

Study on the research, innovation and technology transfer capacities and on the recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries (ARAPD)

Interim Meeting

Report



25 – 26 June 2020

Online meeting

Contents

1.	Introduction	3
2.	Interim report	3
3.	Task 1 – Study on the Recent Agricultural Policy Developments	4
3.1	State of the art of policy papers and APM data sampling, issues and obstacles.....	4
3.2	Progress report per country/territory	4
3.2.1	Albania	4
3.2.2	Bosnia and Herzegovina.....	4
3.2.3	Kosovo*	5
3.2.4	Montenegro	5
3.2.5	North Macedonia	5
3.2.6	Serbia	6
3.2.7	Turkey	6
3.3	Outline for the Cross-country synthesis report	6
3.4	Next steps	7
3.5	Feedback by JRC/DG AGRI and ministries’ representatives on the achievements, obstacles, next steps.....	7
4.	Task 2 - Study on the agricultural research, innovation and technology transfer capacities.....	8
4.1	State of the art of policy papers and APM data sampling, issues and obstacles.....	8
4.2	Progress report per country/territory	8
4.2.1	Albania	8
4.2.2	Bosnia and Herzegovina.....	8
4.2.3	Kosovo*	9
4.2.4	Montenegro	9
4.2.5	North Macedonia	9
4.2.6	Serbia	10
4.3	Outline for the Cross-country synthesis report	10
4.4	Next steps	10

1. Introduction

The interim meeting for the project “Study on the research, innovation and technology transfer capacities and on the recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries (ARAPD)” gathered 21 participants including experts that are directly involved in the implementation of activities, relevant ministries’ representatives from 2 countries/territories, JRC, DG AGRI and SWG representatives. Due to the mobility restrictions and security measures caused by the COVID-19 pandemic the meeting was held online.

The purpose of the interim meeting was to report on progress, achievements and deviations from the plan (including impact of the pandemic crisis on the performance) and agree on the next steps for successful completion of the project’s objectives.

The list of participants is provided in **Annex 1**, while the program of the meeting for each of two days is in **Annex 2** and **3**.

2. Interim report

Interim report was submitted to JRC two weeks before the interim meeting. It summarized progress in achieving the objectives of the project, including:

- Recruitment and contracting of experts
- Kick-off meeting in which detailed work plan and approach was agreed upon
- Finalized methodology for conducting the studies
- Most recent publicly available relevant statistical data collected (some of the databases will be updated in the coming period)
- APM databases for the Western Balkan countries/territories updated for the period 2018 – 2019 (some of the databases will be updated in the coming period)
- First draft of the APM database for Turkey delivered
- First draft country case studies prepared (except for Turkey).
- Draft inventory and description prepared of all relevant agri-food research capacities, advisory and extension services, business incubators and description of its relative strength

Major external factor impacting the implementation of the project is the COVID-19 pandemic, started in March and still ongoing. It resulted in restricted mobility, closed institutions, delayed publication of data, and decreased response rate, which to a substantial extent reduced the ability of data collection. In addition, physical presence in meetings is disabled. To try to overcome the negative impact of such a situation a two-month no-cost extension of the project was requested by SWG and approved by JRC. Databases will be regularly updated with newest data as they become available over the project duration and more efforts and personal relations will be invested in filling the gap of interviews for Task 2, especially in Montenegro and North Macedonia. The respective presentations are given in **Annex 4** and **5**.

3. Task 1 – Study on the Recent Agricultural Policy Developments

3.1 State of the art of policy papers and APM data sampling, issues and obstacles

In terms of statistical databases, in the reporting period the experts had a task to fill in missing data for the period 2010-2017 (and update previously preliminary with final data), update the database for the period 2017-2019 (if 2019 not available, until 2018), update data for new added sheets in database for organic agriculture and socio-economic and labour. For some countries some categories of data are still not available so harmonization is still needed. In most countries organic production and general socio-economic data (especially data on migration or employment) are missing. Data on labour in rural areas in most countries are missing.

Regarding the Agricultural Policy Measures database it is already updated for most of the country. In Kosovo* it was completed following the old template, and it will be revised accordingly. The draft APM on Turkey was submitted recently and will be checked by the Senior Researcher. First draft country case studies were developed for all of the countries/territories, except for Serbia and Turkey, which will be prepared by 1 July. More details are provided in the respective presentation in **Annex 6**.

3.2 Progress report per country/territory

3.2.1 Albania

In Albania the Ministry of Agriculture and Rural Development lacks management and control systems such as the Integrated Administration and Control System (IACS). Policy design should follow a standard policy cycle approach and changes in the agriculture and rural development program should be based on situation and outlook studies (sector suitability), and impact analysis studies. Statistical activities should be improved and aligned toward EU requirements and standards. National policies provide limited support for protection of landscapes, valuable natural habitats, biodiversity, rural livelihood and support of vulnerable population and climate change. More details are provided in the respective presentation in **Annex 7**.

3.2.2 Bosnia and Herzegovina

In Bosnia and Herzegovina agricultural policy is inconsistent with the planned strategic goals. There is dominant participation of direct payment measures, slow approximation to the EU CAP and lack of political will and thus further delays in using IPARD funds. Therefore, recommendations are to:

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

- Ensure continuity of strategic documents, by adopting new ones before the expiration of valid strategies/programs.
- Adopt a legal basis for the delimitation of urban and rural areas and establish statistical monitoring of a number of indicators.
- Improve the capacity of institutions at all levels to monitor and evaluate the performance and impact of agricultural and rural policy.
- Take more seriously the fulfillment of the preconditions for BiH's accession to the EU, especially in the field of agrarian and rural policy.

More details are provided in the respective presentation in **Annex 8**.

3.2.3 Kosovo*

In general, the development of programming documents and harmonization with EU principles shows some progress in Kosovo*, mainly in the objectives of strengthening responsible institutions and increasing the budget. The following require attention:

- Adjustments in the budget for implementation of all foreseen measures and policies
- Increasing subsidies
- Strengthening responsibilities of the Agency for Agricultural Development (AAD)
- Addressing the key agri-environmental problems
- Increasing skills and competence for production practices.

More details are provided in the respective presentation in **Annex 9**.

3.2.4 Montenegro

Montenegro does not have an IACS fully compliant with EU rules, price reporting system and FADN system. In addition, it does not have the capacity to be competitive in the market of main agricultural products of the EU, due to its natural predispositions and unorganized joint participation in the market, but it has the potential to develop the production of high-quality agricultural and food products in an innovative and traditional way. Thus, the strategy should be directed towards promotion of domestic agricultural products, while also using tourism as a sales channel. More details are provided in the respective presentation in **Annex 10**.

3.2.5 North Macedonia

The key challenges identified in North Macedonia do not differ much from those identified back in 2014, implying that not much has changed in the policies in the past years. The number of farms is large, over half of them being very small farms, and there is no evident any structural changes happened over the whole research period. Productivity is still low and insufficient use of production capacities is still a problem. Labor is becoming one of the key constraints in terms of availability and qualification. Therefore, development of rural areas needs increasing attention. Livestock numbers are decreasing and there is increasing orientation towards less labour intensive crops. Horizontal and vertical integration of farmers is still poor resulting in low bargaining power of farmers. In policy development there is modest use of analytical tools. Data availability and quality improves, but it still represents a

challenge. Number of measures is large, with complex procedures and frequent changes. More details are provided in the respective presentation in **Annex 11**.

3.2.6 Serbia

In the past decade the number of employees in agriculture declined, while international agri-food trade increased (both import and export) and yields of main crops and livestock products increased. Average size of holding has increased and % of small holdings (up to 1ha) has declined. The period 2010-2019 is characterized by oscillations in the agricultural budget value. Thereby, in 2019 $\frac{3}{4}$ of the agricultural budget is dedicated to subsidies and $\frac{2}{3}$ of the subsidies is allocated on direct payments. There were additional support measures in 2020 due to situation caused by COVID-19. More details are provided in the respective presentation in **Annex 12**.

3.2.7 Turkey

Relevant agri-food economic and policy data for 2010-2019 period was collected, except agricultural input data in economic account worksheet. Some of the relevant input data such as fertiliser, feed, fuel and electricity were collected from official sources, but the database is not fully completed due to non-accessibility to FADN data. APM database for the period 2010 – 2019 was compiled, but it needs to be checked by the Senior Researcher and technical support for inserting PSE data is needed. More details are provided in the respective presentation in **Annex 13**.

3.3 Outline for the Cross-country synthesis report

The cross-country synthesis report will be based on the agricultural statistics (national statistics/statistical databases and EUROSTAT for comparison with EU MS), agricultural policy documents (strategic and programming documents, legal framework), budgetary transfers to agriculture (country level APM databases and the OECD PSE/CSE for comparison with EU MS), country case studies, literature review (formal policy documents, research studies, papers), as well as experts' assessment. Preliminarily, it is envisaged to include the following elements:

- Introduction (background, conceptual framework, method and data)
- Situation and trends in the sector
- Agricultural policy framework
- Budgetary transfers to agriculture and rural development
- Approximation to the EU policy
- Discussion, conclusions and recommendations

More details are provided in the respective presentation in **Annex 14**.

3.4 Next steps

All participants confirmed the feasibility of the workplan, revised after the no-cost extension and agreed on the upcoming activities and deadlines:

Task	Activity	Who	Original deadline	New deadline
1	Feedback to the National Experts on the first draft country case studies on WB (Task 1)	SR T1	30-Jun	15-Jul-20
1.3	First draft country case study on Turkey	NE Turkey	1-Jul	
1.2	Second draft country case studies on WB	NE T1	15-Jul	31-Aug-20
1.3	Feedback to the National Expert on the first draft country case study on Turkey (Task 1)	NE T1	15-Jul	
1.3	Second draft case study on Turkey	NE Turkey	1-Aug	15-Sep-20
1.4	Provide cross-country synthesis report	SR T1	14-Aug	15-Oct-20
1	Final report	SWG	1-Sep	29-Oct-20
1	Organization of final meeting	SWG	15-Sep	12-Nov
1	Presentation of the findings in the Agricultural Policy Forum 2020	SR	Oct-20	

SR T1 – Senior Researcher for Task 1

NE T1 – National Experts for Task 1

NE Turkey – National Expert for Turkey

3.5 Feedback by JRC/DG AGRI and ministries' representatives on the achievements, obstacles, next steps

Ms. Guna Salputra from JRC and Mr. Dusan Neskovic from the Ministry of Foreign Trade and Economic Relations expressed their satisfaction from the work of the group over the years and the results produced so far, as well as with the progress on this assignment achieved so far.

4. Task 2 - Study on the agricultural research, innovation and technology transfer capacities

4.1 State of the art of policy papers and APM data sampling, issues and obstacles

Complete first draft reports were submitted by Bosnia and Herzegovina (Federation and Republic of Srpska), Montenegro and Serbia, while the rest of the countries/territories submitted chapter one along with additional data that will be used in completing the rest of the chapters. Difficulties were reported in defining the questionnaires due to the huge amount of different data that was supposed to be collected. That resulted in very long and demanding questionnaires, referring to different sectors of various institutions, which greatly impacted the response rate. Personal communication and relations were needed in order to increase the response rate. COVID-19 pandemic was an additional impediment to the low response rate. More details are provided in the respective presentation in **Annex 15**.

4.2 Progress report per country/territory

4.2.1 Albania

Agricultural research institutions in Albania cope with challenges such as: insufficient financial resources, lack of international cooperation, insufficient number of researchers, lack of specific knowledge and experience, lack of communication among researchers and connections with the private sector, lack of adequate infrastructure. Individual farmers and farmers' organizations lack competencies as well as financial capacity for adoption of new technologies. Albania spends about 0.2% of its GDP for research. More details are provided in the respective presentation in **Annex 16**.

4.2.2 Bosnia and Herzegovina

Due to the difference in the policies and institutional set-up of BiH the country report will start with a joint introduction, followed by separate sections the entities: Federation of BiH and Republic of Srpska.

4.2.2.1 Federation of Bosnia and Herzegovina

In Federation of BiH there is no Strategy for the Development of Science at the federal level. The federal budget for the field of science is around 1.3 million Euros (about 0.1% of the total annual budget, or 0.01% of total GDP). Small agri-food firms have insufficient competencies, financial and technical

capacities for adoption of innovations and new technology. All educational institutions have certain forms of improving the knowledge of teaching staff and their training, but still insufficient. Extension services are undeveloped. Agriculture is not attractive to foreign investors and less than 1% of FDI goes to agriculture. More details are provided in the respective presentation in **Annex 17**.

4.2.2.2 Republic of Srpska

The Republic of Srpska has the Strategy of Scientific and Technological Development of Republic of Srpska while Smart Specialization Strategy does not exist, but scientific institutions implement that approach anyway. National budget for science as % of GDP was 0.011% in 2018. Less than 1% of total foreign investments are directed into the agricultural sector. There is no specific support for SMEs in agriculture sector, support measures are the same for big enterprises and for SMEs and family farms. More details are provided in the respective presentation in **Annex 18**.

4.2.3 Kosovo*

In Kosovo, the main institutions that are dealing with agriculture research are: Ministry of Agriculture Forestry and Rural Development, Ministry of Education Science Technology and Innovation, Kosovo Agriculture Institute in Peja and Universities. Several donor projects are supporting research capacity building with emphasis on adaptive agriculture research and technology transfer. In general, agriculture research is not sufficiently developed, and requires increasing the budget dedicated to research, institutional set up and research policy improvements, empowering local stakeholders involved in agriculture research etc. More details are provided in the respective presentation in **Annex 19**.

4.2.4 Montenegro

In Montenegro the Ministry of Agriculture and Rural Development and the Ministry of Science are state institutions in charge of agricultural development and technological advancement in agriculture. National budget for science as % of GDP was 0.11% in 2018. The role of IPA funds in the modernization and technological progress of agriculture in Montenegro is the most significant. More details are provided in the respective presentation in **Annex 20**.

4.2.5 North Macedonia

In North Macedonia the basic environment for research and innovation of the agri-business sector is generally improving. Different governmental institutions provide support to micro and small agri-businesses for innovation and technology development. National funds are lacking to support research and innovation process of the education and research institutions, funds are mostly available through the international donor funding projects. Cooperation among the numerous education and research institutions in the country is low, while study programs are very similar. More details are provided in the respective presentation in **Annex 21**.

4.2.6 Serbia

In Serbia the research, innovation and technology transfer capacities in agri-food sector are comprised of 25 institutes, 12 Faculties, 17 secondary schools, 2 centers of excellence, 35 advisory and extension services, 4 business incubators, 17 clusters. High response rate to the interview questionnaires was achieved as a result of exploited personal relations. More details are provided in the respective presentation in **Annex 22**.

4.3 Outline for the Cross-country synthesis report

The cross-country report will take in consideration the findings from the national/country/territory reports and preliminarily envisages to include the following elements:

- Chapter 1: The strength of all relevant agri-food research capacities in the WB countries
- Chapter 2: The capacity of small agri-food firms to adopt innovations and new technology
- Chapter 3: The role and capacity of the education system in supplying education and skills required in the labor market in agriculture, particularly with respect to facilitating innovation and technology transfer in the agro-food sector
- Chapter 4: The role of other relevant stakeholders in agri-food sector in prompting technological and knowledge transfer and adoption
- Chapter 5: The role of Horizon Europe or Structural funds or IPA (e.g. funding) in contributing to the research, innovation and technology transfer capacities in the agri-food sector

To avoid repetitions some of the chapters may be merged. Senior Researcher requested for a half-a-page summary per country from each of the National Experts to be submitted together with the second draft country reports. Respective presentation is provided in **Annex 23**.

4.4 Next steps

All participants confirmed the feasibility of the workplan, revised after the no-cost extension and agreed on the upcoming activities and deadlines. Kosovo*'s full draft report was submitted shortly before the interim meeting, while the deadlines for the full draft reports from Albania and North Macedonia were prolonged.

Activity	Who	Original deadline	New deadline
First draft country reports	NE T2	15-May	20 July (Albania, North Macedonia)

Feedback to the National Experts on the first draft country reports on WB	SR T2	15-Jun	30-Jun-20 30 July (Albania, North Macedonia)
Second draft country reports	NE T2	10-Jul	31-Jul-20 15 August (Albania, North Macedonia)
Provide cross country synthesis report	SR T2	14-Aug	15-Oct-20
Final report	SWG	1-Sep	29-Oct-20
Organization of final meeting	SWG	15-Sep	12-Nov
Presentation of the findings in the Agricultural Policy Forum 2020	SR	Oct-20	

SR T2 – Senior Researcher for Task 2

NE T2 – National Experts for Task 2