



# Application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Regional Rural Development Standing Working Group in SEE (SWG)  
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Rural development through Integrated Forest and Water Resources Management in Southeast  
Europe (LEIWW)  
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The analyses, conclusions and recommendations in this paper represent the opinion of the authors  
and are not necessarily representative of the position of the Regional Rural Development Standing  
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# LIST OF ABBREVIATIONS

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<b>ALTER</b>	Active Local Territorial and Economic Development of Rural Areas
<b>ABDA</b>	Area Based Development Approach
<b>ALCDF</b>	Albanian Local Capacity Development Foundation
<b>AP</b>	Autonomous Province
<b>BiH</b>	Bosnia and Herzegovina
<b>BD</b>	Brcko District
<b>BRDN</b>	Balkan Rural Development Network
<b>CAP</b>	Common Agricultural Policy
<b>CBC</b>	Cross Border Cooperation
<b>CMP</b>	Civica Mobilitas Programme
<b>CLLD</b>	Community Led Local Development
<b>CSO</b>	Civil Society Organization
<b>DG AGRI</b>	Directorate General for Agriculture and Rural Development
<b>DG NEAR</b>	Directorate General for Neighbourhood and Enlargement Negotiations (former DG ELARG)
<b>DAP</b>	Directorate for Agricultural Payments
<b>DABD</b>	Department of Agriculture Brčko District
<b>EU</b>	European Union
<b>EC</b>	European Commission
<b>ESI</b>	European Structural and Investment Funds
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>ELARD</b>	European LEADER association for Rural Development
<b>FBiH</b>	Federation of Bosnia and Herzegovina
<b>FMAWMF</b>	Federal Ministry of Agriculture, Water Management and Forestry
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (German International Cooperation)
<b>HACCP</b>	Hazard Analysis Critical Control Points
<b>IPA</b>	Instrument for Pre-Accession Assistance
<b>IPA CBC</b>	Instrument for Pre-Accession Assistance for Cross Border Cooperation
<b>IPARD</b>	Instrument for Pre-Accession for Rural Development
<b>IPTS</b>	Institute for Prospect Technologies and Science (part of JRC)
<b>IDM</b>	Institute for Democracy and Mediation
<b>JRC</b>	Joint Research Centre
<b>KAS</b>	Kosovo* Agency of Statistic
<b>LEADER</b>	“Liaison Entre Actions de Développement de l’Économie Rurale” meaning ‘Links between the rural economy and development actions’
<b>LDS</b>	Local Development Strategy
<b>LAG</b>	Local Action Group
<b>LARD</b>	Law of Agriculture and Rural Development
<b>LGRD</b>	Local Group for Rural Development
<b>LEDA</b>	Local Economic Development Action
<b>LEI</b>	Local Employment Initiative

<b>LIARD</b>	Law on Incentives in Agriculture and Rural Development
<b>LIS</b>	LEADER Project Initiative Serbia
<b>LSRD</b>	Local Strategy on Rural Development
<b>MA</b>	Managing Authority
<b>MDG</b>	Millennium Development Goals
<b>MPB</b>	Municipal Planning Board
<b>MAASP</b>	Macedonian Agricultural Advisory Support Programme
<b>MAFWE</b>	Ministry of Agriculture Forestry and Water Economy
<b>MAFRD</b>	Ministry of Agriculture, Forestry and Rural Development
<b>MS</b>	Member States
<b>MoA</b>	Ministry of Agriculture
<b>MAEP</b>	Ministry of Agriculture and Environmental Protection
<b>MADA</b>	Mountainous Area Development Programme
<b>MAFWMRS</b>	Ministry of Agriculture, Forestry and Water Management of RS
<b>MIDAS</b>	Montenegro Institutional Development and Agriculture Strengthening project, implemented by the Ministry of Agriculture and Rural Development, and financed by the World Bank (IBRD loan and GEF grant).
<b>MOFTER</b>	Ministry of Foreign Trade and Economic Relations
<b>NARDS</b>	National Agriculture and Rural Development Strategy
<b>NGO</b>	Non-Governmental Organization
<b>NPA</b>	National Programme for Agriculture
<b>NRDP</b>	National Rural Development Programme
<b>NLN</b>	National LEADER Network
<b>ÖAR</b>	Regionalberatung GmbH
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OP</b>	Operational Programme
<b>PMU</b>	Project Management Unit
<b>P2P</b>	People to People
<b>PPP</b>	Public Private Partnership
<b>PLAG</b>	Potential Local Action Group
<b>PPP</b>	Public Private Partnership
<b>PA</b>	Payment Agency
<b>PREPARE</b>	Partnership for Rural Europe
<b>RDN of RM</b>	Rural Development Network of the Republic of Macedonia
<b>RM</b>	Republic of Macedonia
<b>RS</b>	Republic of Srpska
<b>RDP</b>	Rural Development Programme
<b>RDA</b>	Rural Development Agency/Regional Development Agency
<b>SARD</b>	Strategy on Agriculture and Rural Development
<b>SLED</b>	Strategy for Local Economic Development
<b>SIDA</b>	Swedish International Development Agency
<b>SBEP</b>	Small Business Expansion Project
<b>SWG</b>	Regional Rural Development Standing Working Group in South East-Europe
<b>SEE</b>	South East-Europe
<b>SHG</b>	Stakeholder Group
<b>USAID</b>	United States Agency for International Development
<b>UNDP</b>	United Nations Development Programme
<b>UN FAO</b>	Food and Agriculture Organisation of United Nations
<b>WB</b>	Western Balkan



# FOREWORD AND ACKNOWLEDGEMENTS

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The LEADER<sup>1</sup> Approach stands for area-based, bottom-up and multi-sectoral local rural development. The approach is based on autonomous public-private partnerships at the local level for designing and implementing their very own, unique development strategies. The guiding principles of the LEADER Approach proved to be success-factors for self-determined community-led local/rural development, not only in the European Union but also more broadly.

Southeast European countries realized the importance of the LEADER Approach in unlocking the potential of rural regions and are currently at different stages of the preparation process for its implementation.

Determined to strengthen the integration of local initiatives and rural capacity building in mainstream EU compliant policy making, in particular through bottom-up approaches to local development such as LEADER and Community Led Local Development (CLLD), the Standing Working Group for Regional Rural Development in South Eastern Europe (SWG), together with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH initiated this regional assessment to appraise the current state of the LEADER-like approaches in South East Europe in order to provide evidence based policy recommendations to the countries, the region and the international development partners. The regional assessment has been conducted within the framework of the SWG-GIZ project “Rural Development through Integrated Forest and Water Resource Management in Southeast Europe” (LEIWW) on behalf of the German Cooperation.

The objective is to develop a regional approach to the socio-economic development of rural areas, to encourage decentralised approaches to rural policy and to provide policy recommendations for mainstreaming LEADER in the rural development policies in South East Europe.

On this occasion, SWG and GIZ would like to express their appreciation to the Ministries of Agriculture and Rural Development from the SEE region, as well as to all participating experts and the ÖAR Regionalberatung GmbH for their dedication and active contribution to the process. We would like to extend our acknowledgement to the SWG Project Manager, Ms. Bogdanka Leveska Gjorshoska and the GIZ Advisor, Ms. Anica Palazzo for their coordination roles in the process, as well as to Mr. Oliver Pop Arsov for his technical assistance.

On behalf of the SWG Secretariat

Mr. Boban Ilic  
Secretary General

On behalf of GIZ LEIWW

Mr. Benjamin Mohr  
Team Leader

<sup>1</sup> The acronym “LEADER” derives from the French words “Liaisons Entre Actions de Développement de l’Économie Rurale” which means, ‘Links between the rural economy and development actions’.

# PART A: REGIONAL ASPECTS

Regional assessment of the application of the  
LEADER Approach in the Western Balkan  
countries/territories

# CHAPTER A. I

## 1. INTRODUCTION

### 1.1. The LEADER Approach from the European perspective: From LEADER to CLLD

#### *Precursors*

Local development in Europe has gone through various stages. In the 1980s it was a spontaneous phenomenon that arose mostly in response to an economic crisis which had propelled/pushed forward new responses such as ‘local employment initiatives’ (LEIs). This phenomenon was identified and analyzed by the OECD’s LEED Programme<sup>2</sup> and was nurtured over a number of years by the action-research and networking activities of the European Commission’s LEDA<sup>3</sup> Programme. LEDA distilled the key characteristics of bottom-up local development approaches, including the triptych of ‘local partnership’, ‘local area’, and ‘local development strategy’, offering a generic model of area-based development by local partnerships with a whole host of social and economic development objectives.

All this evolved against the backdrop of accelerated industrialization and structural change in rural areas, specifically in France, Italy and in the newly entered southern EU member states (Greece: 1981, Spain and Portugal: 1986). Rural development as currently perceived was not part of early European Agricultural Policy and it was not until the late 1960’s as part of the so called Mansholt plan that it started to emerge as a policy issue<sup>4</sup>. The perceived emaciation of rural areas gave rise to a new policy approach which put the particular role of rural areas in its focus. This policy shift was marked by the Communication of the European Commission ‘The Future of Rural Society’<sup>5</sup> in 1988, and the targeted rural development support from Structural Funds<sup>6</sup> starting from 1989 on, under the Presidency of Jaques Delors<sup>7</sup> and the Agricultural Commissioner Ray McSharry, both having a strong stance in local development. Subsequently the first edition of LEADER was launched in 1991, in large parts drawn up by a European Commission official named Michel Laine who had previously worked in local employment initiatives (LEI’s) in Mediterranean countries.

#### *LEADER I Community Initiative (1991-1993)*

Rural policy having become a legitimate EU policy area in its own right from 1989 on, all EU Agriculture Commissioners have officially been endowed with the responsibility for ‘rural development’ as well as ‘agriculture’. The European Union’s agricultural structures policy began a shift away from enhancing productivity to improving the quality of agricultural output, and establishing new markets for agricultural products.

<sup>2</sup> *Local Economy and Employment, an ongoing priority focus of the OECD since 1982.* <http://www.oecd.org/employment/leed/>

<sup>3</sup> *Local Employment Development Action, implemented in 45 local areas between 1986 and 1996.*

<sup>4</sup> *The Mansholt Plan sought to reduce the number of small farms in Europe and there was recognition that rural development measures were needed to address the issues of reducing farm numbers and at the same time trying to maintain a vibrant rural economy.*

<sup>5</sup> [https://ec.europa.eu/agriculture/sites/agriculture/files/cap-history/crisis-years-1980s/com88-501\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/cap-history/crisis-years-1980s/com88-501_en.pdf)

<sup>6</sup> *Lagging rural areas having been tagged as „Objective 5b“ areas benefitted from an early version of a multifund approach*

<sup>7</sup> *Address given by Jaques Delors in Bruges, 17 Oct. 1989:* [https://ldnet.eu/wp-content/uploads/bsk-pdf-manager/CLLD\\_Challenges-and-Opportunities\\_RSA\\_blog\\_08.03.2017\\_22.pdf](https://ldnet.eu/wp-content/uploads/bsk-pdf-manager/CLLD_Challenges-and-Opportunities_RSA_blog_08.03.2017_22.pdf)

The Community Initiative LEADER I can be seen as the outcome of a merger between this new rural policy perspective and the wealth of experiences gained in local development initiatives. It rested on three elementary principles:

- Preparing and implementing a 'local action plan' in rural areas with between 5,000 and 100,000 inhabitants. This plan was to define a limited number of strategic development axes and corresponding measures, which had to be put in action within a period of three years (1991-1993).
- The local action plan was to be designed and implemented by a local partnership as the final beneficiary of the initiative.
- Multi-sectoral and systematic interlinking of development actions were to be embedded in an overall vision and strategy<sup>8</sup>.

LEADER I started as a pilot community initiative (1991-1993) of the European Commission (EC) calling on local partnerships<sup>9</sup> (aka Local Action Groups/LAGs) from disadvantaged rural areas in the EU12 to submit local action plans for funding via integrated global grants. From the local partnerships having responded to the call, 217 LAGs were selected as beneficiaries.

The team of the European ex post evaluation of LEADER I, in collaboration with the LEADER II Observatory<sup>10</sup> laid the conceptual foundations of what is today called the 'CLLD<sup>11</sup>/LEADER approach' or 'method', defined as the combined application of seven operational principles or key features.<sup>12</sup>

### **LEADER II Community Initiative (1994-1999)**

Pretty soon LEADER I had gained reputation as an innovative instrument to mobilize endogenous potential of marginalized rural areas. Therefore in 1994, the European Commission decided to continue it as a decentralised approach in partnership with the Member States. Subsequently LEADER II was implemented through 102 national/regional Operational Programmes (OPs) in the EU15.

The second stage of LEADER introduced four more elements:

- the initiative was inserted into the programming logic of the European Structural Funds;
- programme responsibility was entrusted to either the national or the regional level – according to the Member States' decision;
- the LEADER II Observatory was set up as the anchor point of European-wide networking and capacity building;
- transnational co-operation was incorporated as a regular programme component.

### **LEADER+ (2000-2006) and LEADER-type measures in new Member States (MS) (2004-2006)**

In the third stage, the community initiative LEADER+ was designed to encourage the implementation of integrated, high quality and original strategies for sustainable development. It had a strong

<sup>8</sup> Hence the acronym: LEADER = Liaison Entre Actions du Développement de l'Économie Rural

<sup>9</sup> Their composition was not specified at that time.

<sup>10</sup> Through all the periods, there has been an agency/observatory/contact point/ endowed at European level providing support to the local action groups and to the national and regional networks in implementing the LEADER programme.

<sup>11</sup> Community-Led Local Development.

<sup>12</sup> Area-based approach; bottom-up; local partnership; multi-sectoral approach; innovation; networking; cooperation. See the EC factsheet: <http://enrd.ec.europa.eu/enrd-static/fms/pdf/2B953E0A-9045-2198-8B09-ED2F3D2CCED3.pdf>. It has to be said that the denomination of the seven principles have slightly changed since these days, but not in essence. See also the LEADER evaluation guidelines of the European Evaluation Helpdesk (2017): [file:///C:/Users/user/Downloads/twg-03-leader\\_clld-aug2017%20\(2\).pdf](file:///C:/Users/user/Downloads/twg-03-leader_clld-aug2017%20(2).pdf).

focus on partnerships and networks promoting the exchange of experience. As its name implies, LEADER+ incorporated further improvements, namely the following characteristics:

- the methodological principle of ‘innovation’ was combined with the regulative principle of ‘sustainability’ aiming to encourage more ambitious ‘pilot’ strategies for integrated rural development;
- all rural areas within the EU became, in principle, eligible under LEADER+;
- priority themes of particular interest at a European level, around which Local Action Groups should focus their development strategies, were defined;
- the participation of public actors in the decision-making bodies was limited to 50%;
- an increased emphasis on co-operation between rural areas was given – including the possibility to support joint rural development projects between LEADER LAGs and similar structures within the same Member State;

LEADER+ continued to play its role as a laboratory aiming to encourage the emergence and testing of new approaches towards integrated and sustainable development and to complement other rural development programmes by encouraging rural communities to devise and implement integrated and innovative development strategies.

The organization of LEADER+ type measures in the Member States having joined the EU during this period, followed the same approach as in the EU15, although there was more emphasis on initial capacity building and on implementing pilot strategies.

### ***LEADER as the fourth (horizontal) axis of the RDPs (2007-2013)***

Rural development policy for 2007 to 2013 focused on three themes (aka “thematic axes”):

- Improving the competitiveness of the agricultural and forestry sector;
- Improving the environment and the countryside;
- Improving the quality of life in rural areas and encouraging diversification of the rural economy.

With the mainstreaming of LEADER into rural development programmes (EU25+2), LEADER was established as the fourth axis, cross-cutting the other three axes and endowed with at least 5% of the overall budget. For the Member States having joined the EU in 2004 (EU10), a threshold of 2,5% was fixed mainly for preparatory and capacity building measures.

### ***CLLD/LEADER (2014-2020)***

In the current period, the LEADER method is applicable to all European Structural and Investment Funds (ESI Funds) under the name of Community Led Local Development (CLLD). CLLD still runs under the name ‘LEADER’ in the EAFRD (Measure 19 under the Focus Area 6b), being mandatory in all 118 rural development programmes (EU28) with a minimum endowment of 5% of the RDP budget (2,5% for Bulgaria and Romania having joined the Union in 2007, and specific arrangements for Croatia having joined in 2014).

**Table 1: LEADER evolution through time**

Heading	Period	Programme type	Nr. of LAGs	Total public budget (EU+national)	Nr. of Member States
LEADER 1	1991-1993	Community Initiative	217 LAGs in lagging rural areas	1,2 billion. EUR	EU12
LEADER 2	1994-1999	Community Initiative implemented through 102 national/regional Operational Programmes	906 LAGs in lagging rural areas	5,4 billion EUR	EU15
LEADER+	2000-2006	Community Initiative, implemented	1153 LAGs in all rural areas	5,1 billion EUR	EU15+10
LEADER Axis	2007-2013	Obligatory RDP/ Axis 4 measure (5% resp. 2,5% for new member states)	2402 LAGs in all rural areas	8,9 billion EUR	EU 25+2
CLLD/LEADER	2014-2020	Obligatory RDP Measure 19 (5%)	2536 LAGs funded under EAFRD (with or without co-funding from ERDF and ESF) and 352 LAGs funded under EMFF <sup>13</sup>	9,8 billion EUR	EU27+1

### **Beyond 2020: Tasks ahead<sup>14</sup>**

There is unanimity among experts and policy makers that LEADER is, by and large, a success story. It is remarkable that the approach is as strongly rooted in local areas as it is at European scale, regarding networks, institutions and what can be considered as a culture of policy making. However, it should also be mentioned that after almost 30 years of local development ideas and practices in Europe, local development has lost some of its vibrancy, by either becoming ‘part of the furniture’, e.g. in rural development and LEADER, or been forgotten in other fields.

With the debate about the shaping of local development beyond 2020, the question arises as to whether CLLD is heading towards becoming a mainstream tool for cohesion and related policies in all types of (urban, rural) areas, as diverse as they already are and as they are increasingly becoming. All levels – EU, national, sub-national – seem preoccupied with governance issues in their narrowest sense: programme management and ‘how to spend the money’. There is a risk that local action groups may end up replicating the bureaucratic approaches of state authorities, preoccupied with administering calls for projects prepared by consultants and the paperwork of payments and controls, with only a thin veneer of ‘local strategy’ pretending to hold the selected projects together into an integrated approach. In this climate, broader governance aspects such as partnership work and links with community development may be neglected. Thus, the debate on the shaping of CLLD beyond 2020 is also a debate on how to rejuvenate the approach and make it a powerful tool for local development facing the challenges of the 21st century. In this rejuvenation

<sup>13</sup> This number is not definitive. It reflects the situation at the end of 2016.

<sup>14</sup> See H. Martinos (2017): *Community-led local development: challenges and opportunities*. [https://ldnet.eu/wp-content/uploads/bsk-pdf-manager/CLLD\\_Challenges-and-Opportunities\\_RSA\\_blog\\_08.03.2017\\_22.pdf](https://ldnet.eu/wp-content/uploads/bsk-pdf-manager/CLLD_Challenges-and-Opportunities_RSA_blog_08.03.2017_22.pdf)

process, the South East European countries starting to implement the LEADER Approach for the first time and in their particular ways, will not only be at the receiving end, but also at the giving one, as innovation is often inspired and induced by newcomers.

## 1.2 Application of the LEADER Approach in the context of regional cooperation in the Western Balkan

The Regional Rural Development Standing Working Group in South Eastern Europe (SWG), through its mission supports the governments of the WB countries/territories to increase collaboration and to coordinate the regional initiatives related to agriculture, rural and socio-economic development. Taking this baseline into consideration, SWG decided to assess, and at the same time promote the importance of LEADER as a model for rural development that needs to be introduced in the region as soon as possible. Hence, SWG supported the development of a study titled **Assessment of the application of the LEADER Approach in the Western Balkan Countries/Territories - "From a local initiative to a mainstream concept in the rural areas"** in order to improve the understanding of the LEADER Approach and contribute to its effective implementation.

Following the LEADER Approach, the Area Based Development Approach (ABDA) serves as a regional tool by targeting defined geographical areas in cross-border regions which are characterized by a set of common, complex development problems. It is a regional local approach which facilitates sustainable growth in small and socially cohesive rural areas in decline, often characterized by a common tradition and identity. The ABDA supports the bottom-up development of area-based local development strategies which support local actors to participate in decision making and selection of priorities to be pursued in their local communities. By means of Stakeholder Groups (SHGs), acting like LAGs, the ABD supports the setting up of local partnerships, integration and multi-sectoral actions, stimulates innovation (introducing new products/process/markets) and finding solutions to persistent rural problems. The approach mostly facilitates networking and co-operation measures among the stakeholder groups, rural areas, administrations and organizations involved in rural development on exchanging achievements, experiences and know-how. Such co-operation can help the local communities to boost their activities and allow them to resolve certain problems or add value to the local resources.

## 1.3 Study Background

One of the major challenges of the Western Balkan countries/territories (Albania, Bosnia and Herzegovina, Kosovo\*, Macedonia, Montenegro and Serbia) is the EU accession process that is at various stages. Yet, all countries/territories are committed to reforms in their governmental and other systems to line up with the standards and the policies of the European Union. The European Union provides support through the Instrument for Pre-accession Assistance (IPA), including measures related to reforms in many areas of public policy and administration. The most relevant instrument to the rural development process is IPARD that is being progressively implemented in the Western Balkan countries/territories. Aside from the EU support through IPARD, most of the countries/territories have their own national agriculture and rural development programmes, funded by the government and under the supervision of their relevant Ministries. These national programmes are managed directly by the national governments, providing direct support to the producers and supporting small projects of small and medium-sized farm holdings and small businesses.

The development of the wider rural economies is one of the major challenges of the Western Balkan countries/territories (Albania, Bosnia and Herzegovina, Kosovo\*, Macedonia, Montenegro

<sup>15</sup> \*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence.

and Serbia) in preparing rural communities to shape their own future. The empowerment of rural population to participate in the designing of rural development policies and projects through the Local Action Groups as part of the LEADER Approach is fundamental for integrating the various sectors and stakeholders, without which a long-term sustainable growth in rural areas may not be achieved.

This approach has already attracted the interest of the local stakeholders in the process of creating a local partnership between the public, the private and the civil sector, but also the interest of the governments, since LEADER is an integral part of the IPARD in the Western Balkans. In most of the WB countries/territories there are Local Action Groups initiatives that are active or intend to act as LEADER-type partnerships.

## 1.4 Objectives and approach

Having noted the lack of systematic studies assessing the progress that the Western Balkan countries/territories have achieved in adjusting their rural development policies to the CAP, as well as the limited baseline information available about specific measures (including LEADER), the methodological approach of this study was designed to meet the following objectives:

- *Fact finding on the current state of LEADER-like initiatives in WB countries/territories*

Desk research was used to collect existing secondary data and information on LEADER initiatives in project countries/territories. A content analysis was performed to examine how the LEADER and/or certain aspects of it (LAGs, social networks, local partnerships, territorial development etc.) are treated by national strategic, programming and regulatory documents. To provide an overall insight into the policy and legislative framework related to the LEADER initiative, the desk research involved assessment of relevant policy documents of all the line ministries responsible for/in charge of dealing with certain matters.

In addition to studying policy and legal documents, all relevant information and data on LEADER that have already been collected or recorded were examined (research papers, reports, studies, websites of national, local and regional institutions, donor projects, CSOs etc.).

- *Understanding the state of the affairs and identifying specific national challenges and needs*

Interviews with identified resource persons were carried out in order to obtain primary data and to ensure that all relevant information was covered. The interviews were carried out using a semi-structured survey guide, where participants were encouraged to discuss all issues related to LEADER they considered important. The resource people were selected in light of their responsibility and position, knowledge level or practical experience from the field, leadership role and influence, control over information (representative[s] of the MoA or other relevant Governmental bodies, representatives of LAG-like partnerships and other practitioners).

- *Illustrate LEADER in reality by an example and in a consistent framework*

Case studies were used to illustrate the diversity of institutions, policy approaches, types of partnerships and practices related to LEADER in WB countries/territories and experiences gained by policy makers, experts and stakeholders. To ensure a balanced sample of case studies, the themes were not predefined, but were identified by national experts, allowing them to consider various kinds of practices.

The synthesis report was prepared on the basis of information provided by national experts and consultation process with policy makers and practitioners during the two workshops.



# CHAPTER A. II

## 2. LEADER ENVIRONMENT IN WESTERN BALKAN

### 2.1. LEADER in the National Strategic and Programme Documents

The hierarchy of strategic documents governing the implementation of the LEADER programme in Western Balkan countries/territories includes: 1) strategies for agriculture and rural development, 2) mid-term programmes, 3) IPARD II programmes and 4) strategic and/or programming documents of other ministries or governmental bodies, most of which are in charge of regional development, local self-governance and civil society.

It has been already stated in previous reports on agricultural policies in the Western Balkan countries/territories (WBC) (Volk et al. 2016, 2017), that all of them have made substantial progress in aligning their long-term strategic documents and administrative structures with the EU requirements. Most of these countries/territories have also developed multiannual programming documents, as well as the Instrument for Pre-Accession Assistance for Rural Development (IPARD) programmes. Strategic documents are fully harmonized in order to avoid discrepancies and overlapping between various policy instruments.

According to the information provided by national experts, all the newly developed documents regulating RDP in WB countries/territories recognise the importance of LEADER and envisage measures and activities to enhance its implementation.

### 2.2. Institutional and Legal Settings for LEADER Implementation Support

The main authorities dealing with RDP, and hence LEADER-like activities in WB, are the national ministries of agriculture (MA) with their organizational units – 1) departments responsible for programming (i.e. acting as a managing authorities) and 2) paying agencies as executive bodies responsible for the financial management of RDPs. In addition to MAs, in some countries there are other entities at a regional level mandated to manage certain activities related to LEADER:

- In Albania and Serbia there are Regional Development Agencies (RDA) running the networking activities among local and regional stakeholders, being also eligible to elaborate and to implement local development strategies in the respective regions.
- In Bosnia and Herzegovina, the main responsibility for implementation of LEADER-like activities lies with the cantonal ministries (divisions).
- In Serbia, the Provincial Secretariat of Agriculture of the Autonomous Province of Vojvodina is responsible for planning support measures, as well as for coordinating the work of LAGs on its territory.

Based on the information gathered by national experts, the majority of the organizations currently performing as LAG-like partnerships were set-up within donor projects. As a result of donors' activities, considerable human resources have been trained and made aware about LEADER, regulatory documents have been drafted, and pilot activities on establishing LAG-like partnerships, preparing local strategies etc. have been carried out. However, the number, capacities, structures and activities of these organizations differ considerably, depending on the specific country context:

- Albania – four LAG-like partnerships were formed within donor projects (Oxfam and ANTARC & ALCDF) – LAG Adrijon-Vlorë, LAG Maranaj-Shkoder, LAG Drini-Dibër, LAG Deshati; LAG-like partnerships were found to withstand underfunding and to geographically overlap with each other.
- Federation of Bosnia and Herzegovina – three LAG-like partnerships were set up with the support of a UNDP project: LAG Una-Sana, LAG Dobo Region and LAG Drina.
- Republic of Srpska - LAG-like partnerships: LAG Devetak, LAG Savus and LAG Regije Dobo, all members of the Rural Development Network in Bosnia and Herzegovina which is part of the Balkan Rural Development Network (BRDN), the Partnership for Rural Europe (PREPARE) and the European LEADER association for Rural Development (ELARD).
- Kosovo\* – 30 LAG-like partnerships have been formally established (almost in each municipality); less than half of them actively promote and implement projects on their territory, while the remaining ones are less active.
- Macedonia – 16 LAG-like partnerships have been formed, but they are still registered as civil society organizations under the Law on Associations and Foundations;
- Montenegro – there are still no LAG-like partnerships. The Network for Rural Development is currently implementing the ALTER project which promotes LEADER and contributes to forming LAG-like partnerships. The nucleus for one LAG-like partnership is being formed under the SWG ABD programme (KRŠ cross-border region that includes municipalities from Croatia, Bosnia and Herzegovina and Montenegro).
- Serbia – the Network for Rural Development of Serbia was established by the MoA as an umbrella association of 16 regional offices active in the field of rural development. The EU funded project *“Capacity building for the establishment and implementation of a LEADER initiative in the Republic of Serbia”* resulted in 20 newly formed local partnerships identified as potential LAGs. A group of these partnerships established the National LEADER Network (NLN). However, there is no reliable national data on the number of active LAGs.

The legal frame for the implementation of LEADER initiatives in WB countries/territories is composed of numerous laws and regulations within three pillars: a) providing the legal basis for LEADER-like support measures, b) the regulations related to the establishment of LAGs, and c) the regulatory base for the formulation of strategic and planning documents. Although significant progress has been made in developing the necessary regulatory framework, in almost all countries there are legislative gaps and lack of procedures in regard to LEADER.

The legal framework for implementing the LEADER measure in all countries is defined by laws on agriculture which provide the basis for the policy formulation. However, the rulebooks that govern the registration of LAGs, the methodology for preparing local strategies for rural development and their content, are still not developed in most countries, with the exception of Macedonia and Kosovo\*. The preparation process for the necessary documents is in progress in Serbia.

Due to the absence of rulebooks on LAGs, the majority of existing local partnerships in the region (except Macedonia and Kosovo\*) are registered in accordance with the national Law on Associations, as non-profit associations. This regulatory gap has resulted in a situation where it is not uncommon to find registered partnerships proclaiming themselves as “Local Action Groups”, i.e. using the term as a part of their official names. Apart from this, national experts have raised concerns that this type of entity is not likely to be suitable to represent “real” LAGs, due to the constraints related to fiscal burdens, governing structures etc.

There are a range of laws in WB countries/territories regulating certain aspects of intra and inter-municipality co-operation (including cross-border), and among actors from the civil society, public and private sectors, among which the most relevant ones are the Law on *Local Self-government* and

the *Law on Regional Development* (both existing in all countries). The *Law on Local Self-government* provides the legal basis for local government units and inter-municipal co-operation in performing activities of common interest. The *Law on Regional Development* sets up the legal and institutional frame for planning, coordination and realization of development activities and support to inter-municipal, inter-regional, cross-border and international co-operation.

With regard to the format and content of the local strategies for rural development, Macedonia and Kosovo\* are the only countries where these issues are regulated by rulebooks. Based on the information provided in the national reports, only in Serbia attempts have been made to introduce the *Law on the Planning System*. The Law is drafted but has not been adopted yet.

# CHAPTER A. III

## 3. FUNDING

The funding of the LEADER Approach is of particular importance in the Western Balkan countries/territories. However, the state of affairs differs from country/territory to country/territory and is not always related to the accession progress or candidate status. In the period of the current assessment, the funding of LEADER-like projects comes from different sources such as national governments, local authorities, but mostly from the CSOs, foundations that are funded by different donors.

### Government support

For the time being, neither the national nor the local government authorities in **Albania** have adopted procedures that facilitate LEADER-like actions and development of LAGs. This support is expected to be provided through IPARD II. Until 2015, the **FBiH** both at entity and cantonal level was not active in supplying financial support for LEADER. Since the country does not have official rural development strategic plan, the funding of existing LAG-like partnerships represents a combination of public funds from the partner municipalities, membership fees and donor projects. In parallel, the **Republic of Srpska** introduced the LEADER Approach as part of the Strategic Plan for Rural Development of the Republic of Srpska for the period 2009-2015, and proposed measures for the implementation of LEADER through which five projects were successfully implemented. Due to the lack of funds the further implementation of the project came to a halt in 2013. In the case of **Kosovo\***, government support was provided in the past six years mainly for supporting small local projects. These projects did not derive from LAG strategies, but they were predefined as part of the investment process and contribute to keeping the LAG-like partnerships alive. Although the National Programme for Rural Development in **Macedonia** projected incentives for LAGs two years in a row, no public call for interested entities was issued. Hence, the first national funding to support LEADER activities will be accessible through the National Programme for Rural Development or the IPARD II LEADER measure which is in the process of EU accreditation. The situation in **Montenegro** is similar, where only negligible funding for the LEADER promotion was obtained from the NGO sector in co-operation with national/local authorities and small businesses. While national support measures for LEADER will be activated in 2018 through the IPARD II mechanism, currently some local governments have envisioned initiatives for rural development through competitions for the allocation of funds to NGOs. Funding from the national authorities for LEADER-like activities was identified in **Serbia** as a national subsidy scheme for capacity building of the CSOs. The support of LAG-like partnerships was more streamlined in Vojvodina where the province authorities supported the development of a number of local rural development strategies in the form of a grant.

Even though the strategic and programme documents of the National Ministries recognize the importance of LEADER, the analysis of the budgets allocated to support LEADER-like activities shows that they are reluctant to invest for this purpose. Even in those places where such initiatives used to exist, funding from the state budget has ceased (Serbia and the Republic of Srpska), with the exception of Kosovo\*. From the national reports it can also be concluded that the relevant Ministries count very much on IPARD for future support for the LEADER Approach.

### *Donor support*

International organizations, through donor projects, remain the dominant source of funding regarding the implementation of LEADER-like activities and the creation of LAG-like partnerships in the Western Balkan countries/territories. Major donor organizations involved in supporting the LEADER-like activities are the following: the European Commission, UNDP, USAID, SIDA, Swiss Aid, GIZ. A number of LAG-like partnerships have been created with support of various foreign funding sources in **Albania**, and the organizations are highly dependent on their benefactors. In **FBiH** and the **Republic of Srpska** the majority of funding is provided by foreign donors; however the support is often conditioned by provision of co-funding which jeopardizes the implementation of development projects. Donors demonstrate low interest to initiate projects intended to support LEADER-like activities in **Kosovo\***. Their support is rather sporadic and depends on the individual efforts of LAG managers. The donor support in **Macedonia** boosted the process of the local needs analysis, the development of the LDS and the formation of LAG-like partnerships as well as the implementation of small scale projects providing rural communities with a first-hand experience of the bottom-up approach. At national level, the preparation of LEADER as part of IPARD was supported by the European Commission. **Montenegro** has no specific bilateral donor project dedicated to the LEADER implementation, although donors have been supporting NGO sector initiatives for promoting the LEADER Approach. The situation is expected to change with the current implementation of a regional project during which the first LAG-like partnerships are supposed to be established in Montenegro. Starting from 2008 in **Serbia**, particularly in the Vojvodina province, support from donors ranged from trainings on the LEADER Approach, project cycle management and financial planning through the design and implementation of rural tourism projects, up to the identification of 21 potential LAG-like partnerships.

# CHAPTER A. IV

## 4. PREVIOUS INITIATIVES AND LESSONS LEARNED

### *Previous initiatives*

The previous initiatives practicing LEADER-like activities in the WB countries/territories differ from country/territory to country/territory. In **Albania** the previous initiatives were conducted by different organizations active in different regions. The Albanian Network for Rural Development based on the previous experience of the Institute for Democracy and Mediation (IDM) is engaged in promoting the LEADER Approach. The past initiatives consisted of a series of events, preparation of publications, organization of trainings, local strategy documents, and implementation of LEADER type initiatives aiming at creating the conditions for the establishment of LAG-like partnerships and the successful implementation of the LEADER Approach.

The donor organizations MADA, UNDP and ALCDF have had significant impact on local community development by providing a grant support scheme for investment activities based on a participatory approach, although when the funding ceased, no further action followed. The human capital created over the course of the previous actions remained unorganized and inert; however, it may provide a good base for the setting up of LAG-like partnerships and for implementing the LEADER Approach.

In the **Federation of Bosnia and Herzegovina** the first steps for introducing the LEADER Approach and the creation of LAG-like partnerships were supported by the UNDP. Although the project had wide outreach in the process of establishing LAG-like partnerships, only three have been actually set up: LAG Una-Sana, LAG Dobož Region (part of which is in the RS) and LAG Drina. LAG Una-Sana is the oldest one in the FBiH and at the same time the most active LAG-like partnership that has implemented a large number of projects thus far. In relation to the programming activities, the LEADER Approach was part of the IPA project “*Capacity building for the programming of rural development in BiH (3P-BHRD)*”. The project activities were focused on capacity building of different beneficiaries, especially trainings on the LEADER principles, on project cycle management, about best practice examples from the EU experience, including practical exercises. In continuation the project worked on the development of “*Guidelines for introducing the LEADER programme in Bosnia and Herzegovina*” according to EU standards. Regrettably, due to the lack of political will, the guidelines were not approved.

In the current stage the existing LAG-like partnerships in BiH are not entitled to use LEADER funds because the BiH Government did not succeed in meeting the requirements of the IPARD.

The same donor funding approach was implemented in the **Republic of Srpska** where, apart from the establishment of the LAG-like partnership in the Dobož Region, two other LAG-like partnerships were established (LAG Devetak and LAG SAVUS). In the period between 2011 and 2016 two more LAG-like partnerships were formed, the LAG Vrbanja-Ukrina and LAG Birač. LAG Devetak is the oldest active LAG founded on LEADER principles on the territory of the Republic of Srpska: It has been successful in developing a new strategy for the period from 2016 to 2020.

The case study in **Kosovo\*** showed noteworthy collaboration between the Ministry, the Municipality of Vitina and other donors in supporting LEADER-like activities in the area, focusing on the importance of the local development strategy in order to respond to the community needs. However, the financial support and conditions such as political-administrative decentralization, actor and policy networking, and the dynamics and access to the external funds remain very challenging in reaching the goals of the program.

The previous initiatives regarding the LEADER Approach in **Macedonia** were mainly supported by donor projects and the Rural Development Network. The promotion of LEADER has created awareness for developing a new and systematic approach in order to align the local government attitudes and efforts towards local/rural development with the European Commission approaches and structures. Key stakeholders from the public, private and civic sectors in each region were identified and trained on the principles and mechanisms of the LEADER Approach, in preparation for the formation of LAG-like partnerships. These groups of key local stakeholders, who would later be formalized into LAG-like partnerships, were guided in the process of drafting LDSs, with support from USAID and the RDN. As of 2015, the EU project<sup>16</sup> has supported the Ministry of Agriculture to prepare the LEADER measure fiche. Progress has been achieved with the preparation of the first draft accreditation documents and the first draft of the Guidelines for LAG formation, LDS preparation and procedures for project selection and approval. The formal approval of the LEADER measure by the MA will ensure follow-up actions in the process of finalization of the accreditation package. Once this process is finalized, the measure should be shared with DG AGRI to initiate the process of its informal approval, prior to being included as part of the updated IPARD Programme and being submitted for formal approval.

The LEADER-like activities in **Montenegro** were initiated from the very grassroots level mainly promoting local activities in the area of rural tourism. Also, the cross-border area-based development approach (involving Serbia, Bosnia, and Croatia), supported by the SWG, gave strong impulses in creating awareness for co-operation and in strengthening the human capacities for the preparation and implementation of the LEADER Approach.

In **Serbia** the process started by developing local partnerships and their networks with the support of the Ministry of Agriculture and Environmental Protection MAEP involving CSOs from rural areas in the local decision-making process and the setting up of local partnerships involving the public and business sector. Within this process, which was also supported by the donor organizations, there was an evidently active co-operation between CSOs and MAEP. In the province of Vojvodina there is a more continuous and focused assistance to the implementation of LEADER at municipal level, especially through the support of the provincial Government. This led to enhanced capacities of the existing LAG-like partnerships for developing their local development strategies and for becoming more active in implementing a wide range of activities. Due to the discontinuation of the funding support, the LAG-like partnerships on the entire territory of Serbia noticeably lost interest and downsized their activities. In Vojvodina there are subsidies for LEADER-type activities and the interest of local stakeholders in the LEADER Approach remains high; however, the concept of multi-sectoral approach at a community level is still not fully understood by the local self-governments and political structures.

<sup>16</sup> “Introduction of New IPARD measures (LEADER and Advisory Services)”

**Table A. IV. 1 Recommendations for National institutions regarding strategic, legal, institutional and funding actions to prepare for LEADER**

Country/ territory	Strategic and programming framework	Regulatory framework		Government funding support	Capacity development		
		Rulebooks on selection of LAGs	Rulebooks on Local strategies		MoA	CSO Rural development networks established	LAG-like partnerships
Albania	Yes	No	No	No	No	Albanian Rural Development Network	4 LAG-like partnerships, operate as CSOs
Federation of Bosnia and Herzegovina	At a national, but not on entity level; low progress at cantonal level	No	No	No	No	“Rural development network in BiH”	3 LAG-like partnerships operate as CSOs
Republic of Srpska	Yes	No	No	No	No	“Rural Development Network of Bosnia and Herzegovina”	3 LAG-like partnerships operate as CSOs
Kosovo*	Yes	Yes	Yes	Yes	Yes	Network of Organizations for Rural Development of Kosovo*	30 LAG-like partnerships are formally established
Macedonia	Yes	Yes	Yes	No	No	Rural Development Network of the Republic of Macedonia	16 LAG-like partnerships operate as CSOs
Montenegro	In progress	No	No	No	No	No	still no LAG-like partnership
Serbia	Yes	In progress	In progress	Until 2013; Currently on the territory of AP Vojvodina	One person nominated to deal with LEADER	Two networks operate:  The Network for Rural Development of Serbia and the National LEADER Network (NLN).	No reliable national data on the number of active LAGs or LAG-like partnerships



# CHAPTER A. V

## 5. CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Conclusions

- In the entire WB countries/territories, LEADER is a part of the national strategic and programming documents and envisaged in IPARD. With the exception of FBiH, where the entities are responsible for the implementation of the LEADER programme on their territories, all the other countries/territories have adopted programs through which this support will be implemented.
- The strategic and programming documents for rural development of the Western Balkan countries/territories have been fully developed.
- The existing LAG-like partnerships in all countries/territories are registered as CSOs.
- The rulebooks on local development strategies are adopted only in Kosovo\* and Macedonia, while those in Serbia are in a process of being prepared.
- The line ministries are involved in the process of developing the necessary legal environment for setting up the administrative and financial structures, but their capacities are low, both in terms of number of staff and skills to deal with this issue. There is a lack of knowledge, experience and understanding of the LEADER Approach within government institutions at all levels (from the Ministry to local authorities). In spite of this, certain progress has been achieved, yet the pace of this process is very slow and threatens to jeopardize all the work done thus far.
- Most of the LEADER-like activities in all countries/territories up to now are supported by different donor organizations, including local resource organizations, local governments and networks. The support is usually limited in terms of sources of funding and the restricted timeframe, causing discontinuity in the process of implementing a full-fledged LEADER method. Moreover, the financial and technical support gap discourages stakeholders from remaining involved in LEADER, making it highly unlikely to mobilize enough local participation and support. This may especially affect the already established LAG-like partnerships which are still very new and fragile.
- Formed LAG-like partnerships are of varying degrees of maturity. So far there has been no assessment of their capacities, thus there is not enough information regarding their capacities and projects.
- The newly formed LAG-like partnerships are only in the early stage of a process meant to fully respond to the needs and interests of the diverse rural stakeholders.
- The national ministries in Serbia and the Republic of Srpska had started to finance LEADER and LAG-like partnerships and eventually stopped funding; only the responsible Ministry in Kosovo\* is currently providing support.

## 5.2 General Recommendations

There are numerous relevant recommendations to be considered when analysing the current situation and the experience derived from previous initiatives in the WB countries/territories.

### Recommendations for institutional set-up improvements

- Responsible government institutions at all levels should continue to work on developing the institutional, strategic and regulatory framework for introducing LEADER as a prerequisite for achieving the accreditation of the LEADER measure.
- There is a need for developing the LEADER framework in FBiH where the entities should prepare their own strategies including the provisions for the LEADER Approach.
- All countries should engage an increased number of staff from the relevant Ministries and Paying Agencies in the ongoing process of the administrative and organizational LEADER Approach system setup; moreover, they should improve inter-institutional co-operation in order to consolidate their capacities for the strategic programming of the LEADER measure.
- The main institutional actors need more adequate trainings and organisational capacities in order to get more involved and committed to rural local development processes.
- There is an urgent need for enhanced capacity building and coordination of the personnel responsible for the implementation of the LEADER (Ministries, Paying Agencies), as well as greater pro-activeness on the part of these institutions in making the LEADER measure available to the existing and potential LAG-like partnerships.

### Recommendations for policy improvements

- National rural development policy and accompanying measures should be created, adopted and enforced. A national support scheme for rural development envisaging clear roles for the public-private partnerships is vital for stimulating the participation of the local rural population and would ensure the continuity of the LAG activities.
- Local development policies should be implemented with a bottom-up decision-making process, thus allowing for better connection and coordination of the diverse rural actors, both in vertical (government bodies at different levels – national, regional and local) and in horizontal terms (entrepreneurs, professional associations, farmers, etc.).
- Development of secondary legislation is needed, i.e. rulebooks and regulations on Local Action Groups encompassing guidelines for potential LAG constituents on their setting up, role, functioning and accreditation, including start-up toolkits for devising Local Development Strategies (LDSs).
- Synchronization and complementarity of national rural development funding with EU IPARD funding.
- The National Governments should put a lot more effort in setting up the necessary legislative and administrative procedures for making the LEADER Approach operational as part of the national rural programs and the EU IPARD in order to empower and continue the work done thus far, to ensure the support from stakeholders in rural areas and the sustainability of the programme as a whole.

### *Recommendations for empowering local stakeholders*

- Diverse models of networking of various local stakeholders (public, civil society and business) and participation in joint activities should be practiced; these synergies will promote local initiatives and contribute to increased awareness about the role of local stakeholders in the decision-making processes at the local level, thus motivating actors from all three sectors to participate more actively in their local areas.
- Exchange of information and transfer of best international practices from EU LAGs. In addition, LEADER-like pilot initiatives should be tested with models of successful tripartite partnerships in order to enhance the understanding of local stakeholders about bottom-up, community-based actions.
- There is a permanent need for strengthening the local human capital capable of managing the LAGs, implementing Local Development Strategies, absorbing the funds dedicated to the LEADER measure in WB countries/territories.

### **Recommendations for National institutions regarding strategic, legal, institutional and funding actions to prepare for LEADER**

#### *Logical steps for action:*

- The LEADER Approach is part of the national strategic and programming documents and IPARD in all countries, with the exception of FBiH. The entities in FBiH should prepare their own strategies that would encompass the LEADER Approach.
- Set up the regulatory frame in line with the European Commission regulations relevant for CLLD/LEADER. Develop rulebooks for setting up LAGs and elaborating the LDS as per regulation (EU) 1305/2013 and (EU) 1303/2013.
- Assign/increase responsible staff in relevant departments of the ministries responsible for implementing the LEADER Approach.
- Capacity development of the ministry and paying agency staff in administering the procedures for the LEADER measure according to the regulatory frame.
- Use national funding or the IPARD technical assistance measure for supporting LEADER/ LAG-like partnerships.

**Table A. V.1 Recommendations for strengthening the capacities of local stakeholders from the public, civil society and business sectors for the implementation of LEADER in WB countries/ territories**

Core recommendations for implementation of the LEADER Approach	To strengthen the awareness and increase the capacities of the rural population for the implementation of the LEADER Approach	To create a system providing advisory support to the existing and LAG-like partnerships	Support the creation of LAGs and the preparation of LAG strategies	Support the implementation of LDS through the established LAG-like partnerships	Support co-operation and networking between LAG-like partnerships at the national and international level
LEADER specific activities in WB countries/ territories	<ul style="list-style-type: none"> <li>- Preparation and distribution of promotional materials</li> <li>- Realization of promotional and informative events at the national/ regional level</li> <li>- Development of overall assessment and mapping of potential territories for establishing LAGs at the national level by considering the LEADER principle of the area-based approach</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening capacities of RD networks and other entities for the animation and mobilization of rural stakeholders regarding the LEADER Approach</li> <li>- Provide ongoing support to LAG-like partnerships through mentoring and coaching</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening the capacities of the potential and existing LAG-like partnerships for developing transparent procedures among the main actors communication and decision making)</li> <li>- Training in setting up local partnerships</li> <li>- Training in acquiring skills in strategic planning</li> <li>- Training in Project Cycle Management</li> </ul>	<ul style="list-style-type: none"> <li>- Assistance for the realization of projects derived from the LDS</li> <li>- Training for LAG managements on public procurement procedures related to the project implementation</li> <li>- Training for LAGs on financial and administrative management issues</li> </ul>	<ul style="list-style-type: none"> <li>- Development of joint projects between LAG-like partnerships at the national level</li> <li>- Provide opportunities for LAG-like partnerships to take part in transnational (TNC) co-operation projects with European partners</li> </ul>



PART B:  
COUNTRY/TERRITORY  
ASPECTS



# CHAPTER B.I

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Country report: Albania  
Author: Mr. Edvin Zhllima



# 1. INTRODUCTION

In 2014, once the candidate status was awarded, the Government of Albania (GoA) made positive steps in preparing the agricultural and rural development policy and updating the legal and institutional base in compliance with the Common Agricultural Policy (CAP). The rural development is seen as a key driver in achieving a balanced economic growth, given that in Albania approximately half of the population resides in rural areas and the main economic activity supporting the rural livelihood, namely the agricultural sector, contributes to 1/5 of the country Gross Value Added (GVA). The budgetary support to agriculture and rural development amounted to 14.7 million in 2016 which were allocated to structural and rural development measures (second pillar), receiving 60% of the overall support funds. However, funds related to the improvement of rural livelihood and maintenance of natural resources are modest. So far, most of the support has been allocated to direct producers, with little effect on sustainable local community development. Thus, a main challenge related to rural development is to achieve a balanced territorial development, especially when it comes to the measures to support less favoured areas (LFA). The focus on territorial rural development is even more crucial now, since the country is rapidly implementing a regional development reform and undergoing a dramatic change in the rural livelihood. Ultimately, rural-urban disparities are widening, and a trend of rural depopulation is on-going in the recent decade<sup>17</sup>.

The EU integration progress is opening up space for additional and more tailored support to local communities, for example through LEADER initiatives. The conditions for designing measures and promoting LEADER initiatives are apparently achievable with the development of the IPARD Programme II. However, major weaknesses rest on the preparation of a dedicated regulatory framework for LAG creation, increase of stakeholder awareness and information on the importance of the LEADER-like initiatives as well as the achievement of sustainable mechanisms for local development by strengthening the role of the central and local government in promoting and improving donor coordination.

## 2. LEADER ENVIRONMENT IN ALBANIA

### 2.1 LEADER in the national strategic and programme documents

The territorial rural development was first introduced as a policy priority with the Rural Development Cross-cutting Strategy 2007-2013, although it was not followed with dedicated actions. Currently, in Albania, several strategic documents have been drafted in which the LEADER Approach occupies an important space. The Inter-Sectorial Strategy for Agriculture and Rural Development (ISARD) 2014-2020, approved by DCM. 709, dated 29.10.2014 is one of the main strategic policy documents. Measure number 8 of this document states: Preparation and implementation of local strategies for rural development - “Leader” approach – planned in this chapter - provides the objective of implementing the “Leader” approach; the aim of the measures; the manner and process of mobilization of local resources and the main component of the “Leader” approach.

The ratification of the Framework Agreement (FA)<sup>18</sup> and Instrument for Pre-accession Assistance for Rural Development (IPARD)<sup>19</sup> has paved the way for the programming and implementation of

<sup>17</sup> The Census of Population of 2012 identified an urban population higher than the rural one for the first time in Albania. Rural poverty in 2012 followed an upward trend compared with 2008, much differently from a decreasing trend that was experienced since 2002.

<sup>18</sup> The Framework Agreement, ratified by Law 37/2015 dated 04.09.2015

<sup>19</sup> Sectorial agreement (IPARD) ratified by Law no. 30/2016 dated 03.17.2016

local development strategies through the LEADER<sup>20</sup>-like approach. Under this attempt, a diagnostic study was conducted for the situation of the LAG and the LEADER policy implementation in Albania. In this regard, a technical assistance measure was drafted and subsequently it is expected from the Entrusted Budget Implementation Task to include such a measure. The draft measure contains the comprising elements of LEADER at the programme level, such as the criteria that need to be met by a potential beneficiary, the area covered by the strategy<sup>21</sup>, and the supportive measures of the LEADER Approach. In near future, the Management Authority (MA) activities rest on the adoption of the national legal basis for the implementation and the recruitment and training of the staff in co-operation with the IPARD Agency assisting on LAG establishment and promotion of Local strategies. The European Commission (EC) is expected to open the space for such a measure in 2018.

The Rural Development Programme 2014-2020 is another important document, which presents a description of the current situation, a SWOT analysis and identification of needs for "Preparation and implementation of LEADER local development strategies". In the programme there are two elements: (i) the implementation of strategies will be restricted within the territories of the rural areas and (ii) the definition of rural areas.

Another key strategic document with a focus on LEADER is the Decentralization Strategy. In the Decentralization Strategy it is noted that *"The local government will have the authority in terms of placement/connection of public-private partnerships. The regional policy is also facing new challenges. Albania has undergone a significant regional development reform, transforming the country from a very fragmented structure of 374 Local Government Units to approximately 61 Local Government Units. This territorial restructuring requires an urgent financial and fiscal reform which will push for decentralization of some functions and de-concentration of other functions. As a result, the support schemes for rural development would also have to undergo some form of revision. The use of PPPs at the local level will be facilitated through changes in legislation"*.

## 2.2 Institutional and Legal Settings

The legal framework regulating the implementation of LEADER is divided into three groups (i) national legislation that includes normative acts and laws (ii) Common legal acts and agreements between EU and Albania including FA and IPARD and (iii) EU legal documents including regulations regarding the Instrument for Pre-Accession<sup>22</sup> and other regulations concerning the LEADER Approach. A more complete list of laws and other legal provisions is included in Annex 5.2.

As stated above, the main laws regulating the legal frame for the implementation of the LEADER initiatives are the Law No. 9817, dated 22.10.2007 "On Agriculture and Rural Development" and the Law 139/2015 "On Local Self-Government". The Law No. 9817 determines the objectives, the means and the programming of policies for agriculture and rural development. The law has no specific provision on the design and implementation of the LEADER local development strategies. Article 15, point (d) of this law does emphasize that the aim of the measures for rural development policy is to support *"improvement of the governance and the mobilization of the local development potential in rural areas, as well as the development of local initiatives"*. A separate article (Article 19) provides detailed activities for local initiatives without specifying the LEADER Approach.

<sup>20</sup> Letter "j", "k" and "l" of Annex I of the Framework Agreement

<sup>21</sup> Rural areas in Albania are defined as "the territory of all municipalities with population, as established by the Census 2011, below 50,000 people" MARDWA, 2015, IPARD II programme 2014-2020

<sup>22</sup> IPA II Regulation, mutual implementing regulation, IPA II

*Law No. 139/2015 on Local Self-Government* gives the responsibility in the fields of agriculture, rural development, forestry, public pastures, nature and biodiversity to the municipalities. The law has given the local government units the right and responsibility to determine the measures that they deem necessary to perform the functions, including the measures related to the LEADER Approach. The law also allows for the use of appropriate instruments of public and private partnerships or approves the articles on association of enterprises, companies and other juridical persons or entities that collaborate or co-found with these entities, as it is required in the LAG type initiatives. In this context, the municipality may be an actor and a founder of LAG, and (v) the municipal council may set the general rules on the organization and functioning of community structures (Article 68-71) which are important potential actors of local development.

Currently, there are no conditions and procedures prescribed by law for the LAGs. Up to now, the typical legal forms for a LAG were the non-profit association<sup>23</sup> organizations established with the free will of individuals or entities. The Law defines that entities registered as non-profit organizations (NPOs) acquire their legal status once they have been established and registered in Court, in accordance with the terms and procedures provided by law. The founding members meet and approve the founding act and statute, and may authorize one or more persons to perform acts of registration<sup>24</sup>. Major concerns rest on the fiscal treatment of these units. The interviewed stakeholders identified the fiscal burden as a major constraint imposed with the obligation of the NPOs to pay value added taxes (VAT) for the services they provide to the community.

The pre-2014 Government established a legal base for involving the private stakeholders and stimulating a proper environment for public-private dialogue. The Open Government Partnership National Action Plan 2012-2013 regulated the dialogues among stakeholders. With regards to the establishment of public private partnerships, a general act incorporating the legal framework has been identified. As of May 2013, there is a new Law on Concessions and Public and Private Partnerships, which is in line with the directive 2004/18/EC of the European Union. The aim of this law is to establish the necessary framework for fostering and facilitating the implementation of concessionary and public and private partnerships (PPP) projects, financed by the private sector, based on the principles of non-discrimination and equality of treatment of actual and potential bidders, of transparency of procurement procedures and reciprocity, as well as on the principles of proportionality of requirements and obligations imposed to actual and potential bidders and legal security. The law sets out special procedures for the granting of concessionary and PPP projects.<sup>25</sup>

Considering the current situation, in the upcoming 5 years the preparation of LEADER will continue to be implemented by relevant non-governmental organizations that provide services and activities with a LEADER Approach. Bilateral and multilateral Donor support will still be available during the period.

The main authority in Albania, responsible for LEADER and other rural development strategies and policies, is the Ministry of Agriculture, Rural Development and Water Administration (MARDWA).

<sup>23</sup> Article 10 of Law no. 8788, date 07.05.2001 "On non-profit organizations", amended

<sup>24</sup> Non-profit associations are required to fulfill a minimum number of founding members of five natural persons or at least two legal persons. The highest governing body of a non-profit membership organization is the General Meeting or the Assembly of all its members. Other governing bodies are elected and are accountable to this higher body

<sup>25</sup> The new law introduces and defines the concept of the public and private partnerships as a form of long term co-operation between the public sector and private businesses where both parties share the risks and financing of the public projects as per the agreements entered into in line with the applicable law. A concession, on the other hand, differs from a public and private partnerships, mainly due to the fact that the concessionaire who has a contract with the public sector for the provision of public works or services is the one who bears the substantial risks for delivering such works or services against the right to exploit the subject of the concession agreement and/or the relevant payment.

At the regional level MARDWA exercises its authority through Regional Agricultural Directorates that are responsible for overseeing agricultural activities, providing advisory services and keeping statistics at the local level.

In addition, important regional entities related to the support of local initiatives are the Regional Development Agencies, which are designed as a structure of the local governments to ensure the right approach to co-operation among municipalities and with the central government. The Agencies consist of one central office and four local offices, in Tirana, Shkoder, Vlore and Korçe. The Agencies focus on finding common areas of interest among municipalities to be used in project applications for EU funds or other opportunities. An important partner for the creation of LAG and support of the LEADER-like initiatives are the 61 municipalities, which play an important role in supporting local development, providing basic public services and improving the living conditions of their residents. Policies and strategies with an agricultural and rural development focus have recently become functions of the local governments, added two years ago with the approval and implementation of the new Law on Local Self-government from 2015.

## 2.3 Funding

There are no current policy measures on support to activities related to LEADER and LEADER-like measures in Albania either from GoA or local government bodies. LEADER, as an innovative approach to policy-making for rural development, and the development of Local Action Groups in accordance with EU standards, has to be provided under IPARD II. The aid volume under this measure is not available yet. However, several donors have provided support for the creation of Local Action Groups (LAGs) in different regions of the country in co-operation with community support organization.

Based on partnership with the private sector and local/regional authorities, the donors have established local strategies and implemented small scale initiatives for development of local communities, based on jointly prioritized objectives. The most active donors in this area were IFAD (through MADA established Mountainous forums), DFID (through Oxfam, which established 3 LAGs), SNV, UNDP, the German Government (through GIZ), World Bank, etc. A number of the established local action groups (LAGs) and/or community-based organizations are no longer operational, while some are still working. No LAG-like programme has been shown to work effectively and produce successful outcomes since their longevity is highly depended on the funding. LAG-type organizations have proved financially unsustainable after the expiry of the donor funding. There are no estimations of the amount of funding used to establish LAG type organizations. However, an approximate value would not exceed an amount of 10 million EUR. A major part of these funds is based on foreign sourced grants.

## 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

There are several area-based development initiatives focusing on rural development, which have been implemented or are being implemented by different organizations operating in various parts of the country. Among other things, such initiatives promote dialogue and partnership between the public administration, the private sector and civil society.

A review of previous and current projects, carried out by different national and international

organizations, focusing on improving the living conditions of rural areas in different regions of Albania has been performed by the Albanian Network for Rural Development (ANRD, 2016 (c)). For instance, according to the survey conducted by the Albanian Network for Rural Development (ibid) from a total of 23 surveyed organizations, 11 out of 23 (48%) reported that they have implemented projects for establishment of LEADER type local action groups or other community led local development initiatives in the past 5 years.

As a result of various development initiatives, throughout the country, there are considerable human resources which are trained and skilled on area-based, participatory and integrated development, local partnerships, promotion of the territory. Development strategies and action plans at different levels, such as at local, sub-regional and regional level, including cross-border areas, and other different strategic documents for the development of the territory have been drafted and are available. In addition, various comprehensive methodologies on local and regional development planning, which ensure highly participatory local planning processes are developed and used by different development actors. Public-Private Partnership Agreements have been drafted and are active among the development stakeholders at the local, regional and inter-municipal level. Pilot studies that aim to identify cohesive territories with similar development potentials have been carried out, with potential to facilitate concrete actions at sub-regional level for the creation of LAGs and LEADER Approach application.

Programs that have been shown to work effectively and produce successful outcomes are those supporting grants schemes such as MADA, UNDP<sup>26</sup> and ALCDF<sup>27</sup>. Both programs attempted to implement investment at the local level based on participatory process and local decision making. The aim of the programs was not only focused to support the investments in these areas, but also to strengthen the collective action and partnership among various stakeholders. However, the second goal started to fail as soon as the funding ceased to exist. Both of these programs have now been closed and what remains from these forums or groups are the human resources who have remained in the region but there are no traces of regrouping, active and systematic meetings or gathering for similar purposes. The LEADER type entities/organizations, at local sub regional/ regional levels, such as consortiums, clusters, associations etc. similar to these forums, should take a leading role in establishing local partnerships for the future LAG-s in the local territories where they operate. Therefore, the donors and the local government should trace back the experiences created so far and make attempts to update the networks based on the remaining human resources and institutional memory of these groups.

<sup>26</sup> A suitable scheme for improving dialogue is the UNDP Community Development Organizations experience. In this approach the groups are based on village level. The level of formalization is lower than in the case of the LAG but the ease in achieving trust and enhancing accountability is higher. In such small groups the prioritization of intervention, the identification of interests, the balance of power as well as the establishing of trust is much easier. .

<sup>27</sup> ALCDF has implemented and supported 141 local initiatives, and aims at scaling local solutions in the sectors of local government, forestry, agriculture and tourism. In the frame of "Leveraging the Capacities of CSOs in the North of Albania for improvement of biodiversity and environment protection" a project has been established with the Local Initiative Fund to finance small projects in the targeted area, addressing conservation and enhancement of biodiversity, sustainable management of natural resources and fight against climate change. The capacity development facilities (platform for knowledge, mentoring, and networking for environmental CSOs in North of Albania) has been applied.

**Table B. I. 1: Case study 1**

1. Title and author	"Sustainable Development in Rural Mountains Area Programme (SDRMA)" implemented by the Albanian Agency for Mountainous Areas (MADA) and supported by IFAD
2. Executive summary	MADA has established 21 Forums of Mountain Area - as an implementing structure of the LEADER initiatives. The main objectives of the FOMA-s were to strengthen the public and private partnerships in mountainous rural areas, the involvement of local partners in decision-making at the local level and strengthening the capacity of various local actors enabling them to become potential partners for local development, for the use of local resources for economic and social development of territory.
3. Community data	Based on the MADA intervention criteria (areas above 600 m of elevation) forums were created in the majority of districts that are covered by MADA
4. The challenge	The forums were utilized for the implementation of the Strategic Enterprise Investment Programme (SEIP). The purpose of SIP was to provide a deeper assessment of the production, processing and marketing potentials for specific areas, identifying key problems, needs and areas of interventions to enable institutional and financial support for improving the efficiency of operating actors in the value chain. In order to increase the efficiency and have a clear focus, the investments should target and be analysed at an enterprise level, in spite of the aim to improve the welfare of the community in the selected areas. This approach enables a more sound and reliable cost-benefit analysis of the proposed investments, and also of the expected impact on the region.
5. Action taken	A definition of Less Favoured Areas was developed. Forums were established, supported logistically and equipped for selection of investment projects. Instruments for selection and analysis were offered.
6. Results	The investments were co-financed by MADA and the beneficiaries and also approved by the forums. A similar approach was used by the Albanian Local Capacity Development Foundation (ALCDF) in recent years. However, both programs have now been closed. Currently the FORAs established by MADA are inactive. The Agency is expected to end its mission in 2017.
7. Lessons learned and conclusions	Sustainability is a key condition for the successful functioning of LEADER-like initiatives. Therefore, mechanism of support should be identified to maintain the network and update the groups with new information and members and continually provide capacity building and fundraising actions.
8. Contacts	Roland Bardhi Mob: +355 68 20 35 639 e-mail: lbardhi@redeval.org

Oxfam has worked with civil society partners and local governments with the aim to provide links between the local government and rural communities, especially by giving women a voice. In this context, the funding established three LAGs: LAG Adrijon-Vlore, LAG Maranaj-Shkoder, and LAG Drini-Diber. Each LAG has developed its own visual identity; and a series of leaflets, brochures and other information have been produced to raise community awareness and increase participation. See the following profile. Also, in 2014, following a vision for developed tourism, shared values, and

a better life in the Diber region ANTARC & ALCDF established another LAG named LAG Deshati. Both LAGs were found to lack secure funding and to geographically overlap with each other (see Case Study 2).

**Table B. I. 2: Case study 2**

1. Title and author	LAG Drini – Diber has been established in the framework of the project “Raising Her Voice: Promoting Poor Women’s Participation in Governance”, funded by DFID, through the assistance of Oxfam GB Albania. LAG DESHATI, Diber – was established by ANTARC & ALCDF in 2014.
2. Executive summary	The goal of LAG Drini is to promote sustainable rural development using the natural and human resources of the area, promotion of women’s involvement in decision-making for rural development, and networking with other LAGs. The main goal of the LAG Deshati is to improve the economic situation in the area, through the promotion and support of sustainable rural development with focus on supporting tourism and protection and improvement of resources such as natural values and cultural heritage based on public and private initiatives.
3. Community data	LAG Drini covers the Municipality of Peshkopi – the administrative units of Tomin, Kastriot and Fushe Cidhen. The size of the area included is 6147 ha with a population of 20.842 inhabitants. LAG Deshati covers the communities of the Deshat-Korab mountain range and other communities of the Dibra region. The area included is 1088 km <sup>2</sup> with 75,000 inhabitants.
4. The challenge	The territory of two existing LAGs (LAG Drini-Diber and LAG Deshati) overlaps with each other. Both LAGs have to review the territory they cover, in order to avoid the phenomenon of one territory being part of two different LAGs. Moreover, Both LAG Drini and LAG Deshati have faced difficulties in securing funding.
5. Action taken	Both LAGs are struggling for fundraising and networking with other LAG-like initiatives. No measures have been taken to avoid overlapping although this may hamper the further development of the LAGs.
6. Results	Initiative on creating new LAGs (Deshati LAG) is awakening due to the future financial support from the IPARD component. Lack of prior planning would penalize both LAGs to benefits from the IPARD LEADER measure funding.
7. Lessons learned and conclusions	Donor coordination is essential in enabling a proper establishment and sustainable financing of these initiatives. GoA in general and MARDWA as a leading institution are expected to lead the process and foster the financing by accelerating the steps for design and implementation of the LEADER Promotion measures in the second stage of the implementation of IPARD II. The LAG creation should be consolidated geographically when possible. Any subsequent attempts to create LAGs should obtain information from the local and central institutions on the coverage of other LAGs already established in the same area of interest.
8. Contacts	LAG Drini: Web address: <a href="http://www.lag-al.net">www.lag-al.net</a> ; Tel. +355 021822796 Mobile: +355 (0) 692796311; E-mail: <a href="mailto:lagdrini@gmail.com">lagdrini@gmail.com</a> LAG Deshati: Website address: <a href="http://www.natyradiber.al">www.natyradiber.al</a> Tel. 0673840009; E-mail. <a href="mailto:mehmeti68@yahoo.com">mehmeti68@yahoo.com</a> ;

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

In the aftermath of being granted the status of the candidate country, Albania is attempting to embark on a rapid reform process of its agricultural policy to comply with the EU integration requirements. Local initiatives are part of the agricultural and rural development and require a visionary process in order to manage the complex policy and legal environment which would promote the implementation of LEADER-like initiatives. In order to establish a platform for the development of these initiatives, MARDWA is adopting the measures that outline the policy priorities compatible with the Inter-Sectoral Strategy on Agriculture and Rural Development (ISARD 2014-2020) interlinked with the country's EU integration strategy for 2014-2020. However, despite this, there are continuing gaps with regards to the legal framework to be established and the financing instruments to be implemented. Since the scheduled roadmap so far predicts a LEADER supported measure to be implemented after 2018, there is an emerging need to prepare the institutional ground for future absorption of funding and capacity building initiatives.

Donor contribution has attempted to apply the LEADER principles and the establishment of LAG-like structures for more than a decade. Previous initiatives on matching the public, private and civil sector interests to promote the LEADER Approach and animate LAG functioning have been developed. As a result, considerable human resources have been prepared and made functional on various initiatives such as local partnerships, territorial planning, participatory governance and accountable decision-making on investments. Development strategies and action plans at different levels such as at the local, sub-regional and regional level, including cross-border areas, and other different strategic documents for the development of the territory, have been drafted and are available. Local strategies, participatory planning and action plans has been drafted. Groups of communities and expanded partnerships have been empowered at the local, regional and inter-municipal level. However, the entire capacity building process and the institutional memory has not been sustainable, and this has challenged their functioning in continuity due to unstable funding.

There is challenge for MARDWA and other stakeholders in the area of rural development to keep ongoing initiatives vitalized, structured accordingly, and prompted for obtaining the pre-accession assistance to the agricultural sector in the framework of IPARD. The current financing schemes given from MARDWA or the unconditional funding given to LGUs do not provide any funding for local initiatives. A first step will be the design of a legal background and structured inter-institutional framework for the functioning of LAGs in accordance with the LEADER Approach.

### 4.2 Recommendations

There are various relevant recommendations to be considered when analysing the experience derived from the current situation and previous initiatives.

#### Recommendations for institutional set-up improvements

- *The Regional development agencies should continue to expand their role toward LAG promotion.* Local governments and regional development agencies have to prepare the ground for the creation of LAG by increasing information about the existing information on the documentation and capacities created. Pilot initiatives should be tested and models of successful tripartite endeavours should be replicated. Project sustainability should be ensured through the creation of partnership-based forums/local groups among development



stakeholders which vary from the creation and promotion of economic clusters; the creation of thematic forums to strengthen the existing LAGs or creation of new LAGs, or even the creation of associations of different profiles (forestry, small producers, etc.); In some areas of the country, such as the mountainous regions, the creation of LAGs may initiate relying on and enabling synergies with previous area-based development initiatives (for instance using or refreshing the 21 FORAs created by MADA). They can serve as the starting point for the creation of LAGs, but the process should be open to include engaged and dedicated people to local community issues and development.

- *There are no formal national or entity rural development networks formed by Ministries or financed with public sources. MARDWA, RDAs and LGUs should consult existing LAGs in the process of creation of an institutional framework related to the LEADER Approach. Focus should be given to the efforts made under the framework of ANRD in creating the rural development. The network is wider, and with the involvement of academia (Agricultural University of Tirana) feasible initiatives would be established.*

### Recommendations for policy improvements

- The *Law on Agriculture and Rural Development* has defined the measure “support for the development of local initiatives”. The implementation of the LEADER Approach is not formally regulated by a specific law - additional specifications are required for the legal status of the LAG and the fiscal treatment, especially the VAT regime covering the service provided by NPOs. As a substitute of the *Law on Agriculture and Rural Development* amendment which can emerge slowly, a decision of the Minister or annual rulebooks can speed up the regulatory framework and provide a proper legal base for the creation of local capacities on partnership, involvement and promoting absorption capacity, which can help to mobilize the local potential, promote public-private partnerships and co-operation. Legal specifications should be in line with the regulations provided by EU regulations consisting of 1305/2013 and EU 1303/2013.
- GoA in general and MARDWA as a leading institution are expected to lead the process and foster the financing by accelerating the steps for the design and implementation of the Leader Promotion measures in the second stage of the implementation of IPARD II. The IPARD agreement has determined the intensity of aid, the rate of contribution to the EU, the admissibility, and it has also determined the measure draft and accompanying activities. Both agreements (FA and IPARD) identifying the main legal and institutional criteria for the establishment and operation of the LAG have still not been defined, along with the duties and functions of the LAG and procedures and decision-making within the LAG. MARDWA has to create an inter-institutional working group to be in charge of the programming process, conduct an introductory training to the group, elaborate a draft capacity building programme to be implemented under the IPARD TA measure for potential LAGs, prepare draft ToRs for the selection of consultants to be engaged in the capacity building of LAGs and relevant local development strategies, and provide on-the-job-training on all of the above mentioned points to the sector for programming in the MA in order to consolidate their capacities for the strategic programming of this measure.
- Previous LAGs have proved financially unsustainable after the expiry of the donor funding. An initiative on creating new LAGs is awakening due to the future financial support from the IPARD component. Donor coordination is essential in enabling a proper establishment and sustainable financing of these initiatives. MARDWA should take the lead in informing and coordinating donors. Promotion of LAG by organizing round tables and continuing the communication with donors would facilitate the donor endeavours in this field.

### *Recommendations for empowering local stakeholders*

- LEADER type entities/organizations at local sub regional/regional level such as consortiums, clusters, associations etc. should take a leading role in establishing local partnerships for the future LAG-s in the local territories where they operate. Both LGUs and the business community are unprepared and uninformed about the LEADER instruments. The Regional Development Agencies have to create synergies with other local stakeholders to increase the awareness and promote the local initiatives. There is a need for transfer of good practices from the EU LEADER through capacity building in creating collective action, accountable entities, larger participation and skills for project cycle management.
- LAG creation should be consolidated geographically when possible. Local planning methodologies must be accumulated, studied and used in the creation of an easily accessible and comprehensive methodology for the purpose of drafting the LAGs' local strategies. Local development strategies of LAGs should be revised to comply with the EU recommended content for such strategies.

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MARDWA, (2016) (c), Report to European Union - Albania subcommittee meeting Agriculture and Fisheries for 2015

MARDWA, (2016), Report to European Union - Albania subcommittee meeting Agriculture and Fisheries for 2014

## Authorized documents / Reports

The following reports are part of the same project: EU IPA 2011 Project “Support to Agriculture and Rural Development” (SARD – IPARD), (Albanian Network for Rural Development, 2016):

1. (ANRD, 2016 (a)) Analysis of the legal framework and normative regulations for Local Action Groups.
2. (ANRD, 2016 (b)), Survey of the experience in LEADER Approach in Albania
3. (ANRD, 2016 (c). Survey on the current situation and gained experience with the LEADER Approach
4. (ANRD, 2016 (d)), Profiles of supporting organizations active in rural development and donor program.

## 5.2 Annex 2: Laws and regulations

### Laws and regulations

1. Law No. 9817, dated 22.10.2007 On Agriculture and Rural Development (Off. Gazette No. 148, November 6, 2007)
2. Law no. 139/2015 “On Local Self-Government” (Off. Gazette No. 249, Thursday, January 14, 2016)
3. Law no. 37/2015 dated 09.04.2015, the ratification of the Framework Agreement between the Republic of Albania, represented by the Council of Ministers of the Republic of Albania and the European Commission on the implementing rules of EU financial support for Albania in the framework of the Instrument for Pre-Accession assistance (IPA II) (Off. Gazette No. 66, Thursday, April 30, 2015) (referred to as “FA”).
4. Law no. 30/2016 dated 17.03.2016 “On ratification of the Agreement between the Republic of Albania sector, represented by the Council of Ministers of the Republic of Albania and the European Commission, which sets out the provisions of the management and implementation of EU financial assistance for the Republic of Albania, under the Instrument for Pre-Accession Assistance, in the area of “Agriculture and Rural Development” (IPARD) (Off. Gazette No. 51, Monday, April 4, 2016) (referred to as “IPARD”)
5. The law “On Local Self-Governance”. Available at [https://www.imolin.org/doc/amlid/Albania\\_Law%20No.%208788%20On%20Non-Profit%20Organizations.pdf](https://www.imolin.org/doc/amlid/Albania_Law%20No.%208788%20On%20Non-Profit%20Organizations.pdf) .
6. Law no.8789, “On the registration of non-profit organizations”. Available at <http://partnersalbania.org/wp-content/uploads/2016/02/NGO-Registration.8789.pdf> .
7. Law no. 37/2015 dated 09.04.2015, the ratification of the Framework Agreement between the Republic of Albania, represented by the Council of Ministers of the Republic of Albania and the European Commission on the implementing rules of EU financial support for Albania in the framework of the instrument for Pre-Accession assistance (IPA II) (Off. Gazette No. 66, Thursday, April 30, 2015) (referred to as “FA”).
8. Law no. 30/2016 dated 17.03.2016 “On ratification of the Agreement between the Republic of Albania sector, represented by the Council of Ministers of the Republic of Albania and the European Commission, which sets out the provisions of the management and implementation of EU financial assistance for the Republic of Albania, under the Instrument for Pre-Accession Assistance, in the area of “Agriculture and Rural Development” (IPARD) (Off. Gazette No. 51, Monday, April 4, 2016) (referred to as “IPARD”)
9. Law no.7850, date 29.07.1994 “Civil Code”, amended (Articles 39 - 53/1)
10. Law no.8788, date 07.05.2001 “On the non-profit organizations”, amended. The law establishes

the rules for the creation, organization and functioning of non-profit organizations that work on the public interest. Article 3 states "Non-profit organizations" means associations, foundations and centres, the activities of which are developed independently and without being influenced by the state.

11. Law no.8789, date 07.05.2001 "On the registration of non-profit organizations"
12. Law No. 9817, dated 22.10.2007 On Agriculture and Rural Development (Off. Gazette No. 148, November 6, 2007)

### **Decision of the Council of Ministers**

1. The Council of Ministers Decision no. 966, dated 12.02.2015 "On defining the functions, responsibilities and relationships between the authorities and indirect management structures of the European Union Assistance, the Instrument of Pre-Accession Assistance, IPARD II (2014-2020), the agricultural sector and rural development "(Off. Gazette No. 210, Wednesday, December 9, 2015
2. The Council of Ministers Decision no. 709, dated 29.10.2014 On approval of the Common Strategy for Agriculture and Rural Development 2014-2020 (Official Gazette No. 169, Wednesday, November 5, 2014) (referred to as "SNZHRB")
3. Indicative Strategic Document for Albania (2014-2020), adopted on 18.08.2014 (referred to as "Strategic Document")
4. The Council of Ministers Decision no. 74, dated 27.01.2016 On approval of the National Plan for European Integration 2016-2020 (Official Gazette No. 17, Tuesday, February 9, 2016 (referred to as "PKIE")
5. The Council of Ministers Decision no. 348, dated 11.05.2016 On approval of the National Strategy for Development and Integration 2015-2020 (Official Gazette No. 86, Wednesday, May 25, 2016) (referred to me as "NSDI")
6. The Council of Ministers Decision no. 691, dated 07.29.2015 On approval of the crosscutting strategy for decentralization and local government from 2015 to 2020 (Official Gazette No. 147, Thursday, August 13, 2015) (referred to as "Decentralization Strategy")
7. Rural Development Programme 2014-2020 under the Instrument for Pre-Accession Assistance

### **EU Regulations**

1. Regulation (EU) no. 231 / 2014 of the European Parliament and Council dated March 11, 2014, on the creation of the Instrument for Pre-Accession Assistance (IPA II) (GZ L 77, March 15, 2014)
2. Regulation (EU) no. 236/2014 of the European Parliament and Council dated March 11, 2014, which establishes common rules and procedures for the implementation of EU instruments for financing external action (GZ L 77, March 15, 2014)
3. Regulation (EU) no. 1305/2013 of the European Parliament and the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) no. 1698/2005
4. Commission Implementing Regulation (EU) no. 447/2014, on specific rules for implementing Regulation (EU) 231/2014, the European Parliament and the Council, for the creation of the Instrument for Pre-Accession Assistance (IPA II) (GZ L 132, May 3, 2014).

### 5.3 Annex 3: List of contacts

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# CHAPTER B.II

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Country report: Bosnia and Herzegovina,  
entity Federation of Bosnia and Herzegovina

Author: Mr. Sabahudin Bajramovic



# 1. INTRODUCTION

The LEADER Approach, as an EU concept of mobilizing and achieving rural development in the local rural communities in the Federation of BiH, has still not been recognized as such and in practice, it is in its inception stage in this part of BiH. Positive EU experiences in implementing the LEADER programme and involving local partners in the management of the future development of their areas are the reason for accepting this concept and striving to develop it as soon as possible. Even more so, because the Federation is largely (86.7%) a rural area with more than a half (53.3%) of the Federation population<sup>28</sup> living there. Unfortunately, the rural development policy in the Federation is still not an important part of its overall agricultural policy, which is reflected in its inconsistency, insufficient financial support, and in the neglecting of its development component. Of a similar, and even worse status is the LEADER initiative in this entity of BiH because it is still not an integral part of the rural policy.

Specifically, the Federation still does not have a strategic document dealing with the rural development policy and the LEADER Approach. Although the "Rural development programme for the Federation of BiH 2015–2020" was developed in 2014, it has still not been adopted and thus it does not have the legal dimension of acceptability. This programme gave an important place to the LEADER initiative and the establishment of local action groups (LAG) through three defined measures: (1) establishment and development of LAG partnerships, (2) gaining skills, mobilizing the population in the areas covered by LAGs to strengthen capacities, and mobilizing the selected LAGs, and (3) implementation of local development strategies for the work of the selected LAGs. The budget support cannot be disregarded; it ranges between 75,000 and 250,000 EUR annually.

The responsibility for the programming, implementation and funding of the rural development policy in the Federation rests with the Federation Ministry of Agriculture, Water Management and Forestry. In addition to this level, other competent bodies for agricultural and rural development policies are the relevant cantonal ministries (divisions). Unfortunately, these levels of government have not provided any significant financial support either to the LEADER initiative or to the establishment of LAGs.

The existing LAGs operating in the Federation are registered under the Law on Associations and Foundations of the Federation of BiH<sup>29</sup>. This law has recognized LAGs as a separate type of organizations, the founders of which are legal and natural persons entered in the registers instead of representatives of legal persons, which is most often the case when it comes to the registration of citizen associations. As for the regulatory framework, it should be pointed out that accreditation of LAGs is currently not possible in BiH/FBiH, i.e. there is no relevant body at any level of government that would enable LAG registration in separate registers as a basis for LAGs to exercise special rights.

LAG funding is one of the major problems facing the three registered LAGs in the Federation (LAG Una-Sana, LAG Dobojski Region, and LAG Drina). Most of the funds come from donor funds (international projects), and the rest consist of public funds from the partner municipalities and membership fees. Annual revenues vary from year to year, and a particular problem is the unstable municipal budget support that mostly ensures regular operation of the LAGs.

<sup>28</sup> Based on the 2013 population census data and the OECD criterion defining the rural areas (the population density below 150 inhabitants per km<sup>2</sup> at the local unit level), 86.37% (22,550 km<sup>2</sup>) of the Federation of Bosnia and Herzegovina (FBiH) territory with 53.31% (1,183,101) of the total population of this BiH entity is considered a rural area.

<sup>29</sup> Official Gazette of FBiH 45/02

UNDP and its project “Partnership for Local Development Projects – SUTRA” deserve the credit for establishing the LEADER initiative and introducing LAGs in BiH/FBiH. This project resulted in the establishment of the most active and most developed LAG – the LAG Una-Sana. Apart from it, two more LAGs operate in the Federation – LAG Dobož Region (covering a part of the Republic of Srpska) and LAG Drina. All three LAGs cover 9.36% of the Federation territory with 8.1% of its total population. This is another indicator of the underdevelopment of the LEADER initiative in this part of BiH.

## 2. LEADER ENVIRONMENT IN THE FEDERATION OF BOSNIA AND HERZEGOVINA

### 2.1 LEADER in the national strategic and programme documents

BiH still does not have a strategic document dealing with rural development policy and the LEADER Approach at the state level. Such a document is currently being developed (Strategic plan of rural development of BiH for the period 2018–2021), and if BiH wants to apply for IPA II programme funds, the document should be adopted at all its government levels by November 2017. Specifically, BiH still does not have access to IPARD funds because it must meet the previously mentioned requirement in addition to the already established coordination mechanism.

Neither does FBiH have a legally based (adopted by the Federation Parliament) strategic document on the rural development policy and the LEADER Approach. A rural development programme for the FBiH 2015–2020 was developed as early as in 2014, but it has not been adopted yet. This programme gave an important place to the LEADER initiative and establishment of LAGs. FMAWMF is committed to the development of the LEADER methodology on the entire territory of the Federation, the establishment of LAGs, and the creation of robust strategies of local development. This programme has defined three measures: (1) establishment and development of LAG partnership, (2) gaining skills, engagement of the population in the LAG areas in the capacity strengthening, and engagement of selected LAGs, and (3) Implementation of local development strategies for the work of selected LAGs. The indicative budget for implementation of the defined measures ranges between EUR 75,000 and 250,000 annually. There remains a hope that the programme will be adopted as soon as possible as a legal framework for implementation of well-defined measures of the LEADER initiative in this BiH entity.

The complexity of the state of BiH is also reflected in considerable cantonal competences in the FBiH. As for rural development policy and the LEADER initiative at the cantonal level, still none of the cantons have dealt with this problem area strategically.

Strategic documents on local development are important for the LEADER initiative and for the involvement of municipalities into public-private partnership. Unfortunately, there are no strategic documents at the federal level. The “Strategic plan for local self-government in BiH,” based on the principles of the European Charter of Local Self-Government, valid for the period 2006–2012 was the base for action in the Federation.

### 2.2 Institutional and Legal Settings

The entities and the Brčko District, i.e. their competent ministries (divisions) for agriculture, water management, and forestry are in charge of the development, funding and implementation of the

agricultural policy and rural development policy in BiH. The state ministry competent for the sector of agriculture and rural development is the Ministry of Foreign Trade and Economic Relations (MOFTER), i.e. its Division for the Sector of Agriculture, Food and Rural Development, with the main task of coordinating the above policies. The LEADER initiative and the LEADER Approach as part of the rural development policy in BiH, i.e. FBiH, still do not have a legal framework clearly defining them for their numerous specificities as regulated in the EU countries.

Responsibility for programming, implementation and funding of the rural development policy in the FBiH rests with the competent Federation Ministry of Agriculture, Water Management and Forestry. In addition to this level, other bodies competent for agricultural and rural development policies are the relevant cantonal ministries (divisions). Unfortunately, these levels of government have not provided any significant financial support either to the LEADER initiative or to the establishment of LAGs. The existing three LAGs are solely the result of local initiatives and support of international donor institutions.

There is no publicly funded formal network in BiH at the state and/or entity level, but there is a civil society organization "Rural development network in BiH" to which a considerable establishment contribution was provided by LAG Una-Sana and the European LEADER Association for Rural Development (ELARD), among others. With their activities related to the FBiH, LAG Una-Sana and LAG Doboje Region are members of the network that is a member of the Balkan Rural Development Network (BRDN), Partnership for Rural Europe (PREPARE), and European LEADER Association for Rural Development (ELARD) networks.

The existing LAGs operating in the FBiH are registered under the Law on Associations and Foundations of the Federation of BiH (Official Gazette of the FBiH 45/02)<sup>30</sup>. Unlike the state-level law<sup>31</sup>, this law provides for the registration of associations by the founders identified as municipalities, towns, and other state institutions. After the registration as an association at the Federation level, LAGs should be recognized as a separate type of organizations, the founders of which are legal and natural persons entered in the registers rather than representatives of legal persons, which is mostly the case with the registration of citizen associations. This problem can be solved only through the accreditation of LAGs by a competent institution. For now, this is not possible in BiH/FBiH, i.e. there is still there no body at any level of a government in BiH that could enable a smooth accreditation of LAGs and their registration in separate LAG registers as a basis for LAGs to exercise the special rights reserved only for accredited LAGs.

The current Law on Local Self-government Principles in the Federation of BiH (Official Gazette of FBiH 49/06 and 81/09) provides for, among other things, the forms of co-operation among the self-government units and a possibility to establish co-operation with other units in performing activities of common interest.

Currently there are three LAGs in the FBiH: LAG Una Sana, LAG Drina, and LAG Doboje Region part of which is in the RS. For the time being, there is only one initiative for LAG Blidinje (territories of the municipalities Tomislavgrad and Posusje). LAG Una-Sana is the oldest Local Action Group (established in 2008) in the FBiH and covers three municipalities: Sanski Most, Bosanska Krupa, and Buzim. LAG Drina is a Local Action Group that covers the territory of the Bosnian Podrinje Canton, i.e. three municipalities in the canton: Gorazde, Pale-Praca, and Foca-Ustikolina. The third

<sup>30</sup> Source: *LEADER and local development under the community leadership in Bosnia and Herzegovina (2015)*

<sup>31</sup> The existing state legislation is not in favor of LAGs because the Law on Associations and Foundations of BiH prohibits State, Entity, Canton, Town, Municipality, town sections or other government authorities from establishing a LAG.

LAG in the Doboj Region is a mixed, inter-entity LAG covering the territory of the municipalities Maglaj and Gracanica from the FBiH and Doboj from RS.

LAG Una-Sana and LAG Doboj Region are registered under the state Law on Associations and Foundations, while LAG Drina is established under the relevant cantonal law.

**Table B. II. 1: LAGs area and population number according to the 2013 census**

Name of LAG	Area of LAG (km <sup>2</sup> )	Population in the LAG area	Municipalities
Una-Sana	1.471	86,360	Sanski Most, Bosanska Krupa, Buzim
Drina	504,6	23,734	Goražde, Pale-Praca, Foca-Ustikolina
Doboj Region (part in FBiH)	1,116 (468 in the FBiH)	136.880 (68,366 in the FBiH)	Doboj (RS) Maglaj (FBiH) Gracanica (FBiH)

**Note:** Population number according to the 2013 census

The LAGs cover 2,443.6 km<sup>2</sup>, i.e. 9.36% of the Federation territory with population of 178,460, i.e. 8.04% of the total population in this BiH entity. Out of a total of 79 municipalities (towns) in the FBiH, only 8 local communities have an actual LAG initiative.

## 2.3 Funding

According to the APM database for BiH (FBiH) of the SWG JRC project (2016)<sup>32</sup>, there was no support to the LEADER initiative and the work of LAGs in the FBiH from the entity and cantonal levels in the period 2006–2015.

As was already mentioned, there is still no official strategic plan in the FBiH to implement the rural development policy. The current Plan of Rural Development of the FBiH (still not adopted) envisages an implementation budget for the defined LEADER initiative measures between EUR 75,000 and 250,000 annually, 25-33% of which accounts for the implementation of the sub measure “Gaining skills, activation of the population of rural areas and establishment of LAGs,” and 67-75% for the sub measure “Covering the running costs for the management of selected LAGs and the implementation of LDS (local development strategies)” since 2017.

According to the MOFTER reports on the work of LAGs in the FBiH, the most important funding sources in this BiH entity are the donor funds, public funds, and membership fees. All of these vary from year to year and from one LAG to another. In 2015, LAG Una-Sana had total revenues of EUR 122,000, 15% of which were public funds, and the remaining 85% were donor funds. LAG Doboj Region did not have any donor funds in 2015, and it was funded only from the legal persons’ membership fees (EUR 15,000).

One of the major problems that the existing LAGs in the FBiH face is the inability to raise funds for development projects from foreign donors because they cannot provide co-funding. Sometimes, because of the modest available resources, local communities are not able to co-fund large infrastructural projects, so such assistance should be sought through involvement of other actors, such as entity/cantonal competent ministries.

<sup>32</sup> Source: JRC SWG Project (2016) - National Policy Instruments and EU Approximation Process: Effects on Farm Holdings in the Western Balkan Countries - Part: Bosnia and Herzegovina: Agricultural Policy Development and Assessment

Although much fewer than earlier, there are still many international organizations (USDA, SIDA, CARITAS, GIZ) in the FBiH (BiH) that fund development projects and rural development projects. The existing LAGs can find their place there.

### 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

UNDP and its project "Partnership for Local Development Projects – SUTRA" deserve the credit for the pioneering steps and the establishment of the first local action groups (LAG) in BiH. Namely, UNDP's supported returnees through the LAGs by involving the municipalities, NGOs, and the business sector with co-operation based on a partnership and clear responsibilities among the partners. No clearly defined LEADER principles were used for establishing such LAGs, but for the first time a partnership between the public, private, and civil sectors was applied, which is why the project is believed to have made the first steps toward establishing LAGs in BiH. Although the project envisaged establishment of a larger number of LAGs, only two have been established in the FBiH after its implementation: LAG Una-Sana and LAG Doboj Region (part of which is in the RS).

Assistance to the BiH institutions relating to the introduction of LEADER as an innovative approach in creating the rural development policy, i.e. in the development of LAGs and under the EU standards, came through the IPA project "Capacity building for the programming of rural development in BiH (3P-BHRD)". The project-related activities were intended to strengthen the capacities of the project beneficiaries. A particularity of the project was reflected in, among other things, the training the LEADER/LAG trainers. The trainers attended lectures on the LEADER methodology, LAG principles in the EU countries, project cycle management, best practice examples, and had practical exercises.

The 3P-BHRD project and the creation of the document "Guidelines for introducing the LEADER programme in Bosnia and Herzegovina" should have had an important role in introducing the LEADER Approach in the rural development policy in BiH and the FBiH, i.e. giving importance to the existence of LAGs. The guidelines were supposed to give a basis for development, work, and accreditation of LAGs in BiH under the EU standards. Their goal was to encourage establishment of local partnerships, i.e. LAGs, in rural areas under the principle of co-operation between individuals, and the public, private, and NGO sectors. The guidelines set a frame for establishment and work of LAGs and presented the main principles of the LEADER initiative, rules and recommendations for establishing LAGs and their operations. Unfortunately, because of the lack of political will, the guidelines never became topical.

Three LAGs operate in the FBiH: LAG Una-Sana, LAG Doboj Region, and LAG Drina. LAG Una-Sana is the oldest one in the FBiH and at the same time the most active LAG that has implemented a large number of projects thus far. Because of these characteristics, below follows more about this LAG's status characteristics, administrative structure, financial aspects, and projects implemented as best practice examples.

LAG Una-Sana was established as a result of the UNDP project "Partnership for Local Development Projects – SUTRA." As a non-partisan and non-profit organization with the aim of strengthening partnership in rural development, LAG Una-Sana was registered as a citizen association based in Sanski Most with the Ministry of Justice of BiH in 2008. It was established under the LEADER initiative principles and through involvement of the public and private sectors, and civil society. The founders are three municipalities (Sanski Most, Bosanska Krupa, and Buzim) as the public sector representatives, three associations as the civil society representatives (the Association "Local Development Center" Sanski Most; the Association for Building and Development of Local Capacities – BK 2001, Bosanska Krupa, and the Youth Association Buzim), three business entities

and two natural persons. The persons responsible for the work of this LAG are the President of the Assembly, the President of the Management Board, and the Executive Director/Manager.

According to the MOFTER<sup>33</sup> data, the total number of this LAG's assembly is 13, 10 of whom are men, 1 woman and 2 young people; no persons with disabilities.

Although based on the LEADER principles, LAG Una-Sana, like other LAGs in FBiH/BiH, does not have the opportunity to use LEADER funds because such options are still not available. Specifically, because of the failure to meet the requirements, BiH is still unable to access IPARD funds, and thus the funds for the LEADER initiative.

The work of LAG Una-Sana is made possible owing to the public funds from the three founding municipalities – Sanski Most, Bosanska Krupa, and Buzim – and, above all, donor funds. The funds from the membership fees and business entities are missing. According to the MOFTER reports on the work of LAGs in BiH, LAG Una-Sana had total revenues of EUR 122,300 in 2015, 15% (EUR 18,500) of which comes from the founding municipalities, and the remaining 85% (EUR 103,800) are donor funds. Similar amounts and ratios occurred in 2012 and 2013. Annual expenditures of this LAG for utility costs, administrative costs, travel costs, and salary costs are on average EUR 20-25,000.

This LAG has an equipped office in Sanski Most with a resource centre. It also uses the premises of the Center for Rural Development, which has a functional training room, and two premises of the tourist info-centres in Sanski Most and Bosanska Krupa.

LAG Una-Sana is known for its educational activities. Many workshops in various fields have been organized, among which the sector of tourism and agriculture stands out. Also, the LAG has created a lot of promotional material, all in the context of development of the local communities and the area it represents.

Since its establishment, LAG Una-Sana has implemented a large number of projects. As for strategic documents, the LAG has created the “Strategy of rural development for the region Una-Sana for the period 2011–2016”, covering the territories of the three municipalities – Sanski Most, Bosanska Krupa, and Buzim – and has participated in the creation of a development strategy for rural tourism “Region without borders”. This was within an IPA cross-border co-operation project (2013–2015) for three municipalities in BiH (Sanski Most, Bosanska Krupa, and Buzim) and four in Croatia (Topusko, Vojnic, Gvozd, and Barlovic).

Here are only some of the other project activities carried out by LAG Una-Sana:

- “Energy efficiency – Outpatient Clinic ‘Bosanska Krupa’”, project goal: Construction of thermal facade on the clinic building, year of implementation: 2012, project value: EUR 43,000, Investors: MDG-F, Ministry of Health in the Una-Sana Canton, Municipality of Bosanska Krupa.
- “Energy efficiency - building of the former Public Health Institute in Bihac”, project goal: Construction of a pellet central heating system, year of implementation: 2012, project value: EUR 45,000, Investors: MDG-F, Bihac Municipality.
- “Reviving of cross-border partnerships through rural development”, project goal: Development of tourist services in the cross-border region of Croatia and BiH, years of implementation: 2011 and 2012, project value: EUR 85,000, Investor: EC IPA cross-border co-operation.

<sup>33</sup> This ministry produces annual reports on the work of local action groups.

- *"Popularization of the Bosnian village as a tourist destination"*, project goal: Development of tourist services through the popularization of a typical countryside environment, year of implementation: 2014, project value: EUR 18,000, Investors: Federation Ministry of Environmental Protection and Tourism, municipalities Sanski Most, Bosanska Krupa, and Buzim.
- *"ACORD"*, project goal: Establishing a network for rural development of BiH, years of implementation; 2013 and 2014, project value: EUR 249,400, Investor: EC – Civil Society Facility Programme.
- *"Rehabilitation of the fort Stari grad Bosanska Krupa"*, project goal: Rehabilitation of the fort and construction of necessary facilities for the purpose of strengthening tourist services, year of implementation: 2013, project value: EUR 30,000, Investors: ICEI Italy, Municipality Bosanska Krupa.
- *"Establishment of a daily care center for children with disabilities"*, project goal: Strengthening capacities of the Association of Children with Disabilities. Creative workshops. Implementation period 2013–2014. Project value: EUR 25,000. Investor: EC.
- *"Women entrepreneurship in rural tourism"*, project goal: Encouraging women's entrepreneurship in souvenir making in traditional crafts. Year of implementation: 2013. Project value: EUR 32,000. Investor: LG FBiH.
- *"Women in rural development"*, project goal: Encouraging women's entrepreneurship through fostering greenhouse vegetable production. Implementation period 2013–2014. Project value: USD 25,000. Investor: U.S. Embassy.

**Table B. II. 2: Case study 1**

1. Title and author	<b>Funding the operation of LAGs as a factor of human capital mobility – Case study LAG Una-Sana</b>
2. Executive summary	<p>Municipalities Bosanska Krupa, Sanski Most, and Buzim – some of the founders of the LAG Una-Sana do not pay the funds in accordance with the agreed schedule and in the agreed amount, which brings the functioning of the LAG into question and puts it in quite an unfavourable position. The “Rural development plan for the Federation of BiH” that envisaged certain funds for co-funding of the LAG operations in the Federation has still not been adopted by the Federation Parliament, and thus it is still not enforceable. The lack of necessary funds, for the reasons above, has led to the freezing the LAG’s bank account, which interrupted its further work that had been successful by then. The constant worry and the need for a continuous “pressure” on the municipal authorities with regards to the funding – which is the most important part from the perspective of the LAG’s sustainability (for the utility and personnel costs and co-funding of some projects) – leads to a gradual loss of the necessary enthusiasm among the LAG leaders. This culminated in the LAG Director’s resignation in April 2017. Since the LAG was recognizable among other things by its human capital (the director), the continuation of operations is debatable.</p>
3. Community data	<p>The Municipalities of Bosanska Krupa, Sanski Most, and Buzim are part of the Una-Sana Canton and are located in a rural area of the Federation of BiH. Their main characteristics are a high rate of unemployment and a considerable share of poor population.</p>
4. The challenge	<p>The LAG Una-Sana is a result of the associating/partnering of representatives of the public sector (municipalities Bosanska Krupa, Sanski Most, and Buzim), the private, and the NGO sector, and is based on mutual trust and understanding. Such partnership should draw on their knowledge, skills and resources and joint lobbying among the higher levels of government and local international funds with a view to developing cantonal rural areas. The LAG Una-Sana is facing numerous tasks/challenges: development of local/inter municipal rural development strategies; development and implementation of specific projects in the field; promotion of a “new” rural development concept and the principles of public-private companies; finding additional funds to co-fund the above-mentioned and similar activities; organizing educational events, professional seminars and workshops; and expanding the network and co-operation with similar organizations within and outside of BiH.</p> <p>One of the major challenges the LAG is facing is the funding of the above activities. This should be secured through public municipal funds of the founders, membership fees, funds from business entities, and through local and international projects (donor funds).</p>



<p>5. Action taken</p>	<p>Implementation of numerous projects, where the ones that stand out were in the fields of development of strategic programs, training and education, environmental protection, cultural heritage protection, development, gender sensitivity promotion.</p> <p>Most of the project activities resulted from the donor funds, while the public funds from the founding municipalities were mainly used for the regular LAG functioning. Unfortunately, as a result of the general economic crisis in the country (thus also in the municipalities), this form of funding has been decreasing over the past years as some of the municipalities have not fulfilled their obligations (Buzim none at all, Sanski Most partially), which has brought the LAG operations into the question. As a direct consequence of such a situation, some of the key and recognizable people have left (LAG-a Una-Sana director).</p>
<p>6. Results</p>	<p>The LAG Una-Sana has implemented numerous projects and has become a recognizable LAG in the Federation and throughout BiH. This recognizable image is largely the result of the work of the LAG members, particularly the former director who in a way created the LAG's image.</p> <p>Further LAG operations have been interrupted due to the account freeze because of the financial problems discussed above. Furthermore, this has prevented the organization from signing an already agreed project funded by the Swiss government because the LAG would have to spend some of the first portion of the deposited project funds on earlier unpaid taxes and contributions, which certainly did not qualify as an acceptable project cost. A chronic lack of public funds from the founding municipalities for the uninterrupted functioning of the LAG and the need for constant lobbying and pressuring the government to provide the already envisaged (budget) funds has led to an uncertain position of the people involved in the LAG's work. The culmination of these events was the resignation of the LAG director, resulting in a loss of all the experience, knowledge and skills the director had gained during his work in LAG, and the loss of the organizational image that the LAG certainly had with the director. This is particularly important for the further market competition in the field of local and international projects.</p>
<p>7. Lessons learned and conclusions</p>	<p>Irregular funding of the LAG Una-Sana and the lack of a financial framework for its regular functioning (personnel and utility costs) mainly secured from the municipal budgets, i.e. the public sector, could jeopardize the LAG's work and its existence in general. Regardless of the project activities and the donor funds that are a result of the market conditions, the LAG's smooth functioning needs pre-defined budget funds. Despite the success of the LAG's work, its establishment and recognisability, the absence of a clear financial framework could be a reason for the key people leaving (human capital mobility), which makes the LAG's further work debatable.</p>
<p>8. Contacts</p>	<p>LAG Una-Sana, Trg oslobodilaca bb, 79260 Sanski Most, Bosna i Hercegovina, tel. + 387 61 815 293, <a href="http://www.lag.ba">www.lag.ba</a></p>

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

The following conclusions can be drawn based on everything presented in this report:

- The LEADER programme has not been implemented yet in the FBiH. The current rural development policy in the FBiH does not financially support this initiative, and the establishment of new and strengthening of the existing LAGs within it.
- The “Rural development plan for the FBiH 2015–2020” envisaged the LEADER initiative and support to LAGs. Unfortunately, the plan is still not legally valid because it has not been adopted in the Parliament and so it does not serve to plan rural development measures, including the support measures to the LEADER program.
- The Federation of BiH lacks a strategic document dealing with local self-government development as a very important document for the development of the LEADER initiative in this BiH entity.
- Currently three LAGs operate in the FBiH: LAG Una-Sana, LAG Drina, and LAG Doboje Region (with Federation municipalities Maglaj and Gracanica). Their functioning is individual and with different levels of success as measured by project activities. The most active LAG is LAG Una-Sana, while LAG Drina is practically on the brink of collapse.
- Legislation in the FBiH has provided for the registration of LAGs through the Law on Associations and Foundations, so LAGs in the FBiH are registered as citizen associations.
- There is nobody at any level of government in BiH that would enable smooth accreditation of LAGs and their registration in separate LAG registers as a basis for LAGs to exercise special rights reserved only for accredited LAGs.
- LAGs in the FBiH constantly face the funding problem because of inconsistent support from the public sector, a considerable dependence on donor funds and related implementation of international projects. The example of LAG Una-Sana shows that the funding of LAGs in the FBiH mostly depends on donor funds. A smaller portion of the total LAG revenues comes from the public sector (municipalities), while funding by the business sector is almost non-existent.
- Networking and connection as one of the LEADER principles is at a very low level in the existing LAGs in the FBiH. It is necessary to strengthen the co-operation among the LAGs in BiH and also with the LAGs from the region (Western Balkans) and beyond, with the LAGs in the EU countries.
- The lack of political will is the main reason why BiH still does not have access to IPARD funds and, within them, funds for improvement of the LEADER initiative. The progress made in establishing the coordination mechanism and the rural development plan at the state level, currently in development, looks promising for BiH to become a beneficiary of these important sources of funding for rural development from the following year.

### 4.2 Recommendations

More important recommendations on improvement of the LEADER initiative and LAG position in the FBiH are the following:

#### Recommendations for institutional set-up improvements

- Rural and regional development needs to be intensified through the networking of all actors in the wider area of the FBiH/BiH along with the strengthening of LAGs as important links in

this process.

- The interest and importance of the role of the higher levels of government (FMAWMMF, the cantonal ministries competent for rural development) needs to increase along with active presence in the spreading of the LEADER initiative.
- Activities to finalize the already started development of the document “Guidelines for introduction of the LEADER initiative in BiH” should begin as soon as possible, as this is an important document that will help promote the LEADER initiative and accelerate the establishment of new LAGs in the FBiH/BiH.

#### Recommendations for policy improvements

- The “Rural development plan for the FBiH (2015-2020)” in which the LEADER initiative and the role of LAGs are clearly defined and receive considerable budget support should be adopted as soon as possible.
- A strategy of local self-government development for the Federation of BiH, based on the principles of the European Charter of Local Self-Government, should be created as soon as possible, envisaging clear positions for public-private partnerships and, generally, the LEADER initiative.
- While developing the budget for rural development at the entity and cantonal levels, the funds for helping to establish new and sustain the existing LAGs should be envisaged. This level of government should secure constant funding for the permanent functioning of LAGs, at least on a basic/sustainable level.

#### Recommendations fo empowering local stakeholders

- Since the basis for existence and operation of the LAGs is a tripartite partnership of the public, business, and non-governmental sectors, the current LAGs in the FBiH should be more engaged in motivating actors from all three sectors at the local level.
- It is necessary to continue working on the capacity building in the FBiH in the context of the LEADER initiative and information exchange with the EU countries as much as possible.
- The Rural Development Network in BiH has been established without a clear formulation of the role of the rural development subjects and without visibility, so it is necessary to improve the network operations as soon as possible. Numerous experiences, including those from the LEADER initiative and LAGs’ work in BiH, have to be visible and transparent.

## 5. ANNEXES

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### 5.2 Annex 2: List of Contactss

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# CHAPTER B.III

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Territory report: Republic of Srpska, Bosnia and Herzegovina

Author: Mr. Dragan Brković

# 1. INTRODUCTION

The implementation of agricultural and rural development policy in Bosnia and Herzegovina is on level of entities (the Republic of Srpska and the Federation of Bosnia and Herzegovina) and the Brčko District. In accordance with this, the Ministry of Agriculture, Forestry and Water Management of the Republic of Srpska (MAFWMRS) is in charge of the implementation of the LEADER Approach on the territory of the Republic of Srpska. This report will present the current situation regarding the LEADER implementation on the territory of the Republic of Srpska. In particular, it will present the presence of LEADER in the strategic and programme documents, with measures that should be available to the Local Action Groups (LAGs) functioning in accordance with the LEADER principles. Other strategic documents that are important for rural territories, but rarely used by LAGs and in their local development strategies will also be mentioned.

Apart from MAFWMRS there are also other institutions responsible for support to rural development and creation of legal settings. Those institutions and their roles and responsibilities will be presented in the institutional and legal part of this report. Sustainable funding is the biggest problem in the functioning of LAGs on LEADER principles and this has been analysed and pointed out.

In order to give an overview of the situation, conclusions and recommendations for implementation of LEADER on the territory of the Republic of Srpska it was necessary to present previous and existing initiatives. One of these initiatives is presented through a case study. Those initiatives provide valuable experience for other LEADER initiatives in BiH and the other Western Balkan countries in order to avoid the same mistakes and to make use of the good practices in order to achieve sustainable functioning.

## 2. LEADER ENVIRONMENT IN THE REPUBLIC OF SRPSKA

### 2.1 LEADER in the national strategic and programme documents

At the moment, the strategic approach to agriculture and rural development is defined at the level of entities (the Republic of Srpska - RS and the Federation of Bosnia and Herzegovina - FBiH) and the Brčko District (BD). Countrywide, the strategic plan for rural development in Bosnia and Herzegovina is in a process of preparation. Article 68 from the Constitution of the Republic of Srpska stipulates that the Republic of Srpska regulates and ensures the basic goals and directions of the economic, scientific, technological, demographic and social development, development of agriculture and rural areas, use of space, policies and measures to guide the development. In accordance with the Constitution of RS for the territory of Republic of Srpska in the period from 2009 until 2015, the strategic approach was determined by the Strategic plan for Rural Development<sup>34</sup>. This plan was followed by the Strategic Plan for Development of Agriculture and the Rural Areas of Republic of Srpska in the period from 2016 till 2020<sup>35</sup>. Bosnia and Herzegovina and its entities do not have country regulations and laws defining rural areas, towns and villages both administratively and in relation to the implementation of the rural development policy and the LEADER Approach as a part of it.

<sup>34</sup> Government of RS (2009)

<sup>35</sup> Government of RS (2015)

Strategic support to rural development is organized at level of entities (RS and FBiH) and BD. The Strategic plan for development of Agriculture and Rural Areas of the Republic of Srpska has 6 strategic objectives: 1. Increasing the volume and productivity of agricultural production and ensuring the stability of the income of farmers; 2. Enhancing the competitiveness of the agricultural sector by increasing the amount of investments; 3. Increasing the marketability and finalization of the agricultural production; 4. Sustainable management of the natural resources and mitigation of climate changes; 5. A balanced integrated rural development; 6. System to support the development of the agricultural sector and rural areas. Support at the territory of Republic of Srpska is provided based on an annual rulebook for support of agriculture and rural development, which is drafted in accordance with the measures set in the Strategic plan for development of Agriculture and Rural Areas of the Republic of Srpska for the period 2016-2020.

The Strategic plan for development of Agriculture and Rural Areas of the Republic of Srpska for the period 2016-2020 creates possibility to support the LEADER with measures to support the implementation of LEADER through LAGs in rural areas and measures to stimulate the creation of local development strategies.

Other strategic documents do not mention LEADER and LAGs directly, but they provide guidance for balanced development of different regions and sectors within the economy of the Republic of Srpska. The active strategic and programme documents that are important for rural development include: Strategy for development of small and medium enterprises of RS in the period from 2016 to 2020<sup>36</sup>, Strategy for environmental protection of RS<sup>37</sup>, Strategy for development of the industry of RS in the period from 2016 to 2020<sup>38</sup>, Spacious plan of the Republic of Srpska to 2025<sup>39</sup>, Study on the conservation of old crafts in the RS<sup>40</sup>. Unfortunately, LAGs have not integrated parts of these strategic documents in their local development strategies and rarely make use of those documents in their programme and project planning.

## 2.2 Institutional and Legal Settings

At the country level, Bosnia and Herzegovina has the Ministry of Foreign Trade and Economic Relations (MOFTER) and its Sector for Agriculture, Food and Rural Development which have responsibilities to coordinate the agricultural and rural development policy. MAFWMRS has the responsibility to create, finance and implement agricultural and rural development policies on the territory of the Republic of Srpska. The implementation of the LEADER Approach is not formally regulated by any law or legislation at any government level of Bosnia and Herzegovina.

MAFWMRS is the institution responsible for programming, implementation and funding of the rural development policy on the territory of RS. The Paying Agency is the executive agency of MAFWMRS responsible for financial management of rural development public funds. The Paying Agency is supervised by MAFWMRS in the same way as it should be done in IPARD by the Managing Authority. The monitoring of activities funded through funds for agriculture and rural development is carried out by the Paying Agency and MAFWMRS but considering that starting from 2013 onwards there has been no funding for measures aiming at implementation of the LEADER, there has not been any

<sup>36</sup> Government of RS (2016a)

<sup>37</sup> Government of RS (2011)

<sup>38</sup> Government of RS (2016b)

<sup>39</sup> Ministry of physical planning, civil engineering and ecology (2013)

<sup>40</sup> Ministry of industry, energy and mining (2011)



monitoring of LAGs and their activities since 2013.

There are no legal documents that set up procedures for registration of LAGs or differentiate LAGs from any other type of association, so the registered LAGs have a self-proclaimed name of "Local Action Group" as part of their official name. Current LAGs are registered as associations, in accordance with the Law on Associations and Foundations of the Republic of Srpska<sup>41</sup> adopted in 2001 by the Parliament of the Republic of Srpska or the Law on Associations and Foundations of Bosnia and Herzegovina<sup>42</sup> also adopted in 2001 by the Parliament of Bosnia and Herzegovina. This type of associations named Local Action Groups cover 7.706 km<sup>2</sup> or 27.61% of the territory of the Republic of Srpska and have 435.660 inhabitants, or 37.23 % of the population. In total 16 out of 62 municipalities in the Republic of Srpska are covered with LAG initiatives<sup>43</sup>. There is no legislation which stipulates that the work of those LAGs should be in accordance with the LEADER principles, so we can say that they are functioning as development organizations covering a certain area.

There are no formal national or entity rural development networks formed by Ministries or financed by public sources, but there is the civil society Rural Development Network in Bosnia and Herzegovina. LAG Devetak, LAG Savus and LAG Regije Doboje, active on the territory of the Republic of Srpska, are members of the Rural Development Network in Bosnia and Herzegovina which is a member of the Balkan Rural Development Network (BRDN), Partnership for Rural Europe (PREPARE) and the European LEADER association for Rural Development (ELARD) networks. There are many associations and cooperatives registered at the territory of Republic of Srpska, active in rural development with the aim to improve the quality of life in the rural areas of RS. Due to the lack of funding and human resources, those associations and cooperatives have limited operational capacities.

After the overview of the institutions important for the implementation of the LEADER it is important to give a short overview of the laws setting the rural development policy at the territory of the Republic of Srpska. At a country level, Bosnia and Herzegovina implements the Law on Agriculture, Food and Rural Development of Bosnia and Herzegovina<sup>44</sup> adopted by the country Parliament in 2008. This Law stipulates the institutional responsibilities related to the agricultural and rural development policy but does not deal with anything related to the LEADER implementation. The Law on Agriculture of the Republic of Srpska, adopted in 2006, is also valid on the territory of the Republic of Srpska<sup>45</sup>. The Law on Agriculture of RS sets the framework for agricultural and rural development policy at entity level but does not mention anything related to LEADER implementation. At the moment, MAFWMRS is preparing a new Law on Agriculture of Republic of Srpska. A part of this law should be on associations and there is a possibility to note the conditions for establishment and accreditation of LAGs.

## 2.3 Funding

MAFWMRS introduced the LEADER Approach with a Strategic plan for rural development of the Republic of Srpska for the period from 2009 to 2015<sup>46</sup> and proposed measures for implementation of the LEADER. This measure contributed to Strategic goal 3. Improvement of the quality of life and

<sup>41</sup> Official Gazette of RS No. 52 (2001)

<sup>42</sup> Official Gazette of BiH No. 32 (2001)

<sup>43</sup> More details about the LAG area, population and municipalities in Annex 3: LAG area and population

<sup>44</sup> Official Gazette of BiH No. 50 (2008)

<sup>45</sup> Official Gazette of RS No. 70 (2006) Law on Agriculture of Republic of Srpska

<sup>46</sup> Government of RS (2009) Strategic plan for Rural Development in the period from 2009 to 2015

diversification of income in rural economy; and specific goal 3.7. Support to local initiatives for rural development. The measure proposed for LAG funding is 3.7.1. Support in the development and implementation of local development strategies.

In accordance with this measure, over the course of two years (2011-2012) MAFWMRS was giving support to LAGs through the Annual rulebook on support for the development of agriculture and rural areas<sup>47</sup>. The access to this support was exclusive to LAGs and LAG initiatives which were implementing projects for development of rural areas. LAGs had to submit an application to the Paying Agency together with their registration, programme for development of agriculture and rural area, and contract for project implementation or invoice for purchase of materials and equipment. It was possible to receive support per programme or project of up to 20.000 BAM. A total of 5 projects were funded from this measure amounting to 40,426 BAM in total (data received in an interview with a representative of MAFWMRS). Due to the lack of public funds, the support for LAGs was cut from the Annual rulebooks since 2013 to date. We can say that this was the only public support through measures for LEADER Approach since 2010 in Republic of Srpska.

Another funding for the LEADER Approach was part of the Project “Strengthening the BiH Rural Development Programming Capacities – 3P-BHRD” which was financed by the European Union in an amount of 1 million EUR, through the IPA 2007 programme. This project increased the agriculture and rural development programming and the payment capacities which included pilot-schemes for development of local partnerships. Project staff was assisting people in developing, registering and planning activities, with the aim to have at least three LAGs by the end of 2010.

MAFWMRS kept measures supporting the LEADER Approach in the Strategic Plan for Development of Agriculture and Rural Areas for the period from 2016 till 2020. There are measures that contribute to Strategic goal 5. Integrated rural development contributing to balanced development; and specific goal 5.5. Support to local initiatives for rural development; and include measure 5.5.2. Support for Local Action Groups in rural areas, and measure 5.5.3. Support for the creation of local development strategies. Although those measures – 552 and 553 – exist in the Strategic Plan, they have not been used in the Annual rulebooks on support for the development of agriculture and rural areas in 2016 and 2017. Other Ministries within the Government of the Republic of Srpska do not provide support for the implementation of the LEADER Approach.

Access to IPARD sources is still uncertain for Bosnia and Herzegovina and it cannot be envisaged when and in which amount these funds will be available to LAGs in BiH.

A large number of donor organizations that support rural development projects operate on the territory of Bosnia and Herzegovina. There are several foundations and private companies at the local and national level supporting development projects. Most embassies publish public calls in accordance with the development assistance programs of their respective countries. In addition, there is a number of international development agencies that provide assistance to civil society organizations in BiH. These funds do not exclusively target LAGs or implementation in accordance with the LEADER Approach, so we cannot assume that these funds are going to be used for the implementation of LEADER.

<sup>47</sup> Official Gazette of RS No. 25 (2011) and Official Gazette of Rs No. 18 (2012)

### 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

In the period between April 2003 and December 2007, UNDP implemented the project “Partnership for Local Development Projects (SUTRA)”. The project aimed for the local communities to develop the tools through which they could articulate support for the return and reintegration of refugees, by reconstruction of houses with joint efforts of the government, civil and business sector. The main objective of the UNDP, through the SUTRA project, was to provide assistance to returnees, as direct beneficiaries, so as to strengthen their capacity to return, which would also serve the longer-term development needs. The municipalities, NGOs and the business sector were involved in the support groups for returnees called LAGs by UNDP, and their co-operation was based on the declaration of partnership that ensured a clear division of responsibilities between partners. LAGs established through SUTRA acted as a body for the implementation of UNDP projects at the municipal level. LAGs have developed pre-project proposals for their community, and they have included the reconstruction of houses, infrastructure and capacity development group. Also, UNDP LAG groups coordinated the activities for the implementation of the project. UNDP supported the LAG groups by provision of advisory services, preparation of local action plans and services related to capacity development. Although the LAGs established in the framework of the project SUTRA have not been aligned with the LEADER principles, this project can be considered a pioneering one in terms of the development of the public-private-civil partnerships and the introduction of the notion of LAG. The UNDP SUTRA project initiated the creation of 22 LAGs, but only 3 of them were formally registered after the project implementation ended (LAG Una-Sana, LAG Regije Doboje, LAG G.O.Z.B.). LAG G.O.Z.B. stopped working in the upcoming years because of lack of funding.

Support for BiH institutions, regarding the introduction of LEADER and the development of LAGs in accordance with EU standards, has been provided under the IPA project “Capacity building for the programming of rural development in BiH (3P-BHRD)”. The activities of the project “3P BHRD” focused on building the capacity of project beneficiaries. The project supported training for LEADER/LAG coaches through five two-day seminars. The trainees attended lectures on the LEADER methodology, principles of LAGs in EU member countries, tools for project cycle management, good practices, and were also involved in practical exercises. The institutional support to the development of LAGs in BiH was provided by MOFTER, MAFWMRS, the Federal Ministry of Agriculture, Water Management and Forestry (FMAWMF) and the Department of Agriculture of the Brčko District (DABD). Those ministries identified four pilot areas for the establishing of LAGs according to the principles of LEADER. Two of those LAGs have been registered on the territory of the Republic of Srpska (LAG Devetak – Sokolac, Han Pijesak and Rogatica, LAG SAVUS – Laktaši, Gradiška, Srbac and Kozarska Dubica).

Independently from those project activities, in 2011 another LAG – Vrbanja-Ukrina, covering the territory of Prnjavor, Čelinac and Kotor Varoš municipalities was founded in the Republic of Srpska. Moreover, in 2016, LAG Birač was formally registered on the territory of Milići, Vlasenica, Srebrenica, Bratunac, Zvornik and Šekovići municipalities.

LAG Devetak is the oldest active LAG founded on the LEADER principles on the territory of the Republic of Srpska. The initiative for establishing of LAG Devetak started from MAFWMRS and MOFTER with the aim to introduce the LEADER Approach in the programs for rural development in RS and BiH through the 3P-BHRD project. This LAG was founded in Rogatica and in this process, LAG Devetak followed the guidelines for the introduction of the LEADER Approach. This was the only guide for establishing a LAG structure to comply with the basic principles of the LEADER initiatives. This LAG consists of a local public-private-civil partnership formed in the area of three municipalities: Han Pijesak, Sokolac and Rogatica, which are spatially homogeneous and are

considered to be a rural area according to the criteria for population and population density.

The management bodies for LAG Devetak are: the Assembly, the Management board and the President of the association. The management bodies complied with the principle of equal representation from all three municipalities and representation of all three sectors in the estimated percentage (the public sector is represented with around 40%, the civil one with 45% and the private one with 15%).

LAG Devetak had a local development strategy for the LAG area of Rogatica, Han Pijesak and Sokolac from 2012 to 2015 and at the end of this period they developed a new strategy for LAG Devetak for the period from 2016 to 2020. The main objective of the development of these strategies was to improve the rural development and poverty alleviation in the eastern part of Bosnia and Herzegovina, on the territory covered by LAG Devetak, through full implementation of the strategic approach of the planning action for rural development. In the period from its establishment in 2011 until the end of 2015, LAG Devetak implemented projects worth 203.892,58 BAM out of which 9.426,00 BAM (<5%) came from LEADER measures from MAFWMRS. Apart from the implementation of donor funded projects, their members participated in more than 25 different types of education courses (seminars, trainings, conferences, workshops) which strengthened their capacities. For the most part, LAG Devetak was the beneficiary of projects that were implemented by other organizations and they applied at public calls for the allocation of donor funded projects like any other civil society organization.

In Bosnia and Herzegovina there is still no LEADER fund available where the LAGs could use a special fund intended to support projects on local rural development, and LAG Devetak operates on the same principles as any other association. They apply to projects funded by domestic and international donors and implemented on the area of the LAG. The LAG has no permanent staff, but three municipal coordinators (one from each municipality) spending a third of their working hours working on the LAG based on the decisions made by Mayors. Through the results achieved in the work of LAG Devetak we can say that the model with municipal coordinators was good for the development of LAG as a joint organization prior to the existence of a special LEADER fund.

The Strategy of LAG Devetak for the period 2016-2020 is based on maximum compliance with the “bottom-up” principle, involving the public and the creation of development policies according to the actual needs of the area. Because of all the limitations that were observed in the implementation of the previous strategy for the period 2012-2015, which related to the broad definition of the strategy as a “rural development strategy” but had no real basis when it came to the available budgets, the new strategy is the “strategy of the organization” with realistic objectives in terms of the possibility for implementation, and continues with a focus on the development goals of the LAG area. LAG can affect these development goals, projects and resources that are potentially available with its activities.

**Table B. III. 1: Case study 1**

1. Title and author	<b>Creation of a local development strategy for LAG Devetak for the period 2016-2020.; LAG Devetak.</b>
2. Executive summary	<p>The area covered by the LAG Devetak is extremely rural with a population of 16,7 inhabitants per km<sup>2</sup> and extreme poverty in terms of the social, demographic and economic situation. The reasons for this are numerous, but the characteristic of this area is "the paradox of poverty" – the inhabitants are poor and rich at the same time. On the one hand, the wealth of the local population is reflected in the real wealth in resources and potentials for rural development (natural wealth, cultural-historical heritage, tourist potentials) that have not been taken advantage of and have not been used in an effective way, and on the other hand, there are disastrous socio-economic indicators (unemployment of over 50%, depopulation and poor age structure, marginalization of socially vulnerable categories, low level of economic activity, extensive and low-yielding agricultural production, etc.). The first strategy of the LAG area was prepared for the period 2012-15 as a part of the project. In the course of its previous work, LAG was trying to incorporate all the principles of the LEADER Approach as much as possible. However, the system development and implementation of the strategy of the LAG area implies the availability of a special LEADER fund to finance projects which are defined by the strategy. This special LEADER fund does not exist in RS. Based on the previous strategy, LAG implemented projects, but they were all ad hoc under the terms of donors and resulted in implementing an opportunistic approach to attract donor funds. In the upcoming period this LAG will use all the possibilities and availability of donor funds, in order to get the LAG recognized as an organization that deals with a rural development model based on the LEADER Approach. They have opted for a strategic approach to donors in the sense that they offer their own concept for development.</p>
3. Community data	<p>The administrative area covers the municipalities of Han Pijesak, Sokolac and Rogatica; Geographical location: the Upper Drina region and Romania plateau; Total surface: 1,677 km<sup>2</sup> Population: 28,054 inhabitants (2013); Population density: 16.7 inhabitants/km<sup>2</sup>; The level of development: It belongs to the underdeveloped area of RS/BiH.</p>
4. The challenge	<p>Is to improve the rural development and alleviate the poverty in the eastern part of Bosnia and Herzegovina, in the territory covered by the LAG Devetak, through the full implementation of a strategic approach in planning the actions for rural development.</p>
5. Action taken	<p>The activities are coordinated with the classic process of strategy making (5 steps - analysis, routing, formulation, implementation, control), which is adapted to the LEADER model concept in formulation of the European LAG strategies. In parallel with the development of a local development strategy, the activities of capacity building in terms of organizational development and strengthening awareness and education of all beneficiaries are implemented.</p>

6. Results	<p>1) Local actors in rural development, including children and young people, become familiar with the LEADER principles and importance of a strategic approach in creating actions for rural development through presentations on the Info-days;</p> <p>2) Local actors of rural development are aware of the activities of the LAG Devetak, the results so far and the opportunities provided by the participatory methods of organization and their involvement in future activities;</p> <p>3) Increase in the number of LAG members from 17 to 27 organizations;</p> <p>4) Based on information from the Info-days and analysis of questionnaires from the info-day, a special methodology of strategies appropriate to the needs and capacities of the LAG Devetak and opportunities for its real implementation was prepared;</p> <p>5) Participation and active involvement of representatives of all sectors, including children and youth in the development of a strategy for LAG Devetak.</p>
7. Lessons learned and conclusions	<p>The strategy is the result of LAG work and reflection and result of the lessons learned in the period from foundation to date. In the previous period LAG implemented projects, but they were all ad hoc under the terms of donors and an opportunistic approach was implemented in order to attract donor funds while the local development strategy of LAG area remained only wishful thinking due to the lack of a LEADER fund. This was the reason why LAG developed a strategy for LAG Devetak that they would be able capable to realize through an increase in their own capacities.</p> <p>In order for a LAG to operate, especially in the socio-political and economic conditions of the Republic of Srpska and Bosnia and Herzegovina, it is necessary to approach the stakeholders on field (local actors) and engage them with innovative concepts, such as the LEADER and continuously work to build the capacity and raise the awareness with regards to the opportunities provided with the personal involvement of individuals, through an organization such as the LAG. The message from LAG DEVETAK to the other LAGs in the Western Balkans is to focus on building their own capacity and improve their organizations in order for them to be able to meet the needs of the area where they operate.</p>
8. Contacts	<p><a href="http://www.lag-devetak.org">www.lag-devetak.org</a>,  <a href="mailto:info@lag-devetak.org">info@lag-devetak.org</a>,                  Slavica Ašonja, president, +38765982746                  Snežana Kanostrevac Cvijetić, vice president, +38765665819.</p>

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

- The registered LAGs in the Republic of Srpska founded on the LEADER principles need to get access to funds that would give them the opportunity to implement local development strategies.
- There is a need for the public, private and civil sector to promote the LEADER Approach and engage donors to give support to functional LAGs and promote further spreading of information about LEADER.
- It is necessary to make a regulatory framework for the LEADER Approach on the territory of the Republic of Srpska. Strategic documents recognize LEADER, but there are no clear rules on how LAGs should be registered, accredited, supported, and even where and by which procedure they can be registered.
- There is a need to strengthen the international co-operation between LAGs in BiH and LAGs in other Western Balkan countries and EU.
- LAGs face challenges when it comes to the continuity in their functioning, considering the fact that they do not have sustainable funding i.e. their functioning depends on project funding availability.
- There is challenge for government institutions of Bosnia and Herzegovina to adopt a countrywide strategic plan for rural development and to establish structures for obtaining pre-accession assistance to the agricultural sector through the IPARD. This is blocking the funds available for the LEADER Approach in the accession period.
- Governments in BiH are challenged with lack of funds for support to agriculture and rural development which leads them to excluding the support for implementation of the LEADER Approach.
- In view of limited public funding, finding additional financial sources or redistributing existing budgets for agricultural and rural development and financing of the LEADER Approach is a big challenge.
- There is no legal background and real institutional support for the functioning of LAGs in accordance with the LEADER Approach in Bosnia and Herzegovina.
- Most of the LAGs have limited capacities in animating the rural stakeholders and they should continue to work on their recognition in a local context.

### 4.2 Recommendations

#### Recommendations for institutional set-up improvements

- The responsible government institutions at all levels should continue to work on the development of an institutional framework for establishment, accreditation and functioning of LAGs.
- The responsible government institutions at all levels should consult existing LAGs in the process of creating an institutional framework related to the LEADER Approach.
- Public institutions should provide extension and advisory support for the functioning of LAGs in accordance with the LEADER Approach in the Republic of Srpska, Bosnia and Herzegovina.

### Recommendations for policy improvements

- The Ministry of Agriculture, Forestry and Water Management of the Republic of Srpska should implement measures for support of LAGs in their annual rulebooks in accordance with the Strategic plan for development of agriculture and rural areas for the period 2016-2020.
- The Ministry of Agriculture, Forestry and Water Management of the Republic of Srpska should envisage other ministries, donors and local administration units to support implementation of the local development strategies in accordance with their capacities.
- MAFWMRS should work on the creation of a regulatory framework for LEADER Approach in close co-operation with the existing LAGs.

### Recommendations for empowering local stakeholders

- The responsible governmental and non-governmental institutions at all levels, should promote and support the implementation of the LEADER Approach among rural communities.
- All actors from the LAG area should support the functioning of the LAGs and cooperate on the realization of local development strategies.
- There is a need for transfer of good practices from EU LEADER to BiH LEADER initiatives.
- LAGs should work on the capacity building of their organizations, especially in relation to programme and project management in order to be capable to use the funds for LEADER once they become available.



## 5. ANNEXES

### 5.1 Annex 1: References

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**Government of RS (2015)** Strategic plan for development of Agriculture and Rural Areas of the Republic of Srpska in period from 2016 to 2020; Banja Luka, May 2015;

**Government of RS (2016a)** Strategy for development of small and medium enterprises of the RS in period from 2016 to 2020; Banja Luka, September 2016;

**Government of RS (2016b)** Strategy for development of industry of RS in period from 2016 to 2020; Banja Luka, October 2016;

**LAG Devetak (2016)** Strategy for LAG Devetak; Rogatica, 2016;

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**Official Gazette of RS No. 52 (2001)** Law on Associations and Foundations of the Republic of Srpska adopted by Parliament of RS in 2001; published in the Official Gazette of RS No. 52 from 17th October 2001;

**Official Gazette of RS No. 70 (2006)** Law on Agriculture of the Republic of Srpska adopted by Parliament of RS in 2006; published in the Official Gazette of RS No. 70 from 4th July 2006;

**Official Gazette of RS No. 97 (2016)** Law on Local Self-government in Republic of Srpska adopted by Parliament of RS in 2016; published in the Official Gazette of RS No. 97 from 18th November 2016;

**UNDP (2013)** Rural development in Bosnia and Herzegovina: Myth and Reality; Sarajevo, 2013;

**VESTA (2012)** LEADER Approach – usage for rural communities in BiH; Tuzla, 2012;

## 5.2 Annex 2: List contacts

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## 5.3 Annex 3: LAGs area and population in Republic of Srpska

Name of LAG	Area of LAG (km <sup>2</sup> )	Population in LAG area	Municipalities covered by LAG
Devetak	1.677	28.054	Sokolac, Han Pijesak, Rogatica
Savus	2.102	136.650	Laktaši, Gradiška, Srbac, Kozarska Dubica
Vrbanja - Ukrina	1.553	77.274	Prnjavor, Čelinac, Kotor Varoš
Birač	1.726	125.168	Srebrenica, Milići, Zvornik, Bratunac and Vlasenica
Regije Doboј (part in RS)	1.197 (648 in RS)	150.598 (68.514 in RS)	Doboј (RS) Maglaj (FBiH) Gračanica (FBiH)
Total in Republic of Srpska	7.706 km <sup>2</sup>	435.660 inh.	16 of 62 municipalities



# CHAPTER B.IV

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Country report: Kosovo\*

Author: Prof. Dr. Mihone Kerolli-Mustafa

# 1. INTRODUCTION

The aim of this paper is to contribute to the understanding of how the "LEADER Approach" - New Rural Development initiatives, operates in Kosovo\*. The LEADER Approach focuses on the integration of rural development opportunities in which the energy and resources of people and bodies as development actors are essential. This approach contributes in the formation of partnerships and development of the region by involving all the stakeholders and forming the area-based Local Action Group (LAG). LAGs are territorial partnerships between the public, civil and private sectors, the most visible manifestation of LEADER<sup>48</sup>.

From 2007-2013, the rural development programming period, the LEADER Approach in Kosovo\* has been transposed from the overall EU rural development policy. This means that LEADER is included in national and regional rural development programmes supported by the EU. The main objectives of the LEADER Approach address the building of local capacities, new employment opportunities, diversification of activities in rural areas, stimulation of endogenous development, improvement of management in rural areas, and extension of innovation<sup>49</sup>. The LEADER Approach in Kosovo\* has been built on the basis of the Agriculture Rural Development Programme (ARDP) 2007-2013<sup>50</sup> followed by ARDP 2014-2020<sup>51</sup>. Considering this context, Kosovo\* has made progress in the process of developing the national agricultural strategies and control mechanisms. The EU support through the Pre-Accession-Assistance (IPA) 2014-2020 instrument and the TAEX assistance encourages further development of the agricultural sector and harmonization of national policies. However, the EC Progress Report<sup>52</sup> for Kosovo\* refers to some level of preparation in agriculture and rural development. The increase in the budget allocations to the agricultural sector contributed to some progress. In 2016, the budget allocated to rural agricultural investment grants rose from EUR 20 million to EUR 23 million. Therefore, staff shortages continue to undermine the proper processing of many activities in the agricultural sector. In general, Kosovo's\* rural areas are characterized by very rich natural resources (soil, air quality, great diversification, varied landscape) and living in rural areas is favourable in terms of a cleaner and calmer environment and lower living costs than in the cities. Thus, enhancing the LEADER Approach and investment support for rural areas will remain a priority.

The main focus of the paper is given to the implementation of the LEADER in Kosovo\*. Apart from the introduction and conclusion, the paper consists of two chapters analysing the LEADER in the national strategic and programme documents and a chapter devoted to the successes and failures of LEADER, based on previous initiatives and lessons learned. The mail-interview method has been used with the representatives of the different groups and associations to collect a good percentage of answers with regards to the current LEADER Approach in Kosovo\*. Questionnaires were sent by mail to the representatives and were collected by personally visiting the representatives, which gave the possibility for direct contact with the interviewees.

<sup>48</sup> Lukic A, Obad O. *New Actors in Rural Development - The LEADER Approach and Projectification in Rural Croatia*, *Sociologija i prostor*, 54 (2016) 204 (1): 71-90.

<sup>49</sup> Cunder T, Bedrac M.. *THE "LEADER APPROACH" - NEW DEVELOPMENT OPPORTUNITY FOR RURAL AREAS IN SLOVENIA*, *Journal for Geography*, 5 (2010) 2, 55-65.

<sup>50</sup> MAFRD, (2013), *Agriculture and Rural Development Plan 2010- 2013*, <http://app.seerural.org/wp-content/uploads/2013/08/Kosovo-ARDP-2010-2013-ENG.pdf>

<sup>51</sup> MAFRD. 2013b. *Agriculture and Rural Development Programme 2014-2020*. Prishtine

<sup>52</sup> <https://ec.europa.eu>

## 2. LEADER ENVIRONMENT IN KOSOVO\*

### 2.1 LEADER in the national strategic and programme documents

Following the principles of the new EU 2020 Strategy and the CAP for the period 2014-2020, the Ministry of Agriculture, Forestry and Rural Development (MAFRD) prepared the Agriculture and Rural Development Programme (ARDP) 2014 – 2020 with the support of an EU Twinning project and a Danish technical assistance funded project. The ARDP 2014-2020 follows the IPA priorities on:

1. Enhancing farm viability, competitiveness;
2. Restoring, preserving, enhancing ecosystems;
3. Promoting social, economic inclusion; and
4. Transfer of knowledge, innovation.

The ARDP 2014 – 2020 and its priorities are in line with the EU 2020 Strategy for Smart, Sustainable and Inclusive Growth, particularly being in convergence with these strategy objectives on supporting diversification of economic activities and strengthening the LEADER Approach.

Today, LEADER is a part of measure 303 of the Kosovo\* ARDP for 2014-2020, with a budget of around 2.4 million EUR. There are 12 LAGs in Kosovo\* today, encompassing almost 55% of the territory of Kosovo\*. More than half of the Kosovo\* population lives in local administrative units included in LAGs. Therefore, the main principles of the LEADER Approach in Kosovo\* have been focused on the efforts to develop civil society and social dialogue within the rural population and facilitate good governance through local partnerships, foster employment and develop human capital. The specific objectives are focused on the strengthening and building the capacity of LAGs among rural inhabitants; increasing the awareness on the LEADER opportunities; promoting rural development through local initiatives and partnership; encouraging the rural population to actively participate in LAG activities; developing, organising and running LAGs; ensuring that LAGs function in accordance with the LEADER Approach; and exchanging experiences and lessons learned between the LAGs. According to ARDP 2007-2013, LAGs are registered as NGOs at the Ministry of Public Administration and they can apply for funding from different funds (not only LEADER support). They operate through their own management structures comprised of a steering committee with a minimum of eight members, proposed and approved by the general assembly.

The main elements presenting the legal approach according to the national strategy are focused on the main area-based local development strategies intended for well-identified sub-regional rural territories; local public-private partnership; bottom-up approach with decision-making power for Local Action Groups regarding the elaboration and implementation of local development strategies (LDS); multi-sectoral design and implementation of the strategy based on interaction between actors and projects in different sectors of the local economy; networking of local partnerships and implementation of innovative approaches.

### 2.2 Institutional and Legal Settings

The Department of Rural Policy Development (DRDP), acting as the Managing Authority (MA) of the ARDP is responsible for the coordination and proper functioning of the LEADER structure in Kosovo\*. The Managing Authority has prepared the design and the programme, while the Paying Agency is responsible for the execution and payments of projects. The organizational structure of the MA and the allocation of its functions are in line with the IPARD requirements. The criteria

for supporting the LEADER Approach are regulated with a special Administrative Instruction<sup>53</sup> under MAFRD on criteria for support of local development strategies – the LEADER Approach as an amendment and supplement to the main Law 03/098<sup>54</sup> on Agriculture and Rural Development. The major objective of the Instruction relies on building a sustainable capacity at the local level for rural development policy design and the implementation of local development strategies. The Administrative Instruction on the criteria for support of local development strategies - LEADER Approach was amended with a new Administrative Instruction<sup>55</sup> by adding new information in the allocation of financial means for LAGs. In compliance with ARDP 2007-2013, in 2008, the LAGs were established through an EU-funded project that supported LAGs over the 15-month period of drafting local development strategies, including the draft project proposal. The support towards the implementation of local development strategies and application of measures 303 and 303.2 is built on the basis of the following supported laws such as: the Law on Agriculture and Rural Development<sup>56</sup>, the Law amending and supplementing the Law on Agriculture and Rural Development<sup>57</sup>, the Law on Self-Governance<sup>58</sup>, the Law on Gender Equality<sup>59</sup>, the Law on Freedom of Association in NGOs<sup>60</sup> and the Law on Agriculture and Rural Development Advisory Services<sup>61</sup>. There is a Local Action Group in nearly every municipality with the exception of some new municipalities that have established working groups instead of LAGs, municipalities that have not been beneficiaries of the EU project, or municipalities that were established very recently. The connections between the municipalities and the LAGs are very strong. According to the procedure, a LAG shall represent a rural area with a population of more than 10,000 and less than 150,000 inhabitants including small towns and towns with a population of less than 30,000. In this regard, the LAG must be coherent in geographical terms and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy. Furthermore, a LAG shall be an officially registered legal entity in accordance with the relevant valid legal acts and must show an ability to define and implement a local development strategy for the area. In order to become a selected LAG under the ARDP 2014-2020, potential LAGs are evaluated based on the criteria given by the MA and the quality of their Local Development Strategies (LDSs). The evaluation is done by an Evaluation Committee consisting of representatives from the Managing Authority and other relevant rural actors and NGOs dealing with rural development. Members of the Evaluation Committee are selected by the Minister responsible for ARDP 2014-2020 based on the nominations of the Managing Authority. Although 30 LAGs have been formally established, less than half of them actively promote and implement projects in their<sup>62</sup> areas, while others are becoming less and less active.

The LAGs in Kosovo\* consist of 25-30 members (coming from different fields, such as municipality representatives, local NGOs, farmers, businesses and voluntary experts from different fields) with a 50:50 share between the public and private organizations or persons. In most cases the chair of the board is the Head of the Municipal Agricultural Office. Thirty percent of the board members have to be female in order to ensure the participation of rural women in the local development processes. The communication, dissemination, promotion and information between LAGs and other rural stakeholders, is developed through the Rural Development Network (RDN). The RDN is established as a platform where project ideas and various proposals and experiences can be discussed. Members of the RDN are also members of different working groups appointed by the MAFRD. The role of the Network is to lobby for the LAGs and promote them within and outside the country. The

<sup>53</sup> LAdministrative Instruction 16/2014, <http://www.mbpzhr-ks.net>

<sup>54</sup> Law 03/098, Official Gazette, <http://www.gazetazyrtare.com/>

<sup>55</sup> Administrative Instruction 19/2014, <http://www.mbpzhr-ks.net>

<sup>56</sup> Law 03/L098, Official Gazette, <http://www.gazetazyrtare.com/>

<sup>57</sup> Law 04/L090 (Article 1 and Article 5), Official Gazette, <http://www.gazetazyrtare.com/>

<sup>58</sup> Law 03/L040 (Article 2 and Article 3), Official Gazette, <http://www.gazetazyrtare.com/>

<sup>59</sup> Law No.2004/2(Article 4), Official Gazette, <http://www.gazetazyrtare.com/>

<sup>60</sup> Law No. 03/L-13 (Article 14), Official Gazette, <http://www.gazetazyrtare.com/>

<sup>61</sup> Law 04/L-074 (Article 2, Article 3 and Article 7), Official Gazette, <http://www.gazetazyrtare.com/>

<sup>62</sup> <http://www.mbpzhr-ks.net>

membership fee is 100 EUR a year for each LAG that has received a project commitment from the MAFRD. The activities of the RDN are limited because of a lack of understanding of the role and importance of the RDN as well as a lack of financial support. The support for the organizational development of selected LAGs in Kosovo\* is delivered through the Network of Organizations for Rural Development of Kosovo\* (NORDK)<sup>63</sup>. NORDK was established with the aim to represent the interests of organizations from rural areas and to contribute to the socio-economic development of the rural areas of Kosovo\*. About 55 individual rural organizations are represented under its umbrella (agricultural cooperatives, farmers associations, young farmers clubs, LAGs and women associations). The NORDK role towards the activities of the LAGs lies extensively on enhancing the co-operation between network members within the organization, including LAGs, in terms of raising the level of advocacy and lobbying on issues of rural development. Most of the LAGs established in Kosovo\* are insufficiently operational to manage the implementation of local development strategies due to limited involvement of rural actors caused by low awareness and absence of information, as well as a lack of adequate financial and human resources. Adequate training, start-up toolkits and awareness raising is needed for the LAG management and rural actors to become more involved and committed in the local development processes. Current support measures are not in line with the EU LEADER concept and there is no bottom-up approach and no decision-making power for LAGs. Furthermore, the increase of financial support for the on-going administrative and organizational work of LAGs is important to activate the participation of locals and to ensure that LAGs are continuously active.

## 2.3 Funding

The funds directly supporting the LAGs are the National Funds of MAFRD (axis 4, measure 8). In 2011, MAFRD allocated 100,000 EUR in 2012 200,000 EUR, and in 2016, 375,375 EUR for the implementation of small and predefined investment projects. However, there was no EU funding (LEADER / MAFRD) for LAGs. Projects from MAFRD funds are mainly small projects and although they do not provide opportunities for strategic development planning, they keep the LAGs active. To cover their operational costs the LAGs mostly rely on the voluntary commitment of the board members. In addition, some LAG managers, on their own initiative, establish contacts with different donors for support. As of 2012, 21 of the Local Action Groups have applied for LEADER projects, and only 52 projects have been supported with the amount of 290,613 EUR (MTE, 2012). The allocated funds were disbursed in full only in 2011 when the support rate was 70% Annex 5.1. (Table 1).

The total public expenditure (national plus EU funds) accounts for up to 100% of the Technical Assistance measure – “Acquisition of skills and animating the inhabitants of rural territories for potential LAGs”, sub-measure 303.1 – “Acquisition of skills and animating the inhabitants of LAG territories for selected LAGs” and the running costs of selected LAGs (MAFRD, 2014). On the other hand, the public expenditure (national) for the small-scale projects under sub-measure 303.2 – “Implementation of local development strategies for selected LAGs” accounts for up to 70%. According to the procedure, the contracted LAGs will receive an advance payment to start-up activities from the national funding. But these funds will not exceed 50% of the annual allocation of the public support related to the running cost, animation and small-scale projects. The indicative allocation budget for the period 2014-2020 is presented in Annex 5.2 (Table 2.)

<sup>63</sup> The Network of Organizations for Rural Development of Kosovo is a non-profit civil society organization founded by 55 organizations and its main activity is agricultural and rural development in less developed areas of Kosovo.



### 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

**Table B. IV. 1: Case study 1**

1. Title and author	<b>Local Action Initiative in Vitia Municipality</b>
2. Executive summary	<p>This case study examines in detail the effectiveness of the LAG operation in Vitia in achieving the goals set by the ARDP in Kosovo*. The Vitia LAG is operating using the technical assistance provided by the Ministry, the Municipality and other donors. The focus was on sharing their knowledge and experience about the importance of the strategy for the local community and how the LAG strategy was developed in order to respond to the community needs using local resources. To complete this case study, evidence from two perspectives was utilized:</p> <ul style="list-style-type: none"> <li>• Quantitative data was used to examine the effective implementation of good practices.</li> <li>• Qualitative data was used to examine the success of the LAG in improving the quality of life in rural areas and encouraging diversification of economic activity in the respective region.</li> </ul>
3. Community data	<p>The municipality of Vitia is located in south-eastern Kosovo*. It covers an area of approximately 276 km<sup>2</sup> and includes Vitia town and 38 villages. The total population is approximately 47,000 (46,987 according to the Kosovo* Population and Housing Census 2013)<sup>64</sup>. The economy of Vitia municipality is mainly based on agriculture and small trade businesses. There are approximately 1,000 registered businesses operating in the municipality. There is no reliable data on the number of people employed in the private sector in Vitia<sup>65</sup>. The Local Action Group “Vitia” in Vitia was established on 2009 under the name “AGROVITIA”. In full partnership with all the stakeholders, the LAG was established to help create conditions and opportunities for sustainable rural development in the rural areas of Vitia, with particular emphasis on infrastructural development, rural tourism, agriculture, agribusiness and exploitation, using natural resources and protecting the environment and heritage.</p>
4. The challenge	<p>Since its start, the LEADER Approach in Kosovo* has aimed to provide rural communities with an opportunity for involving local partners in designing the development of their designated area. It has represented one of the most challenging activities to address the possibility of mobilizing the rural areas, using their natural resources, addressing their needs and promoting the protection of the environment and heritage. Awareness and acceptance of the LEADER Approach has been gaining ground slowly. However, the deeper understanding of the LEADER remains as one of the most powerful tools for the promotion of rural development in general. For this process, the establishment of LAGs in Kosovo* was seen as an important step toward enhancement and implementation of local development strategies, local public–private partnerships, integrated and multi-sector actions, innovation, co-operation and networking. The major challenges facing the LEADER approach in Kosovo*</p>

<sup>64</sup> KAS, Kosovo Population and Housing Census 2013, <http://ask.rks-gov.net>

<sup>65</sup> OSCE Municipal Profiles, [www.osce.org/kosovo/66047](http://www.osce.org/kosovo/66047)

	<p>relies on the basis of LEADER to support local development strategies. This fact was linked with several problems due to the lack of relevant experience in the institutions and agencies involved in the management and implementation of the LEADER Approach, as well as the low degree of awareness of local communities about the potential of the LEADER Approach. The implementation of local development strategies and operation of LAG in Vitia during the 2009-2017 programming period has shown that the involvement of local actors in the development of the areas in which they operate will contribute to the local development and will lead to a dynamic development. However, the financial support and conditions such as political-administrative decentralization, actor and policy networking, and the dynamics and access to external funds remain very challenging in reaching the goals of the programme.</p>
<p>5. Action taken</p>	<p>The implementation of LEADER in Vitia municipality was introduced “step by step” over several years since the drafting of local development strategies was a challenging time. The concept of the LEADER Approach was promoted in Vitia Municipality in the documents approving the Local Development Strategies and the Municipal Development Plan (MDP)<sup>66</sup> which represents the strategic planning and the financial programming document developed by a broad partnership that guides and stimulates the socio-economic development in accordance with the National Development Strategy 2016-2021 (NDS)<sup>67</sup>. The approach itself is primarily defined by the following main priorities:</p> <ul style="list-style-type: none"> <li>• Raising awareness and promoting the LEADER Approach;</li> <li>• Improving the co-operation between the municipality and the citizens;</li> <li>• Designing, implementing and monitoring local rural programs and policies;</li> <li>• Coherently utilizing local resources;</li> <li>• Making coherent programs and using external support;</li> <li>• Participation in seminars, workshops, meetings, study visits and other events organized by the national and European RD networks;</li> <li>• Development and implementation of small-scale projects in accordance with the local development strategy in order to support the infrastructure development, rural tourism, agriculture, agribusiness and exploitation, using natural resources and protecting the environment and heritage.</li> </ul> <p>The LAG project brochure on LEADER drafted in co-operation with the Municipality and the Department of Economic Development in Vitia illustrated the activities of the LAG and the added-value of LEADER. Furthermore, the distribution of a series of info-sheets “Better LEADER practices for Local Development Strategy in Viti” shows relevant practice examples used by the LAG in Vitia while implementing the LEADER Approach in the period between 2009 and 2017. However, the lack of sufficient funds and the project management experience continue to accompany the operation of LAG in Vitia. Apart from the excellent networking established within the municipality, the management capacity of LAG in Vitia needs to strengthen the co-operation with other LAGs in Kosovo*, exchange knowledge and learn from each other in order to inform the stakeholders and stimulate the rural areas to get more involved in the process of rural development.</p>

<sup>66</sup> MADRD, 2016 Vitia RDP programme (2010-2020).

<sup>67</sup> Kosovo Government. 2016. National Development Strategy 2016-2021, Prishtine.

## 6. Results

In the period from 2009 - 2017, the LAG conducted several projects. The first project "Promoting traditional food" was realised in 2009 in co-operation with the MAFRD, the Department of agriculture within the municipality, LAGs network and other farmers' associations. The activity helped to increase the involvement of different local stakeholders and strengthen the partnership in the community. The projects that followed such as: Rural Development Strategy 2010, The "Hysen Tërpeza" school yard, Repairing of the football pitch in Vitia, Developing rural tourism in Debelde, organizing exhibitions, business incubators, employability in rural Areas<sup>68</sup>, etc. contributed to the improvement of the rural infrastructure and created a better environment for new business start-ups from rural areas. In this regard, after the dissemination of the information and knowledge obtained, the LAG members managed to generate a great interest within the local community, so that the whole community was involved and wanted to take part in developing these projects. Through the application of these projects the LAG in Vitia managed to properly integrate multiple sectors (agriculture, tourism, environmental, marketing) to develop the local communities. Most of these projects have been supported by the municipality, GIZ, Helvetas and the World Bank. The biggest project was the youth employability in the rural area that started in 2016. The project supported 50 incubator beneficiaries (poultry farmer, which was accompanied with a training on the use of different equipment), 50 hives and smokers, establishment of an irrigation system for two members of the associations Women - "Lubisht" with 16 beneficiaries, and "Sllatina Women" with 12 beneficiaries. Through these projects, the farmers and other members received training on the role and importance of the pivot irrigation system too. When it comes to its operational costs, the LAGs rely on the voluntary commitment of board members, and small-scale projects of the municipality (50% of municipal staff). As an NGO, the LAG in Vitia acts as a recipient of funds from the municipality. A breakdown of funding revealed that the projects from the MAFRD funds are mainly applied to school fences, yards, exhibitions. In this regard, the support for LAGs at both the central and local level is not at a satisfactory level. According to the interview results, the Network for rural development has been created and is active in Vitia, but nevertheless it is understaffed and has a low financial capacity. Therefore, in order to increase the members' motivation, more flexibility to co-financing projects is needed, by allowing contributions from the local government, the private sector, civil society or the local community. A problem which seems to appear in the LAG in Vitia and almost in all the LAGs we have contacted, is the issue of gaining the trust of the local population, and finding ways to motivate citizens to participate in the activities of the LAG and to apply for their own projects. Even though the LAG in Vitia shows success in the implementation of small scale projects, as well as in delivery of trainings and organization of good information campaigns, the results of the research indicate that the LAG is still in its initial stage of development, and that it is too early for a comprehensive analysis of the impact of the LEADER programme on the rural development in the region. However, the education level, the project management ability and familiarity with the policy framework within which the programmes such as LEADER are implemented, provide them with a privileged position of being skilful

<sup>68</sup> HELVETAS Swiss Interco-operation-Annual report 2014

	liaison/mediators between the institutional framework of rural policies and the local stakeholders in their respective municipalities. Nevertheless, based on the analysis in Vitia, it can be concluded that the rural development processes and socioeconomic activities have evolved over the years (RDP, 2016).
7. Lessons learned and conclusions	<p>The research proved that networking, as an important feature of the LEADER, is well developed within the LAG throughout the Vitia Municipality. This fact increased the “voice” of the LAGs in the region and we believe that this case may serve as a good example for successful implementation of community-led local development in the region.</p> <p>In the upcoming period it is necessary to continue promoting the local agricultural products and the tourist destinations which will lead to tourism development and increased investments in the area. This can be done by establishing a marketing agency in the region, arranging tourist bases for accommodation, making tour packages, organizing visits to the cultural heritage sites and strengthening the co-operation with the other LAGs operating in Kosovo*.</p>
8. Contacts	<a href="https://kk.rks.gov.net/viti/">https://kk.rks.gov.net/viti/</a>

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

Based on the analysis, the development of the LEADER Approach and its implementation based on ARDP is an important step for Kosovo\* towards harmonization with the EU context on agriculture and rural development. The essential features of the LEADER Approach may be summarized in the following key observations:

- Although there are local development strategies, the prospect of developing a strategy for rural development is still far away due to the limited capacities of the LAGs, the lack of human resources, the lack of training for project preparation/management skills and the lack of awareness about the local development strategies and the existence/role of LAGs. Another problem occurs due to the lack of financial resources and support from MAFRD. The analysis shows a decline in the quality of life and job opportunities and an increase in the disparities between urban and rural areas. However, significant reforms, both legislative and institutional, have been carried out in the ARD sector towards the LEADER Approach. The main challenge ahead is the implementation and the Government investment to encourage the local economic development.
- The key stakeholders involved in the LEADER Approach are not well prepared and informed about the rules and requirements of this measure. Also, proper information about the possibilities and core principles of LEADER are not clear to the other stakeholder groups such as LAGs, rural organizations, business and municipalities that could be involved in the building of effective partnerships. These groups need more training on skills and LEADER implementation requirements and procedures.
- Several LAGs in Kosovo\* showed lack of knowledge and skills to prepare the required documents for accreditation by MAFRD. Out of the thirty LAGs registered in the beginning, only twelve are accredited and are active. This reflects the lack of staff capable to implement the LEADER measure and the lack of knowledge on the requirements and specifics of LEADER.

## 4.2 Recommendations

In order to strengthen the LEADER Approach and the role of LAGs in Kosovo\*, in the future, it is necessary to take into consideration some of the main recommendations:

### Recommendations for institutional set-up improvements

- The strategic and regulatory framework, as one of the most important LEADER initiatives in Kosovo\* has to be improved. The main institutional actors need more adequate training and start-up toolkits in order to become more involved and committed to the rural local development processes. Furthermore, the increase of financial support and the increase in the number of staff for the on-going administrative and organizational work is important for the implementation of the measure.

### Recommendations for policy improvements

- More financial support for the on-going administrative and organizational work is important to stimulate the participation of locals and to ensure that LAGs are continuously active. Ministries and other local government bodies should make the necessary provisions in the annual budget to support LAG activities and the implementation of the local strategy development. In addition to the financial support under the consolidated funds of the government, it is also necessary to have other additional funds under donor/grants projects for the implementation of activities funded in urban-rural partnerships, farming and business organizations or general development infrastructure. So in general, accessing different funds not only allows local partnerships to broaden their scope but also gives them more opportunities to create jobs in the rural areas.

### Recommendations for empowering local stakeholders

- Capacity building in project management and the organization of local development processes is needed for LAG coordinators and other staff members. As such, the following measures must be considered: 1) Staff development at LAGs must be intensified. 2) Training in planning and management of local development must be strengthened. 3) Conducting a staff audit in order to determine the weak capacity areas. 4) Recruiting appropriately qualified persons to improve the quality of staff available at LAGs. Taking these points into account, there is also another approach that needs to be considered by the MAFRD and the other local government bodies: enhancing the co-operation between the local stakeholders and the external facilitators and bringing the best international practices that are best suited to the Kosovo\* context.
- The training should be supplemented by a broad awareness campaign for the general population. When possible, professional communicators should be engaged to help design and carry out awareness and publicity campaigns. Moreover, personal visits and discussions with farming and business communities are preferable in order to quickly reach a large target audience.

## 5. ANNEXES

### 5.1 Annex 1: Financial support for LAGs

**Table B. IV. 2: Financial support for LAGs 2009-2012**

Year	No. of applications	No. of projects accepted	% of projects accepted	Budget planned	Aid intensity in %	Funds used in €	Budget used in %
2009	21	11	48%	42,300	50%	40,295	95.3%
2010	19	13	68%	100,000	50%	60,287	60.3%
2011	18	15	83%	100,000	70%	100,663	101%
2012	15	13	86%	150,000	70%	89,368	59%

Source: MTE Report 2011; MAFRD 2012

### 5.2 Annex 2: The indicative budget for Measure 303

**Table B. IV. 3: Financial allocation of funds for Measure 303**

Year	Total eligible expenditure	Public expenditure							
		TOTAL		EU contribution		National contribution		Private contribution	
		EUR	%	EUR	%	EUR	%	EUR	%
1	2=3+9	3=5+7	4=3/2	5	6=5/3	7	8=7/3	9	10=9/2
2014	€ -	€ -		€ -	0%	€ -		€ -	
2015	€ 357,500	€ 357,500	100%	€ -	0%	€ 357,500	100%	€ -	0%
2016	€ 375,375	€ 375,375	100%	€ -	0%	€ 375,375	100%	€ -	0%
2017	€ 394,144	€ 394,144	100%	€ -	0%	€ 394,144	100%	€ -	0%
2018	€ 413,851	€ 413,851	100%	€ -	0%	€ 413,851	100%	€ -	0%
2019	€ 434,543	€ 434,543	100%	€ -	0%	€ 434,543	100%	€ -	0%
2020	€ 456,271	€ 456,271	100%	€ -	0%	€ 456,271	100%	€ -	0%
<b>TOTAL</b>	<b>€ 2,431,684</b>	<b>€ 2,431,684</b>	<b>100%</b>	<b>€ -</b>	<b>0%</b>	<b>€ 2,431,684</b>	<b>100%</b>	<b>€ -</b>	<b>0%</b>

Source: MAFRD, 2014.



# CHAPTER B.V

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Country report: Republic of Macedonia

Author: Mr. Petar Gjorgievski



# 1. INTRODUCTION

The Republic of Macedonia became an EU candidate country in 2005 and has remained at this stage ever since. Regarding the ability to assume the obligations of membership, the country has a relatively good level of alignment with the *acquis*. As Macedonia moves towards EU-accession, the rural development policy in the country maintains the continuity of gradual adjustment to the strategic directions for rural development to the objectives of EU CAP. The Macedonian Government is engaged in an intensive and demanding work in preparation for accession to the European Union. Pre-accession support programmes are being implemented in this field and have had a major impact on rural economies and societies. The country is moderately prepared in the area of agriculture and rural development although some progress was made to implement the Instrument for Pre-accession Assistance for Rural Development (IPARD). Despite the efforts to improve the implementation of the IPARD Programme and the increased number of applications, around 16.2 million EUR in EU funds remained unused in 2015. However, apart from the specific support for farmers, the development of the wider rural economies plays a significant role in preparing rural populations for opportunities to shape their own future. The EU CAP, including rural development and the LEADER Approach play an important role in this process. The economic, social and demographic significance of the rural areas in Macedonia remains very high for the entire development process. Rural areas are defined within the Law on Agriculture and Rural Development according to which the total rural area covers almost 88,7% of the entire territory of the Republic of Macedonia (RM) including 62 municipalities with 985.000 inhabitants or 47,3% of the total population.<sup>69</sup> The country's administrative system is organised on a state and local level. The Local governance is organised by local self-government units at a municipal level according to the Law on Territorial Organization of the Local Self-governments. The strategic approach of the rural development policy of RM mainly derives from the National Agricultural and Rural Development Strategy (NARDS)<sup>70</sup> and is focused on the modernization of the sector and improvement of the living conditions and work in rural areas.

The main aim is to substantially increase the funds for co-financing of the private sector investments in agriculture and processing facilities, especially those that are investing in rural infrastructure and irrigation. The development of enterprises in rural areas has great potential for numerous products and services that can be competitive. Creating a policy environment that enables producers and processors to expand, despite increased competition and limited public support, is one of the major challenges for future business development in rural areas. The national support schemes for direct payments were 55.121.951 EUR in 2016, while the national programme for rural development was 29.356.016 EUR. Main beneficiaries of the National RDP are: farmers, processors, rural municipalities and different businesses in the rural areas. As mentioned above, Macedonia is facing difficulties in adopting the current model of rural development of the EU, due to the complex procedures for implementation. The biggest problem for accessing the IPARD instruments are the inadequate administrative and institutional capacities at a national and local level and the weak capacity of potential beneficiaries. As of 2014, the new IPARD 2014-2020<sup>71</sup> programme continues to maintain close links to the EU rural development policy by financing selected types of actions largely coinciding with the main strategic objectives according to NARDS 2014-2020, namely for enhancing farm viability and competitiveness of all types of agriculture and food-processing, agro-environmental objectives for restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, improving socio-economic development in rural areas and human potential. The maximum EU contribution programmed for the period 2014-2020<sup>72</sup> is 60,000,000 EUR.

<sup>69</sup> *The impact of Socio-Economic Structure of Rural Population on Success of Rural Development Policy*

<sup>70</sup> [www.mzsv.gov.mk](http://www.mzsv.gov.mk)

<sup>71</sup> *Official gazette of RM nr. 177 22.09.2016*

<sup>72</sup> *IPARD 2014-2020 Program*

## 2. LEADER ENVIRONMENT IN THE REPUBLIC OF MACEDONIA

### 2.1 LEADER in the national strategic and programme documents

The strategic policy framework for the implementation of the LEADER Approach is stated within the NARDS, with an emphasis on the improvement of the living and business conditions in the rural areas. In order to restart the economic activities, special focus is given to the development of policies for mountainous rural areas and areas with unfavourable conditions for production, as well as to the fully depopulated areas. This strategic goal is planned to be achieved by enhancing the participatory approach for identification of the needs of local communities. This would contribute in designing appropriate measures as part of local development strategies that will be implemented by establishing Local Action Groups (LAGs) consisting of members of the local self-government, businesses and NGOs. One of the very important issues for ensuring sustainability of the economic activities in the rural areas, aside from the agricultural activities, are the non-agricultural activities. In this direction, the activities of the rural population aimed at diversification of their economic activities will be supported.

The National Rural Development Programme NRDP<sup>73</sup> is another document that describes the support measures for implementation of the LEADER Approach. It refers to Articles 87, 88 and 89 from the Law on Agriculture and Rural Development<sup>74</sup>. These measures are aimed to support realization of the Local Development Strategies (LDS) that must satisfy the criteria from the above mentioned articles. The Local Action Groups are main beneficiaries of the measures. However, no public call for these measures has been published by MAFWE until now.

The IPARD II objectives largely coincide with the main strategic objectives and specific objectives according to NARDS 2014-2020. The IPARD II Programme foresees the introduction of the LEADER Approach as a new measure within the 2014 – 2020 programming period. The new LEADER measure within the IPARD is based on the need for mobilizing local stakeholders which represent the needs and interests of rural dwellers and rural businesses to actively participate in local development planning.

As part of the IPARD II, the LEADER measure fiche is one of the key documents that can inform and guide the process of consultations for the development of the LEADER measure. The fiche describes the rationale, objectives, and LEADER requirements under IPARD, the selection of local action groups, eligibility and selection criteria, as well as the measures that will be available for supporting LEADER.

### 2.2 Institutional and Legal Settings

The Ministry of Agriculture, Forestry and Water Economy (MAFWE) is the main institution responsible for development and implementation of the LEADER Approach. The LEADER measure was included in Macedonia's NRDP and IPARD funding schemes for the 2014–2020 periods. According to the IPARD II program, the introduction of the measure “Implementation of Local Development Strategies - LEADER Approach” was planned for 2016, but in reality, implementation is expected to begin in 2019. Even though significant progress has been made in developing the necessary regulatory

<sup>73</sup> Official gazette of RM nr.7.20.01.2017

<sup>74</sup> Official gazette of RM nr.49 12.04.2010

framework, the MAFWE still needs to finalize the EU accreditation process in order to make the LEADER measure operational.

Local development initiatives based on LEADER's bottom-up approach, which focused on mobilizing rural communities, were mainly implemented through the Rural Development Network of the Republic of Macedonia (RDN of RM) and through the USAID Small Business Expansion Project (SBEP). These initiatives were aimed at building and strengthening the social and human capital in rural areas through consultations, education, training and piloting local rural economic development projects.

Between 2014 and 2015, the majority of these groups were formalized into 16 Local Action Groups that are not part of the MAFWE's LEADER programme since it has not started yet, but are registered as civil society organizations under the Law on Associations and Foundations. The LAGs collectively cover 73% of the entire rural territory of Macedonia across 61 municipalities<sup>75</sup>. A great amount of support was provided in developing the LAG capacities during the past six years, but each is at a different stage of “maturity” due to the differences in the baseline capacity of the LAG members in each region. However, the average organizational and project cycle management capacity of the LAGs remains low. None of the 16 LAGs are currently capable to independently implement Local Development Strategies and to develop procedures for administering implementation of local rural development projects without coaching and financing from outside sources.

The initial policy framework for implementation of the LEADER programme in Macedonia is founded within the Law on Agriculture and Rural Development, (Articles 87, 88 and 89). The Law states the basic legal forms for establishment of the local action groups and refers to the main key features of the EU LEADER (e.g. area-based approach, public private partnership). The law defines the LAG formation by: co-operation and association of one or more rural communities that are neighbouring by their cadastre borders.

In 2012, a working group responsible for developing the draft rulebook for: the detailed conditions for registration in the records of the local action group<sup>76</sup>, the registration procedure, the required documentation and the manner of keeping records, was established by MAFWE. The second rulebook was related to the content and methodology for preparation of strategies for local development of rural areas<sup>77</sup> and the manner of their approval. Furthermore, the contents of the rulebooks were analysed and adjusted with the EU regulations relevant for LEADER (and CLLD) – (EU) 1305/2013, (EU) 1303/2013. The Rulebook presents a comprehensive coverage of most aspects of the local development strategy as listed in the relevant EU regulations. The evaluation criteria include most aspects of an LDS evaluation. Overall, this legal basis provides a good foundation for the development of LEADER in Macedonia. In 2015, new Guidelines for LAG formation, LDS preparation and implementation were prepared to support the potential LAGs as part of the EU project Introduction of New IPARD measures (LEADER and Advisory Services). Subsequent institutional actions included introduction of a LEADER measure into the National Rural Development Programme (NRDP). However, this has never been activated as a measure.

With regards to the division of responsibilities and relations among different ministries, the Law on Agriculture and Rural Development defines the local self-government units (municipalities) as institutions playing a significant role in the implementation of the rural development policy. Therefore, the creation of synergy by establishing good co-operation between them and other relevant actors from the civil society and the business sector would be one of the most important mechanisms for

<sup>75</sup> Annex 2 map of LAGs

<sup>76</sup> Official gazette of RM no.40/13 14.03.2013

<sup>77</sup> Official gazette of RM no.40/13 14.03.2013

successful implementation of the LEADER programme. The legal basis for co-operation between the Ministry of Agriculture and the municipalities is contained within the laws regulating the functions and authorities of these institutions, primarily the Law on Agriculture and Rural Development, the Law on Local Self-government<sup>78</sup> and the Law on Balanced Regional Development<sup>79</sup>. Furthermore, in the Macedonian legal system there is a complete adjustment of the objectives of Agricultural and Rural Development Policy of the MAFWE with the objectives and the policy of local development of the municipalities on the one side and the EU Strategy for Rural Development on the other. The Law on Local Self-government regulates the co-operation between municipalities and the Government and the co-operation among the municipalities. The above Law says that in the performance of their competencies, the municipalities may form mutual administrative bodies. For the purpose of accomplishing common interests and performing common tasks they may join funds and establish shared public agencies.

## 2.3 Funding

To date, the current Local Action Groups and Local Development Strategies have been symbolically funded by the RDN of RM and USAID SBEP in Macedonia. In some cases, this has been supplemented by funding from targeted municipalities, who have provided local office space and supporting facilities for the LAGs. The funding has predominantly been used to cover the costs of training and facilitation of local groups and the costs associated with the analysis of the local area needs and the development of local development strategies. In addition, in some areas, examples of small pilot projects have been funded (approx. 3,000-5,000 EUR) to demonstrate the effectiveness of community-based initiatives. Even though more work needs to be done to strengthen the sustainability of the LAGs, the small-scale projects supported by RDN of RM and USAID SBEP that were implemented through the LAGs, successfully demonstrate the effectiveness of such community-based, bottom-up initiatives. In some cases, this has been supplemented by providing in-kind support from LAG constituent municipalities, who have supplied local office space and supporting facilities for the LAGs. The total funding provided through USAID's SBEP and the RDN of RM since 2012 is estimated at 500,000 USD.

This support has encouraged greater involvement of stakeholders in these regions and has raised expectations for future funding possibilities for larger priority projects to be funded through the national LEADER measure.

The policy measures on supporting activities related to LEADER are prepared by the MAFWE. However, no funding has yet been made available through MAFWE to support LEADER due to the delay of the EU accreditation process.

## 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

The closest to LEADER-like activities at the local level was implemented by the MAASP in 2009. The project supported the formation of municipally based multi-stakeholder rural development groups that encouraged the local governments to consider rural development in the scope of their municipal activities. The following municipalities were included in the process: Bitola, Resen, Mogila, Novaci,

<sup>78</sup> Official gazette of RM no.5 24.01.2002

<sup>79</sup> Official gazette of RM no.63 15.05.2007

Gevgelija, Valandovo, Bogdanci, Berovo, Pehcevo, Delcevo, Kumanovo, Staro-Nagoricane, Lipkovo, Gostivar, Mavrovo - Rostusa, Vrapciste.

During this process, the LEADER Approach was utilized to provide examples of what could be achieved through the mobilization of different stakeholders. Young, relatively well-educated residents of rural municipalities who were already active in the grassroots NGO sector became particularly engaged. Synergies have arisen through a combination of awareness raising at all levels, soft skills knowledge transfer, small pilot initiatives at local levels, and preparation of Rural Development sub - strategies adopted by 16 municipal councils. With this process, the local ownership of rural development has grown exponentially and municipalities have started to allocate funds from their budgets for implementation of activities within their sub-strategies for rural development. The following are examples of realized projects derived from the municipal rural development strategies using the LEADER Approach.

**Table B. V. 1: Case study 1**

1. Title and author	<p><b>"DAYS OF PELISTER'S PRODUCTS"</b>                  Project Concept by:                  Local Group for Rural Development of the Municipality of Bitola</p>
2. Executive summary	<p>The overall goal of the project was to improve the livelihood of the rural population in the sub-mountain region through identification, promotion and sale of local agricultural and hand made products, development of alternative tourism and sustainable use of natural resources and through the establishment of a Fair of local products and rural services. The target group of the project were local farmers, artisans and producers from the four mountain villages of Dihovo, Nize Pole, Trnovo and Magarevo. The main activity of the project was to organize a Fair of local products and services from 4 sub-mountain villages in the Pelister Region. The Fair had more than 30 exhibitors that presented their products and services to the visitors and established good business relationships between the different stakeholders in the region.</p>
3. Community data	<p>Pelister is a NATIONAL PARK in the Municipality of Bitola. It is located in the south-western part of the Republic of Macedonia, encompassing an area of 17.150 ha on the northern side of the Baba massif at altitudes between 900 and 2601m. Among the superior plants, about 90 are tree-like plants divided into 23 families. One of the most famous plants is the pine known as 'Molika' Pinus peuce Grisebach. Pelister has a developed hydrographic network, so this area abounds with springs, streams and mountain rivers, and there are two glacial lakes. The villages in the area provide opportunities for development of several kinds of traditional and alternative tourism.</p>
4. The challenge	<p>The natural potentials in this area are not utilized due to the lack of capacities and awareness for utilization and integration of all possibilities, opportunities and advantages that the region offers. The region is facing a wide range of problems such as low level of economic activities, ageing population, depopulation and migration. Young people are not encouraged to stay in the villages due to the lack of job opportunities and limited sources of income. There is an urgent need for improvement of the livelihood of the rural population in order to keep these villages alive and to stop the migration. The Pelister area offers eco-tourism with breath-taking landscapes, unpolluted air, where the tourists can taste the traditional meals and products; These villages are known by their traditional local farm products and clean environment.</p>

5. Action taken	The local Fair was organized in the mountain village of Trnovo on 28th of August. 30 stands were installed in the backyard of the village church. 28 exhibitors exposed their products and services to the visitors. The Fair was very well attended (700 – 800 visitors) and the visitors showed great interest in the exhibited products and services. The fair was properly covered by the media and highly supported by the officials of the Municipality. Teams from 5 TV stations recorded the event and interviewed the visitors and exhibitors; The Mayor of the Municipality of Bitola officially opened the fair in the presence of 7 members of the City Council and 2 members of the Parliament.
6. Results	Local products were sold during the Fair, good communication was established between different stakeholders and preliminary discussions for future co-operation were made. The owners of 3 restaurants in the sub-mountain region established co-operation with 7 local farmers for future offering of their domestic products to the visitors of the restaurants. The representatives of 2 travel agencies were very interested in the possibilities for rural tourism and agreed on future co-operation with the 2 farmers who offer their village houses for accommodation of tourists.
7. Lessons learned and conclusions	Good mapping of all potential resources (human, financial and material) is essential; All members of the LGRD should be competent in communication and presentation skills and should work as a transparent team. Project planning and coordination is a basis for successful project implementation; the monitoring and evaluation system must be in place prior to the start of the project implementation.
8. Contacts	Saso Angelovski <a href="mailto:sasho.angelovski@weeffect.org">sasho.angelovski@weeffect.org</a>

As stated above, the initial push for the LEADER in Macedonia began in 2009 as a part of the MAASP. The process continued with the activities implemented by RDN and was additionally supported in 2012 through the work of the USAID’s SBEP. The action continued with the implementation of informative and educational workshops with the rural population in more than half of the entire rural territory of Macedonia about the LEADER Approach that took place over the course of 2012 and 2013. Once sufficient interest in LEADER was created, the key stakeholders from the public, private and civil sectors in each region were identified and trained on the principles and mechanisms of the LEADER Approach, in preparation for the formation of LAGs. These groups of key local stakeholders, who would later be formalized into LAGs, were also guided in the process of drafting LDS.

Through a series of trainings, guidance and coaching methods, the local actors were involved in the creation of a LAG as the central mechanism and structure for governance of the rural development in the targeted areas, and in creation of the LDS as a central document which defines the set of priorities and measures for rural development. The RDN worked with LAG constituents (rural communities, business and NGO sector) on simulating the LEADER Approach methodology and implementing small scale rural development projects. In addition, USAID complemented RDN’s efforts in piloting the LEADER methodology through implementation of small scale rural development projects that proved to be a very efficient tool in inducing rural stakeholders’ responsiveness to issues relevant for enhanced local community development. The following is an example of a case study supported by USAID/SBEP.

**Table B. V. 2: Case study 2**

1. Title and author	<p><b>TOURISM DEVELOPMENT OF THE KOKINO ARCHAEO-ASTRONOMICAL SITE</b>                  Project Concept by:                  Local Action Group Aber 2015</p>
2. Executive summary	<p>The overall goal of the project was to improve the tourism infrastructure of Kokino and to increase the visibility of the site as a prime tourism destination in Macedonia. Its ultimate goal was to increase the number of tourists visiting Macedonia’s North-eastern region, thereby increasing the flow of money from tourism into the region’s economy. The target group of the project were tourists from Macedonia and abroad and tour guides to be trained for provision of professional guided tours of the site. The project was led by the idea to develop conditions for advanced development of rural and archaeological tourism in the Municipality of Staro Nagorichane, with introduction of tourist/visitor friendly access to the Kokino site and delivery of professional guided tours by certified tour guides. The project included infrastructural arrangements at the Kokino archaeoastronomical site, introduction of advanced promotional tools and a revenue model for achieving sustainable progress and improved tourism offer.</p>
3. Community data	<p>In 2001, in the Republic of Macedonia, right beneath the mountain peak of Tatikjev Kamen – in the Municipality of Staro Nagoricane, a Bronze Age archaeological site was discovered, revealing some human civilization development facts. The archaeology campaign artefacts, as well as the archaeoastronomical analyses in the following years, disclosed a site in the mountain that had all the characteristics of an ancient observatory, at the same time. Today, the site is known as the Ancient Observatory of Kokino or simply as Kokino.</p> <p>The Ancient Observatory of Kokino is located in the north-east part of Macedonia, near the border with Serbia. The observatory Kokino is near the village of Kokino. The entire region today is with low density of population as there are less than 1000 inhabitants in the area of the ten nearby villages.</p> <p>The site has immense opportunities for an improved archaeoastronomical tourism offer which in turn can be a driving-force for the local rural economy development.</p>
4. The challenge	<p>Located in the Municipality of Staro Nagoricane in North-eastern Macedonia, Kokino is among the oldest and most significant ancient observatories in the world. Since its discovery in 2001, Kokino has been managed as an archaeological site, as well as a tourist destination by the National Institution – Museum of Kumanovo. Between 10.000 and 30.000 tourists from Macedonia and abroad are estimated to visit the site every year, pointing to Kokino’s potential to grow into a major tourist attraction, if managed correctly. Nevertheless, the vast possibilities of the site are not sufficiently utilized for the purpose of rural development. The place does not have the necessary infrastructure to provide easy access for tourists and visitors and is not promoted enough. With the implementation of this project, better conditions for sustainable development of the archaeoastronomical site were created. The project increased the security of the visitors at the site, and improved the accessibility of the trail through the installation of signposts, as well as by refurbishing and enriching the content of the information boards. The project also increased the visibility and promotion of the Kokino site through the creation of a web site, Kokino</p>

	audio guide app for mobile devices and provided training for tour guides. Finally, a revenue model was developed that will contribute to sustainable expansion and full utilization of the Kokino site potentials.
5. Action taken	The following activities were completed: Installing a fence around the brittle stone thrones on Kokino meant to limit the access to this important, but fragile feature of the site; Installing signposts to ease and control the movement of visitors around Kokino; Refurbishing the information boards on Kokino (improving their content and design, and replacing damaged ones); Creating and launching the first official Kokino website – <a href="http://www.kokino.mk">www.kokino.mk</a> ; Creating and launching the first official Kokino audio guide app for mobile devices running on Android OS; Training and certifying tour guides for guiding tours on Kokino; Establishing a revenue model for Kokino based on the introduction of entrance fees (entrance to the site was free of charge before the pilot project).
6. Results	Tour guides were given the tools needed to create more accurate and engaging tours of Kokino in order to provide a better experience for visitors that prefer guided tours. The initial feedback from guides, journalists and archaeologists has been positive, stating that the site is now easier to navigate and understand due to the improved infrastructure, all the while protecting the most vulnerable parts of Kokino from the wear and tear caused by the increasing number of visitors. The comprehensive website, audio guide and information boards have made Kokino more easily accessible to independent travellers, which is especially important due to the steady global increase of tourists in this category.
7. Lessons learned and conclusions	The full impact of this pilot project will become clear in 2-3 years after its completion, but some of it is already evident. The most important of all interventions is the new revenue model which will enable the Kumanovo Museum to generate at least 20,000 USD annually for the maintenance and continued development of Kokino (the estimate is conservative and based on anecdotal data on the number of annual visitors). This much needed revenue will enable the Museum to independently finance tourism infrastructure projects on the site that have been in limbo for years due to a lack of funding, such as a protective fence around the site, a gift shop and a small gallery of archaeological artefacts. It will also enable the Museum to precisely track the number of visitors coming to Kokino, something that is not currently possible.
8. Contacts	Elizabeta Cvetkovska <a href="mailto:elizabeta3@yahoo.com">elizabeta3@yahoo.com</a>



## 4. CONCLUSIONS AND RECOMMENDATIONSS

### 4.1 Conclusions

- The MAFWE needs to consider and recognize the nature of the activities implemented by donors and the RDN of RM up to now as a public good, and should build on current and future actions for full-fledged implementation of the LEADER Approach, providing efficient continuation of support for the successful implementation of the LDS.
- There is a need to strengthen the capacities of all existing and potential Local Action Groups through a process of consulting, training, coaching and implementation of small-scale projects deriving from the Local Development Strategies.
- There is a genuine necessity to create a critical mass of local human capital capable to implement a successful LEADER programme in Macedonia. This is crucial in order to enable LAG partnerships and local development strategies to emerge and evolve from the bottom-up, with true equality between the public, private and civil sectors. It will advance the LAG involvement and citizens' inclusion in all aspects of local governance, as well as promote co-operation and partnerships between different sectors and stakeholders in rural areas, based on the LEADER principles.
- Due to the low average baseline capacity of the LAGs, at least two more years of coaching and funding of small-scale projects are required before they can develop the necessary organizational and project cycle management capacity required for fully independent operations.
- It is expected that the National and EU funding for LEADER will not become available before the end of 2018 or beginning of 2019, creating a two-year funding gap that the LAGs cannot independently overcome with their current capacity;
- The slow-down or discontinuation of activities started since 2007 would put an end to the current momentum and discourage all stakeholders from getting involved in LEADER again, making it highly unlikely to mobilize enough local support to revitalize the LEADER adoption process;
- If the LAGs are left to their own devices and with insufficient funding to bridge the two or more-year funding gap, they will likely disband. This would represent a considerable waste of the resources invested into the LEADER adoption process up to this point.
- The newly formed LAG partnerships are only at the beginning stage of a process meant to fully respond to the needs and interests of the diverse rural stakeholders based on the implementation of Local Development Strategies. The slow pace of this process and the repeated postponement of the start of the LEADER measure as part of the government's rural development policy threaten to jeopardize all the work done so far to rally the support of the stakeholders in rural areas. It might damage the already established LAGs which are still very new and fragile public-private partnerships (formalized as NGOs).
- The LAGs are still nascent organizations with underdeveloped organizational and project cycle management capacities and, as such, are having difficulties operating independently of donor funding and support.

### 4.2 Recommendations

#### Recommendations for institutional set-up improvements

- The formal approval of the LEADER measure by the MAFWE must be accelerated and allow further actions in the process of finalization of the accreditation package. Once this process

is finalized, the measure will be shared with DG AGRI to initiate the process and submission for formal approval. The provisional estimated time for completion of this process is 2 years. This is too long to keep the interest and the enthusiasm of the local stakeholders involved in the LEADER preparation and simulation activities performed until now.

- There is an evident development of the Local Development Strategies at the regional level in 16 pre-LAGs supported by the donor projects of USAID SBEP and the RDN of RM. This process must continue based on the very encouraging results creating a critical mass of local human capacities as a good basis for implementation of a quality LEADER programme in Macedonia.

#### Recommendations for policy improvements

- Local development policies should be implemented with more coordination between the relevant institutions and with a bottom-up decision-making process. In addition, better connection and coordination of diverse rural actors, both in vertical terms (government bodies at different levels - national, regional and local) and in horizontal terms (entrepreneurs, professional associations, farmers, etc.) are needed.

#### Recommendation for empowering local stakeholders

- Prior to the process of launching of the EU LEADER as a future IPARD measure in Macedonia, it is necessary to strengthen the organizational capacities of local stakeholders from the public, civil and private sectors in order to provide effective means of local social inclusion within the Local Action Groups, and to be well prepared for the implementation of the LEADER Approach within the IPARD Programming period 2014–2020. The capacity building process should include design and delivery of training for the local stakeholders in:
  1. Understanding the key steps and technical procedures for applying the LEADER Approach on a local level;
  2. Strengthening the capacities of the LAG managers to coordinate the implementation of the Local Development Strategies;
  3. Developing transparent procedures among the main actors (creating synergy, systems for communication and decision making);
  4. Designing and implementing outreach campaigns that will increase the local awareness and rally support for the LEADER Approach, thereby attracting new members to the LAGs;
  5. Preparing technical advisory materials (guides and brochures) for the LAGs. Provide ongoing coaching support to the LAG management on administrative and programming operations, and support the establishment of financial and administrative mechanisms for LAG operations. Another key element in the capacity building process is to support stakeholders in project cycle management through the implementation of small-scale projects derived from the LDS. The objective would be to provide technical assistance to the existing LAGs for the realization of projects derived from the LDS in order to build up their project cycle management capacity and demonstrate the effectiveness of community-based initiatives, thereby helping the LAGs to attract new members and funding. The support can consist of coaching the LAGs on how to implement the LDS and administer local rural economic development projects, and on how to work with the local beneficiaries and the community in an open, inclusive and transparent manner. This can be achieved by bringing together local actors to help develop project ideas based on their LDS priorities and by facilitating communication which will enable local actors to discuss the needs of their community on a strategically sound basis. It is important that different “visions” of the future and economic development strategy for each micro-region covered by the LAGs are publicly discussed so that a high degree of inclusiveness and consensus can be achieved.

## 5. ANNEXES

### 5.1 Annex 1: Used Literature, References and Contacts

- MAFWE [www.mzsv.gov.mk](http://www.mzsv.gov.mk) Biljana Kostovska, Head of Managing Authority [biljana.kostovska@ipard.gov.mk](mailto:biljana.kostovska@ipard.gov.mk)
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- LAG “Skardus” Angelina Voskoska 070/248560; Besim Imeri 075/209163 [lagskardusjt@gmail.com](mailto:lagskardusjt@gmail.com)

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- National Agriculture and Rural Development Strategy 2014 – 2020; Skopje November 2014
- Introduction of New IPARD measures (LEADER and Advisory Services) to be implemented under IPARD II –Inception report February –March 2015
- Introduction of New IPARD measures (LEADER and Advisory Services) to be implemented under IPARD II –Final report August 2016
- Creating Synergies for Initiating EU Activities in Rural Development and Implementing LEADER Methodology - MAASP June 2009

### Links

- Law on Local Self-government [http://mls.gov.mk/images/laws/EN/Law\\_LSG.pdf](http://mls.gov.mk/images/laws/EN/Law_LSG.pdf)
- Law on Balanced Regional Development [http://www.rdc.mk/southeastregion/files/law/Final%20version%20of%20the%20Law%20on%20BRD\\_adopted\\_eng%5B1%5D.pdf](http://www.rdc.mk/southeastregion/files/law/Final%20version%20of%20the%20Law%20on%20BRD_adopted_eng%5B1%5D.pdf)
- Law on Associations and Foundations <http://www.icnl.org/research/library/files/Macedonia/maclaw.pdf>

## Annex 2: Map of LAGs





# CHAPTER B.VI

Assessment of the application of the LEADER Approach in the Western Balkan Countries – “from a local initiative to a mainstream concept in the rural areas”

Country report: Montenegro

Author: Mr. Ratko Batakovic

# 1. INTRODUCTION

Montenegro has been an EU membership candidate since December 17th 2010. Until today, 26 out of 35 chapters have been opened. Among the last ones, on December 13th 2016, Chapter 11 on Agriculture and Rural Development was opened. The European Commission report for 2016 states: “Montenegro is moderately ready in the field of agriculture and rural development”. Good progress has been made in that area, including the adoption of regulations and progress towards delegating the implementation of the budget for IPARD II. In 2014, the Montenegrin government adopted the Strategy for regional development of Montenegro for the period 2014-2020, which states that the main goal for achieving a more balanced socio-economic development of all units of local government and the region is based on competitiveness, innovation and employment. In this strategy, the development of agriculture and rural areas has the priority, because based on the OECD methodology, the whole territory of Montenegro can be considered as rural, having in mind that the average population density in Montenegro is significantly below 150 inhabitants per km<sup>2</sup>. According to the 2011 Census, 228.009 inhabitants or 36,8 % of the population of Montenegro lives in rural areas. According to the statistical analysis of the structural problems, priorities of national and regional economic development, MARD created a Strategy for development of agriculture and rural areas 2015-2020. Given that all the objectives are aligned with the policies and legal settings of the EU in this area, priority directions for activity are: Fostering knowledge transfer and innovations in agriculture, forestry and rural areas; Strengthening the competitiveness of sustainable management; Promoting the organisation of food supply chain and risk management in agriculture; Restoration, preservation and strengthening of ecosystems dependent on agriculture and forestry; Promotion of efficient use of resources and encouraging the transition to economy with low levels of carbon emissions, resistant to climate change in the agricultural, food and forestry sectors; Promotion of social inclusion, poverty reduction and economic development of rural areas. The national support schemes in Montenegro are realized through the implementation of the Agro budget which amounts to 31,54 million EUR for the 2017 and is almost 40 percent higher than the year before. The total budget amount for measures supporting the rural development in the Agro budget is 18,667,000.00 EUR. Main users of the national budget are: farmers, farmers’ communities, processors, rural municipalities and different companies in the rural areas. The IPARD II programme describes the current state of the sector and defines support measures in the field of rural development. The chosen measures defined in the IPARD II programme were selected based on the results of the sectoral analyses that were made and updated during 2014. One of the measures is certainly the application of the LEADER Approach through the implementation of IPARD II from 2018. The aim of the selected measures is to improve the competitiveness, increase the added value of products, create new jobs, enhance living conditions in rural areas, and link agriculture with tourism. One more reason for choosing these measures is their implementation through national support, grants such as MIDAS and IPARD-like projects for the past period. This way, farmers can prepare their farms to use the EU funds for the programme period 2014-2020. The financial allocation was made based on the experience gained from the Montenegro Institutional Development and Agriculture Strengthening project (MIDAS) and IPARD-like; in particular in regard to the absorption capacity, administrative capacity, as well as the plans for alignment with the EU Acquis. A total of 51 million EUR for public support will be provided from IPARD and the national budget, i.e. 39 million EUR from the EU funds and approx. 12 million EUR from the national budget. Taking into account the approximately 35 million EUR of public participation, we come to the amount of 86 million EUR of investments in this sector for the programming period 2014-2020.

## 2. LEADER ENVIRONMENT IN MONTENEGRO

### 2.1 LEADER in the national strategic and programme documents

With the Strategy for Food Production and Development of Rural Areas, long term directions for development of agriculture and rural areas were set, i.e. the agricultural policy of Montenegro. The agricultural policy is being implemented based on the National Programme for Food Production and Development of Rural Areas, adopted by the Government for a period of 5 years. The conditions, method and dynamics of the implementation of the agricultural policy measures defined by the Strategy and the National programme, shall be closely regulated by the Agrobudget until the beginning of the fiscal year. Thus, the outline of the strategic framework of the policy for the implementation of LEADER measure is defined in the Strategy for development of agriculture and rural areas 2015-2020. We find a precise definition of LEADER through measure 5 in the IPARD II programme. The Programme for Development of Agriculture and Rural Areas of Montenegro through IPARD II 2014-2020 is a document which describes the measures of support for implementation of the LEADER Approach in detail. The LEADER Approach contributes to local engagement for development of resources and on that base, it provides additional value to the rural economy, quality of life, the environment and cultural heritage. In addition to these development impacts, the LEADER Approach contributes to the improvement of local governance and has a significant potential for building trust and social capital. The key of the LEADER Approach efficiency is in the better adaptation of projects to the needs of their users, which brings positive effects on the employment. As an integrated resource of territorial development on a “local” level, the LEADER will directly contribute to balanced territorial development of rural areas in Montenegro, which is one of the general goals of policy of rural development. Rural areas are encouraged to explore new ways to become or stay competitive, to use their existing resources in the best way and to overcome the relevant challenges. Therefore, this approach has a very important role in finding innovative answers to new and old problems in rural areas. The aim of this measure is to use the developmental potentials of the local communities, to establish local partnerships of public, private and NGO sectors, which will have the capacity to act like Local Action Groups (LAGs) in the preparation and implementation of strategies for local development and thus ensure good management through local partnerships and stimulate employment and development of social capital. The key advantage of the LEADER Approach is that it is able to deal with specific problems on a local level, allowing local partnerships to develop and implement projects adapted to local needs. Users of this measure will be the selected LAGs, implementation is planned to start in 2018 and the financing should flow according to the dynamics presented in the following table:

**Table B. VI. 1: Financial allocation of funds for the LEADER measure**

Year	Acceptable costs in total	Participation of the EU - EUR	Participation of the EU %	National participation - EUR	National participation %
2018	233.333	210.000	90%	23.333	10%
2019	266.667	240.000	90%	26.667	10%
2020	266.667	240.000	90%	26.667	10%
<b>Total</b>	<b>766.667</b>	<b>690.000</b>	<b>90%</b>	<b>76.667</b>	<b>10%</b>

### 2.2 Institutional and legal settings

Within the Ministry of Agriculture and Rural Development there is an active Directorate for Rural Development. The Directorate prepares strategies and programmes in the area of rural development, with the aim to improve the competitiveness and the standard of living in rural areas and to protect the environment. It also conducts programmes and projects on rural development from



the national and international funds in co-operation with international organisations and donors. The Centre for Professional Education, the Employment Agency of Montenegro, the Directorate for development of small and medium enterprises, Investments and development fund etc. also work on the development of agriculture and rural development, but to a much lesser extent. According to their responsibilities, they conduct activities through which they support the rural development by approving credit support to farmers, unemployed persons and/or small and medium enterprises from the area of agriculture and agro-industry, as well as by organising different trainings. The advisory services and branch communities, such as the Chamber of Commerce, the Union of Employers, the Montenegro Business Alliance and the Network for Rural Development also provide a significant support to development through the activities they undertake.

The Ministry of Agriculture and Rural Development is the main institution responsible for the development and implementation of the LEADER Approach. The LEADER measure was included in the Programme for Development of Agriculture and Rural Areas of Montenegro as a part of IPARD II scheme of financing for the period 2014-2020. According to the IPARD II programme, introduction of the measure, implementation of the Strategy for Local Development – LEADER Approach is planned for 2018, and it is very likely that it will be realized in the planned period. As stated in a recent report from the European Commission, significant progress has been made in the development of the necessary regulatory settings, which encourages and makes it realistic that the LEADER measure becomes operational. The local development initiatives in Montenegro, based on a bottom-up approach, and focused on mobilizing of the rural population, were mostly conducted by the Network for Rural Development of Montenegro, generally in the north, with several individual exceptions in the southern, coastal municipalities. It is interesting to note that the so called "crisis funds" or donors that would support the rural development have been missing in Montenegro for years. These types of support have mainly been directed to solving other social problems, and consequently the focus was not on the rural development but on the other areas. During the last couple of years, these initiatives were directed towards building and strengthening the social and human capital in rural areas through participative workshops, education, trainings and local pilot projects for rural economic development. The consequence of this process is probably the fact that we still do not have any established Local Action Groups in Montenegro. The Network for Rural Development is currently implementing the activities from the regional project ALTER, concerning the promotion of LEADER and foundation of LAGs, so it is to be expected that by the start of the implementation of the LEADER measure, several LAGs in Montenegro will be established. The only possible legal form of their organization is to be registered as civil society organizations in accordance with the Law on Non-Governmental Organizations and Foundations. Also, the nucleus for one LAG is being formed as a logical sequence of the project realized by SWG through the ABD programme in forming the KRŠ region (Croatia, Bosnia and Herzegovina and Montenegro), where a group of stakeholders has been established from all the three sectors of the society from several municipalities.

The main policy framework for the realization of the LEADER programme in Montenegro has been established according to the Law on Agriculture and Rural Development (Articles 12, 19 and 20). This law stipulates the basic legal forms for establishing the conditions for the implementation of the LEADER programme and refers to the key features of the EU-LEADER (ex. area-based approach, public-private partnership).

The legal basis for implementing the IPARD II programme 2014-2020, as well as its measure LEADER, has been established, i.e. the Framework Agreement was signed and the Law on Ratification of the Framework Agreement was adopted between the Government of Montenegro and the European Commission confirming the rules for conducting the Union's financial support to Montenegro through the Instrument for Pre-accession support (IPA II); Sectorial agreement was signed and the Law on Ratification of the Sectorial Agreement was adopted between the Government of Montenegro and the European Commission confirming the rules on managing and conducting the Union's financial support to Montenegro under the instrument for Pre-accession

support for the policy area of “Agriculture and Rural Development” (IPARD). Also, the Government adopted the Regulation on implementation of the measures 1 and 3. What remains is the signing of the Financial Agreement, in order to complete the final formal legal obligation for using the IPARD funds. In addition to the aforementioned legal acts, a whole set of laws is important for the implementation of LEADER, which regulate the fields of tourism, economy, NGOs, companies, because the application of LEADER is impossible without synchronized compliance with nearly all regulations in Montenegro.

The formation of LAGs as it is the case in the EU or the region, through: co-operation and association of one or more rural communities that are near their cadastral units has still not been addressed or defined in Montenegrin legislation. The surface and the population that would be covered by LAGs have not been defined either. The Ministry of Agriculture and Rural Development has still not formed a working group that would be responsible for the development of the draft of regulations for: detailed conditions for entry in the records of local action groups in the process of registration, necessary documentation and method of keeping records. Also, there are no regulations that would define the methodology for creating a strategy of local development of rural areas and ways of their approval, which would be aligned with the EU regulations relevant for the LEADER (and CLLD). The regulations should cover most of the aspects of local development strategy, as it states in the relevant regulations of the EU. The evaluation criteria cover all the aspects of the local development strategy assessment. In general, the LEADER measure is planned in Montenegro, but there are no sufficiently developed bylaws for the establishment of LAGs, and consequently there is no good basis for LEADER development in Montenegro. Therefore, this would probably be the task for new institutional action before activating the LEADER measure. Local strategic documents have still not been adopted in any of the local municipalities. The exception was the Municipality of Pljevlja, which adopted their Strategy for rural development in 2010, as an output of the project realized by UN FAO in Montenegro. This Strategy expired in 2015. After that, there were several attempts in two municipalities on the Montenegrin coast, but those processes were never completed. The lack of strategies decelerated the process of establishing LAGs. The legal basis for co-operation between the Ministry of Agriculture and the municipalities is based on the laws regulating the functions and power of these institutions, above all the Law on Agriculture and Rural Development, the Law on Local Government and the Law on Balanced Regional Development. In addition, the Montenegrin legal system has a complete alignment of the objectives for agriculture and policy of rural development of the Ministry of Agriculture and Rural Development with the objectives and policies of local development of municipalities on one side, and the EU rural development strategies on the other side. The Law on Local Governments regulates the co-operation between municipalities and Government and co-operation between municipalities. This law states that, in the creation of local strategies, municipalities must consult the ministries and align them with the national strategies.

## 2.3 Funding

Given that in Montenegro there are no established LAGs and no local strategic documents for rural development so far, the resources for promoting the LEADER Approach and activities in accordance with it have been organised by the Network for Rural Development of Montenegro provided with the support of the Ministry of Agriculture and Rural Development, the Ministry of Sustainable Development and Tourism, the local governments and some smaller companies from the rural areas. The total funds that the Network for Rural Development of Montenegro provided from its partners, donors and through different local, national and regional projects so far amount to about 250.000 EUR and a significant number of hours of voluntary work. It is only now that some of the local governments have set the support for rural development as a priority through competitive allocation of funds to NGOs. The ongoing regional project ALTER will provide the promotion of the LEADER Approach through various activities, including establishment of LAGS and strengthening their sustainability. The small projects that were realized in the past were mainly supported by the Network for Rural Development of Montenegro, and as mentioned before, they were supported by

organizations that are part of the Network. They successfully show the efficiency of those bottom-up initiatives in the community.

Support measures for activities related to LEADER were projected through IPARD II and their activation is planned for 2018.

**Table B. VI. 2: EU contribution to the IPARD II funds by the measures 2014-2020, in EUR**

Measure	Total public support %	Total public support	EU contribution	EU contribution %	National contribution	National contribution %
Investments in the physical capital of agricultural farms	60%	15.840.000	11.880.000	75%	3.960.000	25%
Investments in physical capital related to the processing and marketing of agricultural and fishery products	50%	23.693.334	17.770.000	75%	5.923.334	25%
Agro-environmental measures	100%	4.117.647	3.500.000	85%	617.647	15%
Implementation of the local development strategies - LEADER	100%	766.667	690.000	90%	76.667	10%
Investments in rural infrastructure	100%	2.133.333	1.600.000	75%	533.333	25%
Diversification on farms and business development	65%	2.933.333	2.200.000	75%	733.333	25%
Technical support	100%	1.600.000	1.360.000	85%	240.000	15%
<b>TOTAL</b>		<b>51.084.314</b>	<b>39.000.000</b>		<b>12.084.314</b>	

### 3. PREVIOUS INITIATIVES AND LESSONS LEARNED

Recently in Montenegro there have been various initiatives and projects that could be considered as a "simulation" of the LEADER Approach, where the main result was the usage of local resources with the participation of all three society sectors. Nevertheless, those activities are not the rule, but an exception and their realization calls for employment of people that will start the process and lead it till the end, and later on manage it. Which, actually, is the way a LAG functions, with its established structure and a person managing it.

Current activities have mainly been reduced to organizing a variety of one-day or multi-day events designed to promote local products, customs and traditions, with the aspect of tourism support.

Until now, maybe the most serious initiatives with the potential of growing into LAGs have been created by the SWG that implements the Area Based Development (ABD) programme, which includes a region of Serbia, Bosnia and Herzegovina and Montenegro i.e. the Drina-Tara region and

the KRŠ region, between Croatia, Bosnia and Herzegovina and Montenegro. Through activities in these areas, stakeholder groups were formed that could easily grow into founders of future LAGs or just be a good example how it should be done.

Currently ongoing is the aforementioned project – ALTER, realized by the Networks for Rural development of the Western Balkans countries, with planned activities for promotion of the LEADER Approach and support in forming the LAGs.

An example of a project realized in accordance with the strategic plan of the Municipality of Niksic, with characteristics of the LEADER Approach, is presented in the following case study.

**Table B. VI. 3: Case study 1**

1. Title and author	<b>“New Year Fair of local products in Niksic”</b> Project implemented by the Network for Rural Development of Montenegro.
2. Executive summary	The overall objective of the project was to improve the life of the rural population in the Niksic region through mapping, promotion and sale of local agricultural products and souvenirs (handmade products) as well as development of alternative tourism and sustainable use of natural resources and maintenance of the Fair of local products and traditions. The target group of the project were local farmers, artisans and manufacturers. The main activity of the project was to organize a fair of local products and traditions for people from more than 30 villages from Niksic: Piva, Zupa, Banjani, Gornje Polje, Pjesivci, Golija, Katunska nahija and Lukovo. The Fair was attended by over 120 local exhibitors and 20 from the region, which presented their products and services to visitors and established good personal and business relations between the various stakeholders. They also made personal contact with officials and decision-makers at a local and national level.
3. Community data	By area, Niksic is the largest municipality in Montenegro, and used to be the largest municipality in former Yugoslavia with about 2000 km <sup>2</sup> . According to the 2011 Census, it has 76,000 inhabitants. It has an extremely high potential when it comes to agriculture and food production. It has a distinctive brand of local beer and high-quality fruit. It also has a very large potential in terms of tourism. The geographical position puts it in a very favourable position for tourist valorisation, because it is located at the crossroads between the sea and the mountains close to the biggest Orthodox sanctuary in this part of Europe, Ostrog, with annual visit of about 1 million pilgrims. A non-valorised large water resource consisting of two rivers and four lakes is also very important. Preserved nature and picturesque villages make for a highly diversified offer with great opportunities for the development of rural tourism.
4. The challenge	In the last two decades with a highly developed industry Niksic belonged to the regional industrial centres. At that time, Niksic had a large infrastructure and development plans. However, the war in the 90s shut down the established channels of trade and communications, and there has been a redistribution of staff caused by the departure of people from Niksic and the arrival of large numbers of displaced persons from Bosnia and Croatia, and later Kosovo*. Meanwhile, Montenegro’s union with Serbia suffered the consequences of sanctions by the international community. All these events went in parallel with the transition and privatization of companies, which was the point when a large number of people from Niksic started losing their jobs. Large companies such as „Zeljezara“ and „Boksiti“ which used to employ about 10.000 people, now have less than 1000 workers.

	<p>Many companies for products and services kept losing competitiveness over time and got off the market. The local government became unsustainable and it is now trying to make a social balance. The result of all these events is a large number of unemployed persons with a tendency for an even higher rate of unemployment.</p>
5. Action taken	<p>The local fair was organized in the Niksic Sports center. The duration of the fair was 3 days with 140 exhibition booths, which were collected from two rural schools and local associations of beekeepers. The whole area was branded and adapted for this event. 140 exhibitors showcased their products and services to visitors. The fair was very well attended (10 - 12.000 visitors), and visitors showed great interest in the exhibited products and services. The fair was very well promoted and supported by all print and electronic media and highly supported by the officials of the Municipality of Niksic and the Ministry of Agriculture and Rural Development. The Mayor of Niksic welcomed exhibitors and guests, and the Minister of Agriculture and Rural Development officially opened the Fair in the presence of a large number of representatives of the business sector and citizens. Five cultural and artistic associations from Niksic and the region took part in the entertainment part of the Fair.</p>
6. Results	<p>All exhibited products were sold during the fair, good communication between the different actors was established and preliminary talks on future co-operation took place. Forty food packages were collected for help of vulnerable families. During the Fair, the capacities of 3 out of 5 local hotels were filled. The owners of two national restaurants established co-operation with several local farmers for their supply of local products to visitors of the restaurants. Taxi companies had a record number of drives. A large number of posts on social networks had much more affirmative messages about the local community.</p>
7. Lessons learned and conclusions	<p>Very good mapping and organisation of all kinds of resources (human, physical, financial and material) is essential; all team members of the organization should be competent and have the credibility of the local community, be very skilful in their communication and presentation skills and be trained to work as a team. Project planning, choice and coordination of stakeholders is the basis for successful implementation of the project; a monitoring and evaluation system must be established before the start of project implementation for ongoing monitoring of those responsible.</p>
8. Contacts	<p>Milica Radojicic i Aleksa Mijuskovic</p>

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

As a result of the conducted research and analysis of the current state of readiness for the implementation of the LEADER programme in Montenegro, the following conclusions were clearly defined:

- Low level of promotion of the LEADER Approach in all three sectors of society.
- Undefined measures of support for financing the LAGs on a local and national level.
- Undefined rules of legal method of forming LAGs and their accreditation. Currently, the only

legal form for registering LAGs is as NGOs.

- Unrecognized need for creating local strategies for rural development.
- Unrecognized need for establishing LAGs and LEADER support from the decision-makers, especially on a local level.
- Unacceptably low number of people in ministries and local governments dealing with LAGs and LEADER issues.
- Uneducated media about the processes of rural development and LEADER programmes.
- Low level of representation of rural development as a theme in competitions for project financing from public funds.
- Absence of measures designed to support the budgets of local governments for the implementation of the LEADER model in collaboration with the Ministry of Agriculture and Rural Development.
- Lack of support of local governments in providing necessary infrastructure and technical conditions for the work of LAGs.

The study clearly shows that the part of the job that the Ministry of Agriculture is responsible for, is very well established in accordance with the needs of local communities and in relation to the strategic documents and legal settings. Also, it is clearly shown that there are no efforts or initiatives towards the development of this process at the local level. In this regard, the following recommendations arise.

## 4.2 Recommendations

### Recommendations for institutional improvement:

- The people in charge on all levels of decision-making should continue developing and improving the entire framework for the smooth development of LAGs.
- Define measures of support for financing LAGs on a local and national level.
- Define rules of the legal method of establishing LAGs and their accreditation.
- Recognize the need for creating local rural development strategies.
- Recognize the need for establishing LAGs and LEADER support from the decision-makers, especially on a local level.
- Increase the number of people in the ministries and local governments dealing with issues related to LAGs and LEADER.
- The people in charge on all levels of decision-making should also strengthen the communication with the civil and business sector, with the aim of constant improvement of the framework for the LEADER implementation.
- Promote models of networking and stronger co-operation of all sectors through participation in mutual activities, especially on a local level.
- Support local governments in creating strategic documents.
- Support all local initiatives and promote examples of good practice.
- More intense diplomatic activity in expressing the need for support of foreign donors for projects in the field of rural development. .

### Recommendations for policy improvement:

- The implementation of the rural and regional development policies should be organized

through the best possible communication between all stakeholders from all three social sectors.

- Strengthen the communication horizontally and vertically, through transparent participation of representatives of all sectors.
- Make regulations in accordance with all the strategic documents.

Recommendations for empowering local stakeholders:

- Since the announcement of the start of LEADER as one of the IPARD measures in Montenegro, it is necessary to strongly support all the serious local initiatives and empower the already weak capacity of the local stakeholders in order the help to be well administered for the implementation of the LEADER Approach in the context of IPARD programming period 2014 - 2020.
- Provide access to information to all interested stakeholders.
- Animate future holders about this process in the communities in which there is still no organized promotion of this approach.
- Provide transfer of knowledge and organize study visits to good practices of projects realized on the principle of LEADER.
- Promote the available funds and support the application processes.

## 5. ANNEXES

### 5.1 Annex 1 Used literature, references and contacts

1. Mutual agriculture policy of the European Union 2014-2020, [http://www.emim.org/images/publikacije/Zajednicka\\_poljoprivredna\\_politika\\_Evropske\\_unije.pdf](http://www.emim.org/images/publikacije/Zajednicka_poljoprivredna_politika_Evropske_unije.pdf);
2. Strategy of Development of Agriculture and Rural Areas 2015-2020, <http://www.mpr.gov.me/biblioteka/strategije>;
3. Action Plan for following the Strategy of Agriculture and Rural Areas of Montenegro, <http://www.mpr.gov.me/biblioteka/strategije>;
4. Programme of Development of Agriculture and Rural Areas in Montenegro (IPARD II programme 2014-2020), [http://www.minpolj.gov.me//rubrike/IPARD\\_program/](http://www.minpolj.gov.me//rubrike/IPARD_program/);
5. National Strategy of sustainable development until 2030, [www.mrt.gov.me/odrzivi/odrziv-nacionalna-strategija](http://www.mrt.gov.me/odrzivi/odrziv-nacionalna-strategija);
6. Regulation on conditions, method and dynamics of implementing agricultural policy measures, [www.mpr.gov.me/ministarstvo](http://www.mpr.gov.me/ministarstvo);
7. ALTER, Study about national framework for sustainable rural development in Montenegro
8. [www.mek.gov.me](http://www.mek.gov.me)
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# CHAPTER B.VII

Assessment of the application of the LEADER Approach in the Western Balkan Countries - “from a local initiative to a mainstream concept in the rural areas”

Country report: Republic of Serbia

Author: Prof. Natalija Bogdanov

# 1. INTRODUCTION

This report aims to provide an informative and descriptive overview of the strategic, policy and institutional framework for the implementation of the LEADER support in Serbia. In addition, the report deals with actions taken so far by various actors (the Ministry of Agriculture and Environmental Protection, the Provincial Secretariat of Agriculture of AP Vojvodina and donors) on supporting the LEADER initiative in Serbia. The report ends with general and specific conclusions and recommendations derived from the information assessed in this report.

On March 1st, 2012 the European Council granted Serbia the status of a candidate country, which was an impetus that enhanced the activities on aligning the policy and regulatory framework with CAP. Following the principles of the EU 2020 Strategy and the CAP for the period 2014-2020, the Serbian Ministry of Agriculture and Environmental Protection (MAEP) prepared and adopted the Strategy for Agriculture and Rural Development for the period 2014 - 2024<sup>80</sup> (SARD). Apart from this, the Serbian IPARD II programme was adopted by EC, national programming documents were prepared (waiting on adoption) and the legislative work in the field of agriculture and rural development was intensified. Although the agricultural policy objectives are well aligned with the key priorities of the agricultural sector and rural areas, their realization remains problematic, particularly in the field of LEADER support.

The first initiative aimed at raising the awareness of the local communities on LEADER related issues was launched by MAEP in 2005. In the following years, donors supported the capacity building for development, implementation and administration of the LEADER support, both of MAEP and local actors. Since 2010 MAEP has ceased to finance LEADER-like activities, while in recent years donor support to agriculture downsized. Many of the previously established local partnership in the meantime ceased to exist, and some capacities (primarily human) are irrevocably lost. Potential LAGs (PLAGs), which were identified as such in the course of implementation of the LIS project, remained in place mainly in the Autonomous Province (AP) Vojvodina, thanks to the support of the Government of the Provincial Secretariat for Agriculture. However, little can be said about their operations. There is little available information on potential LAGs and their networks, their experiences, activities and capacities to create and implement strategies and projects in accordance with the LEADER principles.

Key institutions and stakeholders lack the knowledge, experience and understanding to make the LEADER Approach operational in Serbia, while limited funding makes it difficult to recruit and retain staff, to mobilize stakeholders and to expand activities at the local level. National support scheme could help this process, but donor support could be used to support the training of the MAEP staff and to demonstrate implementation of strategies by potentials LAGs giving them the possibility to exercise the preparation, selection, implementation and reporting on the implemented small-scale projects.

<sup>80</sup> Official Gazette of RS, No. 84/14

## 2 LEADER ENVIRONMENT IN THE REPUBLIC OF SERBIA

### 2.1 LEADER in the national strategic and programme documents

The framework for the design and implementation of the rural development policy, and therefore the LEADER Approach in Serbia, is defined by several inter-related strategic and programming documents.

The umbrella document that articulates the development objectives and priorities of the agricultural sector is the Strategy of Agriculture and Rural Development of RS for the period 2014-2020 (SARD)<sup>81</sup>. In this document the LEADER concept is recognized as such among 14 priority areas for intervention, where the Priority area 12 refers to “Improving the social structure and strengthening the social capital in rural areas”. The objectives of this strategic priority are to improve the social structures in rural areas and to strengthen the internal potential of rural communities for joint action. The operational objectives to achieve these goals are defined as: a) mobilising local human and social potential by organising local action groups and the LEADER Approach; and b) promoting co-operative organising and co-operative involvement in local action groups. The SARD emphasized that special attention will be paid to the strengthening of the local action groups, in terms of improving their resources and expertise for implementation of the bottom-up approach under the LEADER Axis.

The National Programme for Rural Development (NPRD) and National Programme for Agriculture (NPA), both for up to 2020, have been developed and are awaiting adoption (it is expected for the second half of 2017). These programs are aligned with SARD, and are modelled in accordance with the IPARD structure in order to achieve complementarity of the support measures, and to avoid overlapping of priorities and financing. The measures are similar in terms of type of support, while a distinction has been made in the eligibility criteria and potential beneficiaries. In the set of measures in the NPRD, support has been foreseen for elaboration and implementation of the Local Strategies for Rural Development (LSRD).

The Serbian new IPARD II Programme for the period 2014-2020 was officially adopted by the European Commission (EC) on January 2015<sup>82</sup>. The LEADER measure is foreseen in the IPARD II Programme and is planned to be submitted for accreditation in the second package of measures (along with the agro-environment measure)<sup>83</sup>. The measure is not fully elaborated (the measure fiche has not yet been prepared), but it is planned that the remaining documents and required templates, as well as trainings, will be realized under the coming EU project (second half of 2017).

Apart from the national level, the Autonomous Province and local governments have the right to financially support the implementation of the agricultural policies on their territories, with the expectation of direct payments. In accordance with the Law on Incentives in Agriculture and Rural Development (LIARD)<sup>84</sup>, the Government of the AP Vojvodina, the Secretariat of Agriculture, has

<sup>81</sup> Official Gazette of RS, No. 84/14

<sup>82</sup> In 2008 Serbia initiated the preparation of IPARD I Programme. Although the Programme was prepared and sent for ex-ante evaluation it was never officially sent to the Commission for approval, since Serbia didn't have the Candidate status, and therefore was not eligible to initiate the accreditation procedure.

<sup>83</sup> The first package of measures for accreditation include: Measure 1- Investments in agricultural holdings to restructure and upgrade to the EU standards; Measure 3- Investments in processing and marketing of agriculture and fishery products; Measure 7- Development and diversification of rural economic activities; Measure 9- Technical assistance.

<sup>84</sup> Official Gazette of RS, No. 10/13, 142/2014, 103/2015 and 101/2016

supported the development of PLAGs and the preparation of LSRD since 2013, based on *annual regulations* that define the eligible activities, conditions and criteria for use of incentives as well as criteria for the approval of LSRD. Their support programmes are complementary to the policy implemented at national level and are approved by the MAEP.

Another important strategic document that deals with the issues relevant for LEADER is the *National Strategy for the Creation of an Enabling Environment for Civil Society in the Republic of Serbia for the period 2015-2019*. The overall objective of the Strategy is to improve the legal and institutional framework for the development of civil society and strengthen the partnership of the public administration and civil society in creating and implementing public policies. The document has not been adopted yet.

## 2.2 Institutional and Legal Settings

### ***Institutional setting and relevant actors***

The rural development program, and therefore LEADER in Serbia, is managed by the *organizational units* of the MAEP:

- The department for rural development of the MAEP, which is responsible for programming, monitoring, communication, promotion and evaluation of implementation of rural development policy, i.e. functioning also as managing authority; and
- The Directorate for Agricultural Payments (DAP), which will become the IPARD paying agency i.e. the single paying agency for all agricultural payment schemes.

The implementation of rural development programs is also supported by the National council for rural development (functioning as a monitoring committee), the National rural development network (focusing on support of local actions - LEADER) and the agricultural extension service (promoting rural development schemes and advising beneficiaries).

On the territory of AP Vojvodina, the Department for implementation of agricultural policy, monitoring the European integration in the field of rural development and advisory services of the Secretariat for Agriculture, Water management and Forestry, is responsible for planning the support measures, as well as for coordination of the work of PLAGs. In addition, important public stakeholders on regional level are the accredited Regional Development Agencies (RDA), (15 in total, covering all regions) as they are mandated to develop the co-operation between local actors. These Agencies are eligible to elaborate local development strategic documents and to implement strategies in the respective regions.

Activities aimed at raising awareness of local communities on LEADER related issues started in 2005, when MAEP initiated the first call to identify NGOs with interest and potential to deal with rural development at the local level. In order to boost the community participation in the process of elaboration and implementation of the rural development policy, MAEP encouraged stakeholders at the local level to create LEADER-like partnerships. As results of these efforts, in 2010 the Network for Rural Development of Serbia was officially established as an umbrella association of 16 regional offices active in the field of rural development at the time<sup>85</sup>. Furthermore, within the

<sup>85</sup> <http://eukonvent.org/eng/project/256/>

EU project “Capacity building for the establishment and implementation of a LEADER initiative in the Republic of Serbia” (2011-2013), more than 20 newly formed local partnerships have met the requirements designated by the project, and were identified as potential LAGs. A group of these partnerships established the National LEADER Network (NLN) as an umbrella organization of these PLAGs. NLN collaborates with more than 20 PLAGs involving stakeholders from more than 60 rural municipalities, covering 15% of territory of the Republic of Serbia<sup>86</sup>.

Even though some efforts have been made by MAEP and the donor community on establishing local partnerships and strengthening their capacities, the absence of necessary regulatory framework has led to significant operational difficulties. The existing PLAGs are not officially recognized by MAEP and are still applying for different projects independently, or as a part of networks which operate in the capacity of civil society networks. There is no reliable national data on the number of active PLAGs (some of the websites are not regularly updated, or email addresses are not active). The database of business entities (Serbian Business Registers Agency) is not reliable. Although this register can be searched by name, work area/activity profile and location of the entity, it is impossible to determine whether a registered organization is a local partnership in terms of LEADER.

An analysis of the regulatory framework for the implementation of the LEADER in Serbia includes: a) the legal basis for support measures, b) the relevant regulation related to the establishment of local partnerships, and c) the *regulatory framework* for the formulation of strategic and planning documents;

*The operation of the Serbian agricultural policy is based on the Law on Incentives in Agriculture and Rural Development (LIARD), which provides the general framework for the policy implementation. Article 34 of the LIARD predicts the subsidies for preparation and the implementation of local Rural Development Strategies. This point will be used for implementation of NPRD and IPARD support measures for LEADER type of initiatives. Article 40 closely describes the incentives to support programs related to the preparation and implementation of local rural development strategies. It includes support for the preparation and support for the implementation of LRDS. It is foreseen that the legal persons registered in the Register have the rights to use the incentives, along with the local governments and associations.*

The majority of existing local partnerships in Serbia are registered in accordance with the *Law on Associations*<sup>87</sup>. The Law stipulates that an association may be established by at least three founders - natural or legal persons, for the accomplishment of humanitarian, social, environmental protection, but also to exercise any other common goals and interests. The legal framework for the operation of their networks is defined by the same Law, which stipulates that the association “can merge in alliances and in other associations” (not networks).

*Law on Local Self-government*<sup>88</sup> - regulates the criteria for establishment of local government units and other issues of importance for their rights and duties. The Law stipulates that local governments can cooperate and join efforts to achieve common goals, development plans and programs, as well as other needs of common interest. However, the Law does not specify the manner, conditions and procedure for establishing inter-municipal co-operation, as well as forms of inter-municipal co-operation. In accordance with Articles 88 and 89, the Local governments could pursue co-operation in areas of common interest with the corresponding territorial communities and local governments in other countries. In order to improve the development of the local self-government,

<sup>86</sup> (<http://www.nln.rs/en/>)

<sup>87</sup> Official Gazette of RS, No 51/2009 and 99/2011

<sup>88</sup> Official Gazette of RS, No 129/2007 and 83/2014

its protection and realization of common interests, the units of local governments may establish their own association.

*The Law on Regional Development*<sup>89</sup> - defines the method of determining the areas that make up the region, measures, incentives, and funding sources for implementation of support for regional development; the Law also stipulates the legal and institutional frame for planning, coordination and realization of development activities and support to inter-municipal, inter-regional, cross-border and international co-operation. However, this document does not recognize associations as "official" carriers of regional development.

During 2016, the Government prepared the Law on the Planning System of the Republic of Serbia, which regulates the management of the system of public policies and medium-term planning, the type and content of planning documents. Article 10 of this Law provides for the possibility of adopting a sub-national strategy, insofar as they relate to part of the territory of the Republic of Serbia, and related administrative units or territories which are not geographically or administratively associated. The Law has still not been adopted.

## 2.3 Funding

The funding of LEADER-like support measures from the agricultural budget of Serbia started in 2005, when the MAEP initiated the subsidy scheme for building capacities of rural CSOs and their partnerships. Since 2010 the support has been cancelled due to both, the changes in policy priorities and lack of funds. In 2013 MAEP included the LEADER measure in the annual Regulation of Incentives in Agriculture and Rural Development for 2014, but the call for proposals was not realized.

In the Autonomous province of Vojvodina the process of creating LAG like groups started in 2007, with 5 potential LAGs, which was extended to 10 beneficiaries in the following years (as of 2015). The subject of the support was the award of a grant for the preparation of local rural development strategies. Beneficiaries of funds were so-called Partnerships for Territorial Rural Development - potential Local Action Groups, from the territory of AP Vojvodina. These funds were intended for the PLAGs from the territory of AP Vojvodina, to support the development of local rural development strategies. The total amount of funds allocated per year was 10.000.000,00 RSD, with a maximum amount per beneficiary of approximately 8.000 EUR Registered associations of citizens, as well as other forms of non-profit organizations which have legal status were entitled to use the incentives. The application process and other important issues regarding the competition are regulated by the *Ordinance on conditions and manner of use of incentives for the development of local rural development strategies for Partnerships for Territorial Rural Development based on the territory of AP Vojvodina*.

Apart from the budget of AP Vojvodina, LEADER-like activities were supported by several donor projects:

- 2008-2009 The *Strengthening Rural Social Capital and Networks* Project (UNDP Serbia) was a pioneering initiative in the establishment of LAGs in Serbia. The project was implemented in partnership with the Provincial Secretariat of Agriculture, Water Economy and Forestry of AP Vojvodina, and the local governments of five target municipalities. The project activities included: trainings in the LEADER Approach, project cycle management, project development,

<sup>89</sup> Official Gazette of RS, No. 51/2009, 30/2010 and 89/2015

financial planning, including mentoring support. The best project proposals were rewarded with seed funding (5.000 to 12.000 EUR per project).

- 2009-2012 The *Sustainable Tourism for Rural Development* Project was implemented within the framework of the Joint United Nations program, funded by the Kingdom of Spain through the Fund for the Achievement of the Millennium Development Goals (MDG). The activity was conducted in all 19 local governments. To further stimulate the participants to practically apply the knowledge acquired during the training program, the project supported local communities in the design and implementation of projects for development of rural tourism. The six local projects implemented on the territory of 15 municipalities, were granted 180.000 USD.
- 2011-2013. The LEADER Project Initiative Serbia (LIS) - the EU-funded project officially titled *Capacity building for the establishment and implementation of a LEADER initiative in the Republic of Serbia*. The project has contributed to the strengthening the human, technical, organizational and financial capacities for overall support to the implementation of the LEADER Approach within the MAFWM, but also to the development of 21 potential LAGs which have been identified.
- In 2009, through the support of the SWG and EC, an EU funded project for support for implementation of the Area Based Development Approach started. This approach tested the LEADER type initiatives on cross-border areas in several territories (Drina - Tara, Drina-Sava and Pcinja region). The project results have shown that there is a big interest and great possibilities for community led initiatives, especially when accompanied with financing for concrete projects related to elaborated strategies of defined areas.

### 3 PREVIOUS INITIATIVES AND LESSONS LEARNED

The previous experience with the establishing of LEADER support suggests that the activation and mobilization of local actors and creating their partnerships should start once the whole system is prepared and ready to handle this measure regularly. Otherwise, there is a risk that the lack of continuity, consistency, transparency and sustainability in policy implementation can cause a loss of interest or confidence of actors. Such problems were recognized particularly in the Eastern European transition countries. Based on the Hungarian experience Fekete (2014) indicates that apart from other factors, the lack of funds financing operation and scarce local social capital may hinder the operation predicated by LEADER principles.

Although these lessons learned were transferred to policy makers in Serbia, certain mistakes were not avoided.



**Table B. VII. 1: Case Study 1**

1. Title and author	<i>The lack of policy support prevents the continuity and sustainability of local partnerships</i>
2. Executive summary	Although the first activities of the MAEP on promotion and creation of local partnerships and their networks in Serbia were initiated more than 10 years ago, currently there is still no funding scheme for LEADER-like measures in the national agricultural budget. However, the environment in which PLAGs today operate is not equal on the whole territory of Serbia – the PLAGs on the territory of the Autonomous Province of Vojvodina enjoy support from the budget of the Provincial Secretariat for Agriculture, while those in Central Serbia are forced to rely only on their own abilities to compete for grants.
3. Community data	Civil society organizations in rural areas (cooperatives, producers’ associations, associations of rural women, associations of ethnic groups etc.) have a long tradition in Serbia. Moreover, the co-operation between the state and CSOs, especially NGOs, has been intensified since the early 2000s, when they were invited to participate in the preparation of several national strategies for the first time. The participation of CSOs from rural areas in local decision-making and establishing of local partnerships with public and business sector was influenced by donor activities in supporting local development strategies (primarily Local strategies for sustainable development, and later on those focused on social and environmental issues). However, in these processes CSOs were active only in a narrow scope of the work, often following guidelines and limits set by donors or local governments <sup>90</sup> .
4. The challenge	The participatory decision making at the local level in Serbia started in mid of 2000s, when the responsibilities and duties of local governments in the policy planning were significantly extended. Given the great importance of agriculture to the local economies, but also the complex problems of rural areas, there was a need to include farmers, their associations and other representatives of various social groups from rural areas in these processes. The insufficient capacity amongst civil society to take on a role in these process, as well as the insufficient awareness within farmers’ communities and the business sector about the advantages of being engaged in decision making were the main obstacles to effective implementation of the bottom-up approach. The growing awareness that modern concepts of local and rural development management require transformation of outdated organizational and managerial structures, resulted in the fact that MAEP initiated the support measure on strengthening the rural social networks.
5. Action taken	<p>Initial activities and tasks were linked to training of CSOs in using community participatory development and PLA/PRA techniques. In the following years, by 2010, the MAEP supported activities of the local partnerships related to information campaigns, training, promotion of good practices and co-operation with local partners. Thanks to the active support and co-operation between CSOs and MAEP, during this period 16 regional rural centres were formed with 149 regional offices covering the whole territory of Serbia.</p> <p>The frequent changes in the management structures and radical shifts in the system of support to agriculture and rural areas have resulted in the cancelling of this support in 2010.</p>

	<p>In the AP Vojvodina there is continual support to CSOs provided from the budget, aimed to foster their co-operation with local authorities and other organizations (almost every secretariat of AP covers co-operation with CSOs). The first support to implementation of the LEADER Approach was provided by the <i>Strengthening Rural Social Capital and Networks</i> Project (2008-2009) implemented in five pilot municipalities on the territory of Vojvodina - Zitiste, Coka, Mali Idjos, Alibunar and Irig. After the support to LEADER initiatives ceased to be financed by the national budget, the Provincial Government continued with the funding of these activities with its own resources. Therefore, the local partnerships in Vojvodina, which meet the evaluation criteria proposed in the LIS project and were assessed as having the capacity to become a LAG, had the opportunity to be financially supported in order to overcome the funding gap. The Provincial Secretariat for Agriculture, Water Management and Forestry supports the development of LAGs and the preparation of local strategies for rural development (LSRD), based on the annual regulations that define the eligible activities, conditions and criteria for use of incentives as well as criteria for the approval of LSRD.</p>
<p>6. Results</p>	<p>During recent years, the international donors downsized their operations in the agriculture sector, as well as those related to rural issues, leaving the majority of rural CSOs struggling to survive. There is a weak diversification of funding sources, while the funding scheme for LEADER from the national agricultural budget has not been defined yet.</p> <p>The majority of local partnerships and networks formed through donor projects in Central Serbia strive to maintain their activities. Their operations and engagement in rural development and overseeing local governments' performances are less visible, while some resources are irretrievably lost.</p> <p>Local partnerships in AP Vojvodina are more active and have a wide range of activities, but also often change focus depending on the current trends and available options for funding.</p>
<p>7. Lessons learned and conclusions</p>	<p>The initial progress made in strengthening the co-operation with stakeholders and establishing local partnerships, raising awareness of the benefits of the LEADER Approach, mobilizing and enhancing the human capital has stalled in Serbia. A gap that has emerged due to the lack of funding, caused the majority of LAGs to downsize their activities. Some of them do not even exist anymore.</p> <p>Getting them back to the LEADER Approach will be a difficult process. Some of them were heavily supported by local municipalities and had political support which no longer exists. Some lost interest since no benefit or visible effect from this approach was presented in practice.</p> <p>In some municipalities, mainly in AP Vojvodina where local subsidies were planned to LEADER type activities, there is relatively high interest in this type of approach. Unfortunately, the local self-governments and political structures do not understand this concept and the role of this type of organization of community groups.</p> <p>Setting the ground rules to the LEADER process will have to be guided with carefully planned activities and conveyed messages.</p>

## 4 CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

*The Strategic and regulatory framework for the implementation of the LEADER Approach in Serbia has not been finalized, which has created an institutional vacuum in policy implementation.*

- The LEADER Approach is recognized in the national strategic documents (SARD and IPARD II program) and relevant laws (Law on Agriculture and Rural Development and Law on Incentives in Agriculture and Rural Development). However, the work on secondary legislation governing the implementation of the LEADER-like support is still in progress and is expected to be completed by the end of 2017.
- Measure fiches, documents and all the required templates for accreditation of the LEADER measure in IPARD II have not been prepared. These documents and templates will have to be prepared prior to sending the request for accreditation, including the Rulebook for implementation of the LEADER measure.

*Key institutions and stakeholders lack the knowledge, experience and understanding to make the LEADER Approach operational in Serbia*

- There is lack of staff to implement the LEADER measure and lack of knowledge on requirements and specifics of LEADER. A critical mass of government-trained personnel with core competencies in the implementation of LEADER-type initiatives does not exist in the operational structures of the MAEP. The current number of staff employed in MA and PA do not fulfil the requirements needed to pass the accreditation in the IPARD II Programme.
- Due to the lack of experience, there is limited potential among PLAGs and their partnerships in generating and programming suitable project ideas. This can only happen in the upcoming period if some seed funding is made available from the national budget, to enable these groups to put into practice much of the training and facilitation that has been provided.
- Stakeholders are not well prepared and informed about the rules and requirements of this measure. Moreover, proper information about the possibilities and core principles of the LEADER philosophy are not clear to the potential stakeholder groups that could be involved in building of partnerships. They need more training on skills and rules on the LEADER requirements and procedures.
- Stakeholders lack knowledge and skills to animate and prepare all required documents for recognition of LAG by the MAEP. There is misunderstanding in the local self-governments about their role in the LEADER process and type of partnerships and intervention logics.

*Limited funding makes it difficult to recruit and retain staff, to mobilize stakeholders and to expand activities at the local level.*

- Developing the formation of local partnerships and preparing potential partnerships/ groups for the selection process as potential LAGs was done within a LIS project five years ago. The big-time gap that happened between the LIS project to date, has caused the LAGs formed under this project to face capacity loss, mostly due to the lack of funding opportunities and uncertainty of future state support.
- The National support scheme has not been adopted and its implementation is expected this year. The MAEP should seek support mechanisms to boost and support a promotional and explanatory campaign. This process could be done with the support of additionally trained small number of selected national experts, animators from previous process and established potential LAGs under the LIS project, with carefully designed materials and messages to be conveyed to stakeholders.

- The technical assistance measure in the IPARD II Programme foresees support to the animators and potential LAGs to prepare partnerships along with the Strategies for submission of calls under the Programme. However, the present situation does not give a clear picture as to when this could happen. Also, currently there are no bilateral or EU funded support projects in place, designed to give this type of coordinated and guided trainings and capacity building to all participants in the LEADER measure implementation.

## 4.2 Recommendations

### Recommendations for institutional set-up improvements

*The incomplete strategic and regulatory framework, as one of the key obstacles for initiation of LEADER-like support in Serbia has to be improved. This would be done by:*

- *adopting the NPRD, which will initiate establishment of the partnerships and elaboration of local strategic documents on the principles, with easier, but similar requirements which exist in IPARD II*
- increasing the number of staff in the Paying Agency in compliance with the workload analysis. (Accreditation of the LEADER measure in IPARD II requires that for every working position in the process there is an adequate Manual of Procedures designed and trained staff in place). Also, the Managing Authority has to fill the planned positions for LEADER and to plan the staff which will be involved in the implementation.

### Recommendations for policy improvements

*The individual rulebook for the implementation of the LEADER measure will have to be elaborated*

- National Rulebook for implementation of the measure is needed. Preparation of a LEADER-like measure under the national support scheme for rural development could be a good way to prepare the local partnerships for the LEADER measure in the IPARD II Programme.
- The national support for LEADER should be designed in line with the EU requirements, but will have to take into consideration what the content of the Call for Applications which will be produced by the PA will be.
- Since not all needed documents and templates were elaborated in the previous period, it is important to re-check the existing ones and to elaborate the missing ones, as required under the accreditation process.
- The staff of the Managing Authority and the Paying Agency will have to be trained to implement that measure. This includes the training for evaluation of the Strategies of potential LAGs and general principles and rules for the implementation of the LEADER measure.
- Specialized information campaigns and seminars for representatives of local self-governments should be prepared. They should include clear information about the measure and their position, the role and the benefit that the implementation of the LEADER measure could have for their citizens and legal entities, including the broad picture and expected outcomes on the national level.
- Donor support could be used for the training of MAEP staff and to help them in the implementation of the measure under the national support scheme, applying the learning by doing methodology.

### *Recommendations for empowering local stakeholders*

The stakeholders will have to be better prepared and informed about the rules and requirements of the LEADER support

- The proper information about possibilities and core principles of the LEADER philosophy will have to be transferred to potential stakeholder groups that could be involved in the building of partnerships. They should be equipped with well-designed trainings on skills and rules on LEADER requirements and procedures.
- The national support scheme could help this process but will have to be accompanied by a strong information campaign to explain the rules and requirements.
- Local self-governments should be trained and informed about their role in supporting the LEADER programme implementation.
- Donor support could also be used to demonstrate the implementation of strategies by potential LAGs giving them the possibility to exercise the preparation, selection, implementation and reporting for implementation of small scale projects.

## 5. ANNEXES

### 5.1 Annex 1: References

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### 5.2 Annex 2: List of Policy and Legal Documents Reviewed

The Strategy for Agriculture and Rural Development for the period 2014 – 2024 - Official Gazette of RS, No. 84/14

The Law on Incentives in Agriculture and Rural Development (LIARD) - Official Gazette of RS, No. 10/2013, 142/2014, 103/2015 i 101/2016

The Law on Associations - Official Gazette of RS, No 51/2009 and 99/2011

The Law on Local Self-government - Official Gazette of RS, No 129/2007 and 83/2014

The Law on Regional Development - Official Gazette of RS, No. 51/2009, 30/2010 and 89/2015



PART C:  
AREA BASED  
DEVELOPMENT (ABD)  
APPROACH





# CHAPTER C.I

Area Based Development (ABD) – a regional bottom-up approach for sustainable growth of rural livelihoods in the WB cross-border regions

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# 1. INTRODUCTION

The sustainable economic development of rural areas and enhanced rural livelihoods are grounded on inclusive socio-economic development at the local level, strong participatory local governance and innovative community-based initiatives.

Local economies and their competitiveness require a sustainable interacting course, focused on building sustainable and long-lasting relationships among stakeholder networks of local authorities, small business operators, farmers and civil society.

Area Based Development as an innovative community led development approach that facilitates sustainable growth in rural areas. It proved to be suitable for cross-border regions in Western Balkan, characterized by specific complex development challenges.

Analogous to the "Liaison entre Actions de Developpement de l'Economie Rurale" (LEADER) approach and Community Led Local Development (CLLD), the Area Based Development Approach (ABDA) serves as a tool for targeting defined geographical areas in cross-border regions which are characterized by a set of common, complex development problems and share a similar culture and natural resources. It is a regional (local) approach which facilitates sustainable growth in small and socially cohesive rural areas in decline, often characterized by a common tradition and identity. The ABDA is implemented based on area-based local development strategies, which support local actors from different countries, sectors and entities to participate in decision making processes and selection of priorities to be pursued in their local communities via integrated bottom-up approach. By means of Stakeholder Groups (SHG), acting as Regional Local Action Groups, the ABD is based on establishment of local partnerships, integration and multi-sectoral actions, stimulating innovation (introducing new products/processes/markets) and finding solutions of persistent rural problems. Above all, the approach facilitates networking and cooperation among the stakeholders in rural areas, administrations and organizations involved in rural development on exchanging achievements, experiences and know-how. Such cooperation helps the local communities to boost their activities and allows them to resolve certain problems or add value to local resources, products and services.

The Area Based Development Approach also focuses on building local capacities and networking among the rural border regions and their local communities and in this way contributes to overcoming the national obstacles faced during the EU reform policy processes.

The preparations for implementation of the Area Based Development Approach in the Western Balkans started with the establishment of the Regional Rural Development Standing Working Group (SWG) in 2005 with identification of cross-border areas which, as the most marginalized and most undeveloped ones, need special attention by the participating Governments. Building upon the results of the desk research, the European Commission - Directorate General for Agriculture in cooperation with the EC Joint Research Centre funded a project on: "Identification of potential rural cross-border target areas for the implementation of an area-based development approach in the Western Balkans: methodology & assessment". JRC IPTS, in cooperation with SWG, performed comparative assessment of the potential target areas identified in terms of their assets and handicaps for successful implementation of the area-based development approach. In addition, the development settings and critical needs of the potential target area of "Drina-Tara", as a pilot cross-border region for implementation of the ABD, approach were assessed. The process continued in 2011-2017 when the SWG was contracted by the EC DG NEAR (ENLARG) within several projects to perform baseline analysis and detailed strategic development planning for the cross-border regions "Prespa", "Sharra", "Drina - Sava", "Prokletije - Bjeshket e Nemuna", "Krshe" and "Pcinja - Krajishte",

as well as to set up operational and management structures. In parallel, the activities were also focused on building the capacities and structures within the SWG in order for it to be able to further implement the ABD approach.

The undertaken actions resulted in the creation of framework conditions for implementation of the ABD approach, by strengthening the cooperation between public administrations and other public bodies, the private sector and NGOs in regard to local development and regional cooperation. This was also supported by building-up local and regional cross-border capacities contributing to sustainable growth of the rural cross-border regions.

## 2. ABD IN THE WESTERN BALKAN

The overall objective of the ABD approach in the Western Balkans is to facilitate cross-border and regional cooperation and reconciliation by providing mechanisms for legitimate, transparent, participatory and ongoing processes of needs assessment, priority setting and implementation of the Programmes for economic development of the WB cross-border regions using the Area Based Development methodological approach.

Since its introduction, the ABD approach has proven to be an efficient mechanism for facilitating bottom-up approach to regional rural development and for fostering integrated economic growth in rural cross-border regions of WB. This success comes from the fact that the approach is people-centred, based on understanding the realities of the rural population and on the principle of their participation in determining priorities for intervention. It is also holistic in that it is non-sectoral and it recognizes multiple actors, multiple strategies and multiple outcomes. Its activities are devoted to several different dimensions of sustainability such as environmental, economic and social.

In line with the strategic plans and analysis, the ABD facilitates the following prospects:

- stemming the population loss and attracting young skilled labour in rural border areas;
- improving sustainable use of natural resources and environmental protection;
- creating business networks among small business operators, short value chains and clustering;
- promoting, marketing and branding of regions and their values for living, working, visiting;
- transferring knowledge and exchange of experience, introducing and implementing innovations in production processes and service provision, as well as quality standards in service and production.

Overall, the approach focuses on the three parallel processes:

1. Facilitation of cross-border and regional cooperation and reconciliation by providing mechanisms for legitimate, transparent, participatory and ongoing processes of needs assessment, priority setting, and action planning in a particular region;
2. Strengthening cooperation of public administrations and other public bodies and NGO's in the field of local development and regional cooperation by building-up local and regional cross-border capacities;
3. Contribution to sustainable economic growth of a particular region by facilitating implementation of identified actions and in particular by providing investment support with the possible highest added-value and catalytic effects to the rural economies;

This is best tackled through different tools and modes of operations:

- Support to preparation of quality project proposals and local/regional development strategies for integrated economic development;
- Capacity building activities and established system of knowledge transfer;
- Regular communication, cooperation and dialog among the stakeholders - meetings, specific working group discussions;
- Enhanced cooperation, promotion and exchange of experiences through support of the organization of People to People events (P2P) - organization of rural events, rural fairs, cultural and traditional events, supporting the establishment of professional and business networks and partnerships etc.;
- Implementation of support schemes focusing on income generation - enhancement of the competitiveness of small and medium scale producers and service providers and development of short value chains for quality food products and rural tourist products and services.

## 2.1 ABD in strategic and program documents

The baseline analysis and detailed strategic development frameworks are developed for the cross-border regions "Prespa", "Sharra", "Drina- Sava", "Prokletije - Bjeshket e Nemuna", "Krshe" and "Pcinja - Krajishte" using the bottom-up participatory approach. The strategic frameworks have a multi-annual planning perspective for economic development of the Western Balkan cross-border areas. The priority development areas represent the main areas where the strategy can contribute to improvements (either through tackling the main challenges or through seizing the main opportunities). The priority areas have been identified and selected throughout the process of participatory planning. Information from several factors has been also used in the process of defining the priorities. The identified key priority areas defined for all cross-border regions are:

1. Environment;
2. Agriculture;
3. Economic growth and tourism;
4. Social cohesion;
5. Regional infrastructure;
6. Energy efficiency..

The Strategic frameworks were developed using the ABD methodology and through participatory involvement of the regional stakeholders during Stakeholders Group meetings, organized in thematic sub-groups in order to obtain their input for identification of priorities and directions for the development of the cross-border areas. Additionally, participatory tools such as surveys and interviews were used in the process to analyse the overall situation in the regions, identifying priority areas and setting the vision and the strategic framework. The strategic framework provides a high-level statement of the future direction and priorities of the cross - border regions and it guides the decisions of the stakeholders during the period of implementation.

The strategic frameworks and programming documents for each cross-border region, consider the local, national strategies, as well as reflect national and international commitments to a sustainable growth of the particular region.

This strategic frameworks and programming documents correlate with the Multi-country indicative Strategy Paper 2014-2020 (MCSP) and its key areas and sectors where cross-border and multi-country assistance will be most useful to support the IPA II beneficiaries prepare to meet the accession criteria. It is designed to support regional and territorial cooperation, facilitating the coordination and effective horizontal and vertical implementation mechanisms and is complementary to the MCSP. The respective strategic frameworks and programming documents for each of the targeted cross-border regions and selected development priorities in the baseline analysis by the stakeholders in the targeted cross-border regions are closely related to the main policy areas of the IPA II Regulation : (i) reforms in preparation for eventual Union membership and related institution and capacity-building, (ii) socio-economic and regional development, (iii) employment, social policies, education, promotion of gender equality, and human resources development, (iv) agriculture and rural development, and (v) regional and territorial cooperation. More specifically, they are in line with two of the four axes of the MCSP: (i) Regional structures and networking and (ii) Territorial cooperation i.e. to assist the promotion of ABD projects in a limited number of marginalised rural border regions and to support projects following the ABD approach to facilitate sustainable growth in defined geographical areas in the cross-border regions in the Western Balkans.

In particular the MCSP 2014-2020 states that “regional cooperation and exchanging best practices are an efficient way of promoting rural development, in particular in border areas which need to be better interconnected with the neighbouring regions. These challenges would be best tackled following a comprehensive approach based, for instance, on the concept of Area Based Development” that is promoted by SWG. Moreover, the MCSP 2014-2020 foresees that “projects prepared under the ABD approach to facilitate sustainable growth in defined geographical areas in cross-border regions in the Western Balkans, in particular rural areas characterized by specific complex development problems, will be considered for funding under cross-border cooperation programmes”.

The ABD is also in line with the goal of the South-East Europe (SEE) 2020 strategy, which is to improve the living conditions in the region and to bring competitiveness and development back into focus; it is closely following the vision of the EU strategy Europe 2020. In the context of the SEE 2020 Strategy, the EU aims to help the Western Balkans to better respond to market signals, integrate agriculture in expanding regional and international markets, improve efficiency and provide alternative jobs outside agriculture.

Within the IPARD Programme of the Republic of Serbia for the period 2014-2020, the ABDA is recognized as all-inclusive approach to the socio-economic development of the territories covering the less favoured local communities in border areas.

According to the IPARD Programme, in order to achieve a meaningful change in the selected rural cross-border areas, compilation of all sources of funding, in many cases complemented by regulatory action by the country and local authorities, is necessary. In this respect, implementation of IPARD in those cross-border areas will also play a significant role. Therefore, an effort should be made to ensure that IPARD contributes towards ABD and that there are synergies between different instruments contributing towards ABD objectives.

\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

## 2.2 Institutional and Legal Settings

The ABD approach has been applied, with functional Regional Offices/Project Management Units (PMU) established in the four cross-border regions of "Drina-Tara" (Bosnia and Herzegovina, Montenegro and Serbia), "Drina-Sava" (Bosnia and Herzegovina, Croatia and Serbia), "Prespa" (Albania and Macedonia) and "Sharra" (Albania, Macedonia and Kosovo\*), as well as the Regional Office in Belgrade. With baseline analysis finalized, as well as a strategic framework prepared, the ABD approach is initiated and ready to be further institutionalized in the three additional regions: "Krsh" (Bosnia and Herzegovina, Croatia and Montenegro), "Pcinja-Krajshte" (Serbia, Bulgaria and Macedonia) and "Prokletije-Bjeshket e Nemuna" (Albania, Kosovo\* and Montenegro).

The Project Management Units (PMUs) serve as a technical back-up of the ABDA framework for the facilitation of the regional strategic frameworks and programming aimed at the economic development of the rural regions. The PMUs act as coordination bodies for the members of the Stakeholder groups (SHG) in each of the regions.

In each cross-border region, SHG has been established consisting of a local government representative, the business sector (private actors and business organizations, including agriculture holdings and/or cooperatives) and civil society organizations (NGOs) other than business organizations. The Stakeholder groups function as latent Local Action Groups (LAGs) with a regional character in the cross-border regions.

Specific Operational Protocol for the SHG is designed setting the basic rules and procedures for functioning.

From the beginning, the ABD approach made a particular effort to involve all stakeholders through a genuine bottom-up approach, which also included the private business sector. This was achieved by putting the focus on short value chain development, integration of small business operators in the value chains and on increasing the quality of the local, traditional products and tourist services. Their prominent role is to strengthen and promote local ownership by increasing participation within communities and build the sense of involvement and ownership that can instigate local planning and development. Horizontal actions have already been undertaken under the ABD approach to create a regional identity and branding of the ABD regions, incl. identifying and registering all relevant business operators in the ABD regions.

The Project Implementation Unit was established within the SWG Head Office/Secretariat in Skopje, Macedonia, which is responsible for the overall management of the ABD approach and communication with different donors and relevant Ministries.

## 2.3 Funding

Since its introduction, the ABD is mainly donor supported. The European Union (EU), GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and the FAO (Food and Agricultural Organization) have supported the ABD approach in the form of direct grants in estimated value of more than 3.000.000 EUR, whereby EU is the main donor.

There are no specific national allocations or funds to support the ABD approach. The SWG member countries/territories and the responsible Ministries of Agriculture and Rural development have supported the implementation in a more technical and administrative manner, such as providing offices and other small amenities for proper functioning of the PMU's and the Regional office in Belgrade, Serbia.

So far, two pilot support (grant) schemes have been/are being implemented, initially in the "Drina-Tara" and "Drina-Sava" and later also in the "Prespa" and "Sharra" cross-border areas. The grant schemes follow largely the modalities of the support measures as implemented under the European Agricultural Fund for Rural Development (EAFRD) and the Instrument for Pre-Accession – Agriculture and Rural Development component (IPARD).

The first pilot grant scheme was implemented in the "Drina-Tara" and "Drina-Sava" regions between January 2014 and April 2015 with the focus on enhancing the competitiveness of small and medium scale producers. The scheme was funded by the European Union with an amount of about 145.000 EUR as part of the implementation and consolidation of the ABD approach. The total investments amounted to about 260.000 EUR indicating a high interest and willingness among the beneficiaries to find means for co-financing. Its main goal was to enhance the competitiveness of small and medium scale producers by providing financial support for renewing production facilities and purchasing equipment to create new innovative products or to improve existing ones. In total, 9 projects with involvement of 28 beneficiaries were successfully implemented.

The second grant scheme, funded by the GIZ with an amount of 400.000 EUR, is implemented in "Drina-Tara", "Drina-Sava", "Prespa" and "Sharra" cross-border regions. The scheme is based on principles and procedures similar to those applied under the first grant scheme funded by the EU. It supports the development of short value chains for quality food products and rural tourist products and services through establishment of partnerships and focusing on innovation and improving the quality of local products, tourist products and services, with special focus on sustainable use of natural resources and involvement of youth and women. Furthermore, a particular effort was made to improve the capacity of potential beneficiaries to elaborate business strategies and plans.

The implementation of regional activities and creation of joint identities as well as certain branding efforts have also been supported through People to People (P2P) actions. The P2P actions are seen as a great exercise tool for practicing partnerships and cooperation among the stakeholders. It largely contributes to the strengthening, networking, cooperation and promotion of the cultural, traditional and natural heritage, and the economic potentials of the rural cross-border regions. This has resulted in an increased sense of joint identity and networking in the cross-border areas. So far under the ABD approach, more than 110 P2P events with regional character have been organized with estimated support of more than 200.000 EUR.

### 3. ABD INITIATIVES AND LESSONS LEARNED

The ABD approach also facilitates support to small scale farmers and businesses as one of the most important drivers of local economic development. For this to be a success, both within and between regions, it is essential to incorporate business partnerships and networks such as cluster structures as well as a cluster processes. Through this cooperation, "brands", rooted in the region, which sometimes include more than one business, can be created and developed, especially in the tourism and agro-food sector. Such brands provide the opportunity for common ideas and goals to grow stronger and become viable products that sell on the market (regional) as a result of mutual marketing actions. The intervention acquires building value chain clustering capacities and knowledge transfer to create the enabling conditions for effective local action and to greatly speed the scale-up of local-level best practices. The clustering of local resources (products and services), plunks a highlight to the socio-cultural priorities of the regions, providing added value to the local market development and promotion.

The following are examples of realized projects and initiatives under the ABD approach:



**Table C. I. 1: Case study 1**

<p>1. Title and author</p>	<p><b>Prespa Business Forum 2016</b> – event supported under the ABD P2P tool  <i>Project Concept by:</i>                  Municipality of Resen (Macedonia), in partnership with the Municipality of Pustec and Municipality of Korca (Albania)</p>
<p>2. Executive summary</p>	<p>Considering the need to promote regional cooperation and mutual respect as well as the expressed needs for establishment of sustainable economic prosperity in the cross-border region of “Prespa”, the Municipalities of Resen, Pustec and Korca signed a Memorandum of mutual economic cooperation in November 2015. The signing of the Memorandum was supported by the Macedonian Embassy in Albania as a very important achievement in the bilateral economic relations. Although the political factors at the local level declaratively signed the Memorandum, the real challenge was to establish communication and networking in the business sector of the three municipalities, especially in the economic sectors of tourism, agriculture and food industry, which are characteristic for the three municipalities. The Prespa Business Forum was addressing this challenge as the first significant event resulting from the signing of the Memorandum. The main goal of the event was to create an opportunity for achievement of greater and wider cooperation in the sectors of tourism, agriculture and food industry, as well as to initiate economic benefit for the local population in the cross-border region of Prespa. Better mutual understanding and joint cooperation between the businesses in the region is necessary for increased economic development and it was expected that the event will provide solutions for the business challenges in the region.</p>
<p>3. Community data</p>	<p>The cross-border region of Prespa is situated in the southwest part of the Republic of Macedonia and the southeast part of Albania and includes two municipalities in Macedonia, Resen and Ohrid, and the whole Korca region in Albania. The region holds important natural resources, fairly good physical and communal infrastructure and some level of homogeneity of economic, social and other performances. The total area is 3381,93 km<sup>2</sup> with a population of 328.390.</p> <p>The accent of the economic activities in the region has traditionally been put on agriculture, with special focus on apple production, the food processing industry, textile industry, construction industry and tourism. They have been developed according to the main characteristics of the area, such as climate, geographic position, history of the economy and cooperation and the capacities of the human resources.</p> <p>The region is promoted as a unique location, consisting of communities with common interest and similar activities on both sides. The region is recognized as a place with many comparative characteristics and benefits for the local population.</p>
<p>4. The challenge</p>	<p>In general, the organization of the first Prespa Business Forum was a challenge itself, since it was the first event of this kind in the region, especially since it was the first one which resulted as a collaboration from the signed Memorandum of mutual economic cooperation. The main challenge was to identify and ensure participation of the relevant participants and actors. The coordinative body formed at the Municipality of Resen worked on this issue during the preparatory phase, in collaboration with the representatives from the partner municipalities.</p>

<p>5. Action taken</p>	<p>In order to achieve successful organization and implementation of the event, a coordinative body was established at the Municipality of Resen, as a leading organizer. The main obligations of the partners from Albania were to assure participation of relevant representatives from the sectors covered with the Forum, as well as preparation for the presentations according to the program.</p> <p>The event was held in Oteshevo, Macedonia at the “Lakeview” Hotel in the period 1-2 December 2016. The first day of the Forum programme included presentation and discussion sessions. Presentations were given by the municipalities and the representatives from all relevant sectors. The representatives of Resen, Korca and Pustec municipalities presented the general situation and pre-conditions regarding the municipalities, while the representatives from the businesses and organizations gave presentations with overview of the general data and practice in the relevant field.</p> <p>The presentation of the Macedonian Ambassador in Albania covered the economic cooperation between the two countries, followed by official data on the export and import of goods for the last and past years. The representative of the SWG gave an overview of the current and implemented projects and undertaken activities in the cross-border region. The second day of the Forum was dedicated to a field visit of two companies in the Resen Municipality: Agroplod and Apple-Land.</p>
<p>6. Results</p>	<p>The total number of participants in the Prespa Business Forum was 42 people, 20 of whom were from Albania and 22 from Macedonia. From the total number of participants, 7 were from the tourism sector, 12 from the agriculture sector, 10 from the food production industry and the rest were representatives from the municipalities, SWG and the Embassy of Macedonia in Albania. All three organizing partners had a successful cooperation during the realization of the event.</p> <p>The main goals achieved during the Forum included the following:</p> <ul style="list-style-type: none"> <li>• Exchanged information about the general conditions in the Municipalities of Resen, Korcha and Pustec.</li> <li>• Exchanged information about the current situation in the agriculture, tourism, and food production sectors in Macedonia and Albania, within the Prespa region.</li> <li>• Exchange of good practices by field visit to two of the main economic entities in the Municipality of Resen – Agroplod and Apple Land.</li> <li>• Strengthened cooperation between the organising municipalities: Resen, Korca and Pustec.</li> <li>• Exchange of good practices among the representatives and participants of the Forum, as well as ideas for future cooperation.</li> </ul> <p>The participants also had the opportunity to hold B2B meetings and propose measures and activities which will contribute to the realization of the provisions of the Memorandum, and are reflected in the conclusions needed for future action.</p>

7. Lessons learned and conclusions	<p>The Forum has provided a direct introduction and networking of the business sectors in the selected municipalities. The Forum succeeded in fulfilling the long-lasting need of the region for development of a common network platform in the area of agriculture, tourism and food industry, business cooperation, especially in finding common markets that will contribute to economic development of the cross-border region.</p> <p>The representatives of different sectors, companies and municipalities became aware of the economy in the region, main industry capacities and opportunities for cooperation and common market access. The Forum served as platform where businesses exchanged ideas and current needs and plans for future development of businesses and municipalities.</p> <p>The business representatives recognized their potential partners from the municipalities across the border which will serve as an initial step to undertake further joint activities.</p>
8. Contacts	Naume Tashovski, Municipality of Resen, Macedonia, sulc75@yahoo.com

**Table C. I. 2: Case study 2**

1. Title and author	<p><b>"Through integration to successful production and development of agricultural products"</b> – Project supported under the ABD Grant Scheme</p> <p>Project by:</p> <ol style="list-style-type: none"> <li>1. Sirogojno Company d.o.o, Sirogojno, Serbia</li> <li>2. Cooperative "Uvac –Rudo", Rudo, B&amp;H</li> <li>3. Association of raspberry producers "Malina", Rudo, B&amp;H</li> <li>4. Centre for responsible democracy "COD Luna", Rudo, B&amp;H</li> </ol>
2. Executive summary	<p>The purpose of this cross-border project was to promote networking and capacity building of agricultural producers, suppliers, food processors and final customers, in order to create a green value chain in the production of raspberries. The investments led to improvement of the production processes, better utilization of resources, creation of new products with specific designs, and eventually to higher incomes. The four project partners, from two countries from the cross-border region of "Drina-Tara" covered different aspects of the production and marketing of raspberries.</p>
3. Community data	<p>The Municipality of Rudo, as well as other municipalities in the Eastern part of Bosnia and Herzegovina, are facing negative demographic processes and changes. The 27 settlements within the Municipality of Rudo have less than 10 inhabitants. Furthermore, the unemployment rate is high, as a consequence of the transition processes, in which former workers were unable to get an employment because of their age (citizens over 50 years of age, still do not fulfil the minimum retirement criteria). With a long-standing tradition, agriculture is recognized as a sector with the biggest development potentials for the area. The raspberry production is the most profitable agricultural sector in the Municipality of Rudo. With the use of the available resources and investments, the raspberry production gave results regarding the development of conditions for self-employment, especially for socially excluded groups, in a short period of time. The establishment of the cooperative with modest investment of the Municipality of Rudo created multiple positive effects, apart from the higher employment rate, there were also higher revenues from the sale of agricultural products and better social cohesion in the rural areas.</p>

<p>4. The challenge</p>	<p>The cooperative faces many different development challenges which are commonplace in the work of any cooperative. But with good practices, clear plans and agreement among all members and project partner’s investment, it can be capitalized as it was initially planned. For the example, the plan of the project partners was to employ 14 persons and to increase their income for more than 100,000 EUR. The activities already achieved the objectives targeted by the project, notwithstanding the difficulties caused by the weather conditions and the problems on the market.</p>
<p>5. Action taken</p>	<p>The Association of Raspberry producers Malina invested in a mobile laboratory for chemical soil analysis which gives them more information and better results in the production process. With this they can grow their capacity and employ more people from their community which will help them in making the final product – juice for the domestic market.</p> <p>The company Sirogojno and the Cooperative Uvac-Rudo invested the funds from the grant in a vibrating calibrator for cold storage and modern multiheaded scale which will help in the selection and packaging of the raspberries.</p> <p>The aim of the NGO Luna, as project partner, was to grow their capacity and employ more people from their community who will be involved in the making of the final product – juice for the domestic market. With the grant, they procured a production line and a bottling machine for juices from fruit and vegetables.</p>
<p>6. Results</p>	<ul style="list-style-type: none"> <li>• Procured mobile laboratory for chemical soil analysis;</li> <li>• Procured vibrating calibrator for cold storage;</li> <li>• Procured modern multiheaded scale;</li> <li>• Procured production line and bottling machine for juices from fruit and vegetables;</li> <li>• Repurchased 400t of raspberries;</li> <li>• Building of new raspberry plantations on 20ha;</li> <li>• Juice and jam production launched;</li> <li>• Improved quality of calibrated raspberries;</li> <li>• Introduced HACCP standard;</li> <li>• Production of quality raspberry seedlings;</li> <li>• New employments.</li> </ul>
<p>7. Lessons learned and conclusions</p>	<p>The establishment of the functional Cooperatives in Rudo, and the integration of agricultural producers is essential for the rural development in this area. The cooperation between the private, public and civil sector in this municipality already resulted with several approved and implemented projects. Also, the market oriented cooperative and the integration with civil sector organizations, with support of the main buyer and project partner Sirogojno company, have had a significant role in the export of the raspberries from the whole area. The plan is to expand the agriculture production with other fruit and vegetable varieties and to reach higher employment in the municipality. The mentioned cooperation and integration of the organizations in the Municipality of Rudo represent a model for sustainable development of rural areas in the cross-border region “Drina -Tara”, but also in other parts of the Western Balkan.</p>

8. Contacts	Ana Ljubojevic, Sirogojno Company d.o.o, Sirogojno, Serbia ana.ljubojevic@sirogojno-company.com Nenad Ljubojevic, Cooperative "Uvac – Rudo", Rudo, B&H pzuvacrudo@gmail.com Milos Bukva, Association of raspberry producers "Malina", Rudo, B&H malinarirudo@gmail.com Svetlana Vukovic, Centre for responsible democracy "COD Luna", Rudo, B&H, lunabih@teol.net
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## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

- The ABD largely contributes to peaceful interactions by regional cooperation and reconciliation among the different nationalities and ethnic groups living and operating in the cross-border regions.
- The ABD succeeded to promote regional ownership over the development process in the WB cross-border areas, facilitated partnership creation and networking among the stakeholders in all seven cross-border regions which contributed to strengthened regional cooperation.
- Strategic priorities for economic development of the WB cross-border regions are set in line with the EU integration process.
- Capacity building measures improved the skills and knowledge of the stakeholders and staff related to preparation of project proposals, development of business plans, development of 'green' value chains, and sustainable use of natural resources.
- People-to-People actions in all cross-border regions contributed to promotion of the cultural, traditional, natural heritage, as well cooperation and economic development of the cross-border regions.
- The ABDA contributed to sustainable economic growth through promotion of the principles of sustainable use of natural resources, integration of small business operators in the value chains and investments for increasing the quality of local, traditional products and tourist services.
- The PMU are well established and recognized by the Stakeholders as focal points for matchmaking.
- The SWG based the successfully implemented activities managed to attract interest of different donors to invest in the rural cross-border regions and scale-up the results.
- The Stakeholders are willing to continue to cooperate on cross-border scale and contribute to the ABD process.
- Continuation of the process and additional funds are needed for these specific regions to continue their development, increase the cooperation and reduce the migration rate from these areas to the EU and other countries;

## 4.2 Recommendations

### Institutional set up improvements

- Considering the PMUs managerial, administrative, organizational role for the facilitation of the regional cooperation, increased number of qualified staff along with increased financial support is important for successful implementation of the ABD approach.
- Legal establishment of the SWG in all WB countries will enable better communication between the SWG and PMUs and provide better interaction with the national authorities and possibilities to be eligible as applicants and partners in IPA and other support mechanisms. Currently, it is only formally established in the Republic of Macedonia.

### Policy improvements

- Apart from the Multi-country indicative Strategy Paper 2014-2020 (MCSP) and the IPA CBC programs for the WB countries, there is no other strategic framework that is targeting rural cross-border areas. The ABD approach should be taken into consideration in other important regional strategies having in mind its participatory, bottom-up multi stakeholder and multi-sectoral approach. In order to achieve a meaningful change in the selected cross-border areas, compilation of all sources of funding, in many cases complemented by regulatory action by the participating countries and local authorities, is necessary.
- SWG member counters/territories and the responsible Ministries for Agriculture and Rural Development in their national strategic and programming documents should consider the identified priorities for development of rural cross-border areas, and should plan allocation of specific funds for cooperation, capacity building and investment in cross-border business and rural development initiatives.

### Empowering local stakeholders

- Further investments are needed in the development of integrated offers of high quality products and tourist services in the cross-border regions, as well as promotion of cooperation among economic operators through creation of clusters and partnerships.
- Capacity building activities in strengthening short value chains to improve product quality, in particular local and traditional specialities, through innovation and development of common practices should be further planned and implemented in the cross-border areas.
- Capacity building activities in setting local/regional development priorities and preparation of quality project proposals should be further provided to the stakeholders.

## 5. ANNEXES

### 5.1 Annex 1: Used Literature, References and Contacts

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Zvonko Naumoski, Preparation for implementation of an Area Based Development Approach in the Western Balkan Countries – Baseline Study and Strategic Plan for development of "Sharra" cross-border area, June 2012.

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SWG Project management unit for cross-border region “Sharra” (Prizren, Kosovo\*) - [sharra@swg-seerural.org](mailto:sharra@swg-seerural.org)

## Links

<http://seerural.org/>

<http://sharra.seerural.org/>

<http://prespa.seerural.org/>

<http://drina-tara.seerural.org/>

<http://drina-sava.seerural.org/>

## Annex 2: Map of ABD cross-border regions



### ABDA cross-border regions

#### “Drina – Tara”

(Bosnia and Herzegovina, Serbia and Montenegro)

#### “Drina – Sava”

(Bosnia and Herzegovina, Croatia and Serbia)

#### “Sharra”

(Albania, Macedonia and Kosovo\*)

#### “Prespa”

(Albania and Macedonia)

#### “Prokletije – Bjeshket e Nemuna”

(Albania, Kosovo\* and Montenegro)

#### “Pcinja - Krajishte”

(Macedonia, Bulgaria and Serbia)

#### “Neretva - Krsh”

(Croatia, Bosnia and Herzegovina and Montenegro)

\*This designation is without prejudice to positions on status, and is in line with UN Security Council Resolution 1244/2000 and the ICJ Opinion on the Kosovo Declaration of Independence.





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