are financed by state budget as the public goods.

Diagnostic Veterinary Laboratory was founded in 2005, as a public institution owned by the state and is under the authority of the Veterinary directorate. The Laboratory is responsible for the activities related to specialist-diagnostic and research activities on the territory of the Republic of Montenegro.
Secondary Agricultural Schools

Secondary education in Montenegro can be gained in four schools for agriculture, food processing and veterinary, where students are educated for agricultural purposes. Only one of them is vocational (high-school in Bar) while most of them are mixed schools. These schools educate agricultural technicians of different profiles (field crops technician, fruit production technician, vineyard production, vegetable production, livestock production, veterinary, milk production, tobacco production, meat production, bakery technician, etc.).

The number of students in these schools is in decline. Reform of high school education is in progress and new programs are being developed, and the old ones are being reformed.

Municipality advisers for agriculture

There is in every municipality a kind of advisory service for agriculture which engage, depending of size of municipality, one or more employees. This service inherited from the previous system many burdens, and its function is more focused on office work than to giving advices directly to the farmers. Municipality advisers are very often included into realization incentives measures or other projects launched from local of national level. Advisors are paid from local budget. There is no clear program and scope of their work what is weakest point in function of local advisory.

Agency for development of Small and Medium-sized enterprises

The Agency through its regional and local centres provide support to rural society mainly in economic aspect of agriculture, with main focus on formulation and preparation business plans, providing access to financial means etc.

Cooperative Union of Montenegro

The work of more than 60 cooperatives is coordinated by Cooperative Union, since it is burdened with mortgage from earlier period. The Union is in institutional and financial crisis. Law on cooperatives treat the cooperative as an organization of physical persons without developed mechanisms of capital investment in cooperatives, and founding capital is also not regulated (the only source of capital are the cooperative shares).

The activities of the Union are related to providing assistance to cooperatives, in the field of legal status and their assets, as well as in the field of development, marketing, organisation and, cooperation.

Camber of Commerce - Committee for Agriculture and Food processing industry

The aims and assignments of the Committee are: to follow and analyse economic movements in these sectors, to propose measures to improve working conditions and business conduct of their members, to participate in the preparation of the measures of the economic policy and strategy of further development, to conduct activities related to connecting economic subjects and improvement of cooperative relationships: to participate in development and defining mechanisms for the protection of domestic production; to provide initiative and propose measures to resolve monopoly situations on domestic market and to participate in the development and preparation of collective contracts.
D) THE BENEFICIARIES OF THE INSTITUTIONAL SUPPORT - FARMERS AND ITS ASSOCIATIONS

The Association of Agricultural Producers is an umbrella organization uniting associations of agricultural producers in Montenegro. This association includes more than 40 local associations which, more or less, involve producers of the same sectors of agricultural production. As some association disappears and others appear, it is very difficult to review them according to municipalities. Most of the associations are registered as non-governmental organizations.

There are a few branch associations, like Union of bee-keeping associations united in the Union of the Beekeeping Organizations, Association of Tobacco producers, Association of vegetable producers, Association of Poultry producers, etc.

There many weaknesses in the system of organizing farmers. They are still not well organized in order to be serious partner to the Government in decision making process.