



Case Study // Round Table SDG 12: Towards a circular economy: innovation for sustainable value chains

Sustainable agriculture and rural development strategy based on quality centred production and consumption in Montenegro

Montenegro
Level: national

Summary

Guided by the determination to establish an ecological state, Montenegro was among the first countries in the region of South-East Europe that defined the strategic and institutional framework for sustainable development. The agricultural sector in Montenegro is characterized by small scale, often-fragmented production and typically located in mountain areas with difficult market access and weak infrastructure. In an international market with large-scale production, low unit costs and standardized products, Montenegro products face very strong competition in terms of both quantity and price. In the Strategy of Agriculture and Rural Development 2015-2020, Montenegro chose to accept the concept of sustainable development by targeting to achieve a good balance between economic development, environmental protection and other social aspects. The starting point for the strategy was the recognition of the multi-functional role of agriculture as well as considering the ecological footprint of agriculture production and as such the contribution to SDG target 12.2; it was evident that agriculture should be viewed in a broader context than just as a contributor to GDP. The case study will outline lessons learned from the implementation of the strategy and in this context its contribution to achieve SDG 12 and particularly targets 12.2. The lessons learnt during implementation of the strategy offer learning material for the peer to peer discussions at the round table.

A policy focused on quality is an example of the policy supporting responsible production with quality schemes incorporating codes of practices, cultural heritage and local natural use and centred on local human potential, environmentally friendly (organic production) and consumer-focused (developed for specific consumer preferences for healthy food, animal-welfare friendly and authentic). Such an approach is a key contribution for indicator 12.2

Situation

The agricultural sector plays an important role in the economy of Montenegro, contributing a significant share of Gross Domestic Product (7.5 percent in 2016, including forestry and fishing). Based on official statistics (data from Labour Force Survey 2016), agriculture employs 7.7% of total employed in Montenegro. However, according to the Agriculture Census 2010, out of 620,029 inhabitants of Montenegro, 98,341 is engaged in agricultural activities on family agricultural holdings. The surface of agricultural land in Montenegro amounts 309,241 ha, which makes 22.4% of its territory. Out of this surface, 95.2% belongs to agricultural holdings, and the rest 4.8% belongs to business operators. The



average agricultural holding has 4.6 ha of used agricultural land. Large number of uncultivated land is a consequence of large share of pastures in total agricultural land in Montenegro. Total trade of agricultural products in 2016 amounted to 547.2 million euros, an increase of 4.3% (or 22.8 mil. €) compared to the same period last year. Exports account for 11.4%, while imports account for 88.6% of trade. The share of agricultural products in total exports was 17.2% and in total imports 23.8%.

Following the analysis of the current competitiveness of agriculture in Montenegro and in the region, it became evident that in an international market with large-scale production, low unit costs and standardized products, Montenegro products face very strong competition in terms of both quantity and price.

Only segmentation focused on quality and sustainable management of the natural resources would allow to benefit from growing consumer markets inside and outside country, as well as attract more tourists providing additional income for rural population working in agriculture, food production and processing and services.

Strategy

The strategic vision for agricultural policy was set on quality and sustainable management of the natural resources, better positioning the country and the agrifood sector in the long term and enabling sector to benefit from growing health and organic centred consumer markets in Montenegro and outside the country. Preserved natural resources and well supported short value chains, linked with rapidly growing tourism segment, can bring immediate effect in fostering quality production and thus also making production more efficient resulting also in more responsible consumption and waste (target 12.4) as well as equitable distribution of income for rural population working in agriculture, food production and processing and services. In the long-term, Montenegro set to increase its number of producers involved in quality schemes and in organic production as well as increasing the scope of production in all areas of agriculture in Montenegro.

Results and impact

Once priorities and strategic goals are elaborated, the presentation focuses on how the responsible production focused on quality impacts the rural communities, farm and non-farm income, social and economic engagement of the communities in the policy setting/revision, employment generation and what benefits (availability of more products, price attractiveness) for quality-focused domestic and foreign consumers.

Challenges and lessons learned

Key challenges are –administrative (availability of internal staff trained, internal procedures when implementing policy and internal procedures to reflect on feedback from stakeholders), stakeholders' engagement (visibility and communication with key stakeholders, specifically communities, municipalities and farmers, associations), inter-institutional cooperation (cooperation on the topic with ministries and other institutions).



Potential for replication

Having learnt the results and the impact, lessons learnt, a country with less favourable natural conditions may use a quality-centred production policy or some of its core elements as a strategic approach as a contribution to achieve SDG 12. It is one of the policy options to strengthen long term competitiveness of the domestic agrifood sector and increase delivery of positive environmental effects to the population of the country and neighbouring region. With funding available and implementation well monitored, a country contributes to the achievement of the SDG 12 and other SDGs.

However, it is recommended to carefully assess preparedness of the budget and administrative structures to support the policy by having an opportunity to correct that would ease long term implementation.

Important is also the consideration of the cross-sectoral linkages and particularly the contribution to multiple SDGs such as SDG 15.

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