

Assessment of potentials for diversification of economic activities in rural cross-border areas through short value chain development

Kick off Meeting

**15 - 16 March 2018
Skopje, Macedonia**

1. INTRODUCTION

In August 2017 the German Federal Ministry for Economic Cooperation and Development approved the realization of the project entitled “Rural development through integrated forest and water resource management in Southeast-Europe: Rural perspectives: qualification, reintegration and (self) employment”, jointly implemented by SWG and GIZ.

The project's focus is placed on institutional and individual capacities development for regional and inter- sectoral coordination processes and finding EU compliant solutions (policy, development and implementation). It offers support to local economic development to achieve effective mobilization of local natural resources by encouraging investments with the highest rate of socio-economic return. The project strives to forge partnerships (national/local governments, private sector, civil society) to stimulate a policy environment that mainstreams the concept of employment promotion, economic development under the regional overall strategic economic growth agenda, (SEE2020). The process will further reassure investments to eventually promote sustained high economic and social growth in local communities. Such course entices immigration of returnees introducing diverse set of skills and opportunities, providing an added value to the overall socio-economic sustainability of the rural areas.

Tourism and agri-food sectors have significant contribution in sustainable development, economic upliftment and social benefits for the rural population. Prior to investing, the state of the condition of respective resources, their attractiveness and levels of demand, must be known. The output, therefore, foresees the development and application of a mechanism for assessing the tourism and agro-food potential in 7 target rural cross-border areas: Prespa, Sharra, Drina-Tara, Drina-Sava, Prokletije - Bjeshket e Namuna, Pcinja and Krsh.

The kick-off meeting of the REAWG on AEP gathered national, regional and international experts, (full list of participants in **Annex 1**) with the main objective to define the methodology that will

be used to conduct the assessment, divide roles and responsibilities, and determine the activity plan until the completion of the assignment, envisaged for the end of June (program of the meeting in **Annex 2**). The original program was modified due to the late arrival of the international expert, so that the entire methodology part of the meeting was concentrated in the second day.

2. AIMS AND EXPECTED RESULTS OF THE ASSESSMENTS

Mr. Boban Ilic, SWG Secretary General, presented the expected results of the assignment:

- Regional methodology and approach for the assessment of potential for diversification of economic activities in rural cross-border areas through short value chain development in the tourism and agri-food sectors in the 7 target ABD regions;
- Assessment of potential for diversification of economic activities in rural cross-border areas through short value chain development in the 7 target ABD regions;
- Recommendations for sustainable development interventions related to making use of the potential for diversification of economic activities in rural cross-border areas through short value chain development in the tourism and agri-food sectors in the 7 target ABD regions.

The experts' team is comprised of an agri – food expert and a tourism expert, coordinated by a senior expert, supported by an international expert. Five field officers will be supporting the experts' team in the process of data collection. The full presentation is given in **Annex 3**.

3. INCOME GENERATION THROUGH SUSTAINABLE USE OF NATURAL RESOURCES VIA THE ABD APPROACH – SELECTION OF SUPPORTED INITIATIVES TO DATE

Project implementation Units from different regions presented successful case studies of income generation through sustainable use of natural resources via the ABD approach. The purpose of these presentations was to give ideas about potentials for diversification of economic activities in the different rural regions, based on the experience gained so far. The presentations are provided in **Annex 4, 5, 6, 7 and 8**.

4. DIVERSIFICATION OF ECONOMIC ACTIVITIES IN RURAL AREAS IN THE WESTERN BALKANS – REGIONAL EXPERTS (TOURISM AND AGRIFOOD)

The regional expert on agri-food, based on his own experience and preliminary research, provided his initial ideas about agri-food value chains with the highest development potential for each of the target regions, based on individual products. Similarly, the regional expert on tourism, based on his own experience and preliminary research, provided his initial ideas about project

concepts based on the development priorities for each of the target regions. The full presentations are provided in **Annex 9 and 10**.

5. PROPOSED METHODOLOGY FOR ASSESSMENT OF POTENTIALS FOR DIVERSIFICATION OF ECONOMIC ACTIVITIES IN RURAL CROSS-BORDER AREAS THROUGH SHORT VALUE CHAIN DEVELOPMENT

The senior expert presented the proposed methodology, according to which the tools that should be used are: participant observation, semi-structured interviews and focus group meetings and questionnaire. The preliminary proposed value chain selection criteria are:

- fostering income generation
- sustainable use of natural resources
- implementation of the Area Based Development (ABD) approach
- importance in the whole cross border rural region
- compatibility for exchange within the region and joint marketing
- complementarity to other products/services in the region
- enriching touristic offer
- organic production
- conserving local cultural identity and traditions
- supporting natural biodiversity
- high quality agriculture or artisan product which is recognised in the market
- existing and increasing demand (ex: healthy products)
- contribution to stability of rural economy on communal or farm levels
- job creation (especially chance for youth, women or marginal groups)
- attractive traditional products/services which are threatened to vanish due to introduction of high safety standards

Thereby, advantage should be given to value chains, which meet more of the selection criteria.

It was agreed that the senior and the international expert would work together to finalize the details of the methodology and share with the rest of the team by 30 March.

6. ACTIVITY PLAN FOR COMPLETION OF THE ASSIGNMENT

Draft activity plan was presented for discussion and confirmation by the participants:

Activity	Responsible	Timeframe/Deadline in 2018
Development of methodology, including selection criteria	SE supported by IE	30 March
Collection, processing and elaboration of data/information (from desk research and field research)	PMUs, RE – AF, RE – T, SE, IE	April (among other, using ABDA capacity building events - second half of April)

Contribution to the draft assessments and recommendations (agri-food and tourism) for each of the 7 target regions	RE – AF, RE – T (supported by PMUs)	7 May
Draft assessments and recommendations for each of the 7 target regions	SE, supported by IE	15 May
Participation in Stakeholders Groups meetings in each of the 7 target regions to reflect on the preliminary findings	All	Second half of May
Interim Meeting – presentation of the draft assessments, feedback from the participants	All + SWG + GIZ	31 May – 1 June
Contribution to the final assessments (agri-food and tourism) for each of the 7 target regions	RE – AF, RE – T (supported by PMUs)	15 June
Final reports for each of the 7 target regions	SE, supported by IE	26 June
Final Meeting – presentation of the 7 assessments	All + SWG + GIZ	26 - 27 June

Legend:

PMUs – Project Implementation Units

RE - AF – Regional Expert Agri-Food

RE – T – Regional Expert - Tourism

SE – Senior Expert

Capacity building events and stakeholders' groups meetings are events planned by the SWG ABDA team that should be taken advantage of during the assessment. Namely, the capacity building events are a good opportunity for one part of the primary data collection, having in consideration that they gather in one place a number of relevant stakeholders from each of the target regions. The stakeholders' groups meetings should be taken advantage of to reflect on the preliminary findings of the assessment.

Due to the limited number of days available for field work, the SWG ABDA team came up with two proposed efficient scenarios for dates for the capacity building events and stakeholders' groups meetings, provided in **Annex 11**. The involved experts are given the opportunity to mutually agree about their preference for one of the proposed scenarios, taking in consideration the workload allocation.