

# ORGANIC BALKANS

Stakeholders, policies, and institutions: a regional perspective

Matteo Vittuari

Osservatorio Balcani e Caucaso









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Osservatorio  
balcani e caucaso

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## **Foreword by Dacian Cioloş**

*EU Commissioner for Agriculture  
and Rural Development \**

I welcome this publication, as it covers two issues that I believe are very important - organic agriculture and EU enlargement.

When I look at the present situation of organic agriculture in the Western Balkans, it reminds me of the long way that the EU has come since the first European legislation on organic farming in 1991. At that time, the sector was still being dismissed rather lightly. It was thought to involve a few eccentrics and farmers who wanted to do things differently, pioneers who were not always taken seriously.

A lot has changed since then - organic farming is no longer seen in the same way, neither by public opinion nor by political leaders. The market has developed and the sector is well organised. Organic farming can become a model for making agricultural systems sustainable.

Organic farming has managed to win the trust of Europeans. This trust is the organic sector's most precious asset. This trust is the product of the remarkable efforts of some 200,000 European organic farms. It has enabled the EU-27 organic market to achieve a turnover of around 20 billion Euros.

This trust is also the product of the demanding legislative work which has taken place over the last 20 years. After regulating plant products, the Community introduced a regulatory framework for organic animal products in 1999. This was extended to processed products in 2006.

Europe has underpinned society's shift towards organic farming, and this has gathered pace since 2004 with the European action plan.

A reformed, post-2013 Common Agricultural Policy (CAP) is currently being introduced and it will acknowledge the importance of organic farming.

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\* The views expressed and denominations used in this publication may differ from views and the practice employed by the European Commission.

Under pillar one (direct aid) farmers who have organic certification will be automatically eligible for the greening element of direct aid, as recognition of the proven sustainable nature and benefits of organic farming.

Under pillar two of the CAP, existing measures to help farms to convert to organic, or to help farms which have already taken the plunge to stay organic, will be maintained and defined separately in order to give it a clearer profile in rural development (RD) programmes. Under pillar two, both organic and conventional farmers will be offered the possibility of support in creating short distribution channels.

Organic agriculture also plays a full part in the knowledge-based farming of tomorrow. Organic farming has very often been able to lead the way in production practices which make nature into an ally, rather than an adversary to be combated with artificial means.

In short, you will see that organic farming has an important role to play in the future of agriculture across the EU, and it can therefore make a significant contribution to the development of farming in the countries of the Western Balkans. In practical terms, this can be achieved on one hand through the alignment with EU legislation and on the other through the financial support offered under the Instrument for Pre-accession Assistance. This would put new Member States in a position to benefit from full membership of the lucrative EU market from the moment of accession.

The EU is working hard with all the countries from the region. I am glad that we have already concluded accession negotiations with Croatia, which will become an EU member as from 1<sup>st</sup> July 2013. I hope that other countries will follow and they can certainly count on our full support in the accession process.

I am convinced that as enlargement continues, organic farming in the Western Balkans will see growth and development similar to what it has seen in the EU during the past years.



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## **Foreword by Natalija Bogdanov**

*Professor of Agricultural Economics,  
Belgrade University*

The economic and social changes that characterised the Nineties in the Western Balkans brought about important transformations both to the production system and population distribution within the area. Rural areas had to deal with migration issues, farm abandonment and their incapacity to make full use and recognise the value of local resources. On the other hand, urban centres were affected by a rapid increase in population and productive activities. These dynamics had a negative effect on rural areas both in socio-economic and environmental terms.

What drives the economy of the rural areas, and is at the same time the main source of employment, is still an extensive type of agriculture, mainly based on the low cost of manual labour and not always able to reorganise itself in more modern systems of production. The rural areas of the Balkans may be faced with obstacles like weak infrastructure, lack of institutional support and limited human and financial capital, but at the same time they have great potential in terms of natural resources.

As for biodiversity, the Western Balkans encompass a great variety of natural habitats, from coastal lagoons and wetlands to Mediterranean woodlands, from mountain pastures and meadows to fresh water ponds and limestone Karst. These natural resources are not yet fully integrated into local agricultural diversification strategies (organic farming, high quality food products, geographic indications and protected products, traditional foodstuffs, tourism, environmental protection, etc.).

Greater diversification would lead to better use of resources and to the integration of both agricultural and non-agricultural economic circuits. It would also improve employment prospects.

The Common Agriculture Policy has become an essential reference point for agricultural and rural developmental policies at the national level. So in the medium term, considering the growing importance of organic production within the European model, significant growth in this sector is definitely to be expected in the Western Bal-

kans. Not only are institutions moving in this direction, but also the tertiary sector, international cooperation and local and foreign investors generally.

*Organic Balkans* offers an in-depth analysis of the situation in this sector, the policies and the connections among all those involved in the various countries of the area. The work involved in presenting the information systematically, while offering an overview at the regional level, is particularly meaningful, given how little data and statistical information is available in some of these countries. The result is a useful document for anyone interested or involved in organic production in the Balkans.





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## Foreword by Andrea Segrè

*Dean of the Faculty of Agriculture,  
Bologna University*

Twenty years on since the break-up of Yugoslavia and the fall of the regime in Albania, the Balkans have entered a crucial phase on the path to the European Union. Transition has not finished and will probably not come to an end even once the countries of the region have become fully-fledged Member States; it will only change its points of reference. After all, the last two decades have been marked by extraordinary changes. Some of the foundations on which modern society is based have grown increasingly less solid. Lifestyles, the market, production and consumer models - all have shown their weaknesses and struggles in coming up with solutions and new balances of power.

These issues are raised by the complexity of a crisis, and not only by the financial and speculative elements. In *Soil Not Oil*, Vandana Shiva suggests at least three further readings, based on the idea that the current crisis is the result of different overlapping and interrelated dynamics: “Climate: Global warming threatens our very survival as a species. Energy: Peak oil spells the end of the cheap oil that has fuelled the industrialization of production and the globalization of consumerism. Food: A food crisis is emerging as a result of the convergence of climate change, peak oil, and the impact of globalization on the rights of the poor to food and livelihood” (SHIVA V., 2008).

The reference to consumerism gives way to a further interpretation linked to individual choices and the crisis of consumer models. Individual actions, however small, can really affect the route to a new world. Ultimately consumer society - at least in terms of how we have experienced it so far - is over (LATOUCHE S., 2011). The crisis is affecting us violently, but, paradoxically, it could serve as a good opportunity, if it helps us see the unsustainability of the progress that our so-called developed world has achieved so far. It is necessary to go back to believing in the role of individual-citizens who play an active role in society and rediscover the individual sovereignty of consumers and producers, which has instead been delegated to others (SEGRÈ A., 2010; SEGRÈ A., FALASCONI L., 2011).

The primary sector and agricultural and food policies, with their multidisciplinary nature, can help to come up with answers to some of the problems linked to the challenges of diet, the environment, climate change and energy.

The debate on organic farming in the Western Balkans fits into this picture, going beyond a merely sectoral logic and opening up to questions of responsibility, consumer awareness, health, food sovereignty, the growth of movements linked to food and other dietary issues, the relationship between agriculture and the environment and the impact of mono-cultures and chemical agents on biodiversity. Despite the sector still being far from ripe in many countries, it is, however, clear that organic farming enriches the scene with new players and issues to be borne in mind in the future planning of the primary sector.

The increase, both in numbers and awareness, of the actors moving along the organic chain of production in the Western Balkans is one of the central elements of this regional analysis. It highlights that in the food-processing sector stakeholders and networks are emerging that demand an ever more important role in food policy choices.



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## Introduction

The primary sector and agricultural and food policies are under pressure to come up with solutions to the new challenges posed by climate change, energy security, supply chain efficiency and transparency, waste reduction, environmental problems and sustainability. Objectives are no longer simply based on quantities to be produced, but also on what to produce, how and where; and the ways (and amounts) in which this production is to be consumed.

Agricultural and food policies are not only linked to production and consumption choices, but also to infrastructure, technology, culture and knowledge, to mention but a few related dimensions.

In this context organic agriculture becomes one of the possible alternatives to conventional and intensive production systems: the aim is to produce less but better, with more attention to the environment and consumer health.

The work presented here began with a series of articles published by Osservatorio Balcani e Caucaso (OBC) between the end of 2009 and 2011<sup>1</sup> and was stimulated by the many more or less structured sector developments taking place in the region: an increase in the number of stakeholders, the expansion of the agricultural surface area allocated to organic production, the establishment of local inspection bodies, the publication of national strategies, the first sector subsidies, the opening up of specialist shops, etc.

Moreover, the importance of organic agriculture in Italy must also be considered. In fact, the Italian experience, with over a million hectares allocated to organic farming, 50,000 workers and a market estimated at approximately three billion Euro, is one of the most significant ones worldwide. Italy is the leading global producer of organic vegetables, cereals, citrus fruit, grapes and olives and is at the forefront also in terms of organic jam, cheese, oil and wine. As these products are traditionally important in South East Europe as well, reciprocal interest and

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<sup>1</sup> Online dossier available in English: [www.balcanicaucaso.org/eng/Dossier/Organic-Balkans](http://www.balcanicaucaso.org/eng/Dossier/Organic-Balkans); Italian: [www.balcanicaucaso.org/Dossier/Balcani-bio](http://www.balcanicaucaso.org/Dossier/Balcani-bio); bchs: [www.balcanicaucaso.org/bhs/Dossier/Organski-Balkan](http://www.balcanicaucaso.org/bhs/Dossier/Organski-Balkan).

the exchange of experiences between Italy and the Balkans has become part of a natural process of sorts. As the research work for this book continued, the author and editor's awareness of the number of initiatives - individual, entrepreneurial, public, international, etc. - devoted to organic production increased and, with it, a curiosity, which led to a deeper analysis of the sector and the relationships among the stakeholders involved. The goal thus became a regional sector study on all the countries of the area that the European Commission defines as Western Balkans: Albania, Bosnia Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia.

The aim is to go beyond transition, from a purely traditional agricultural perspective, and to try to analyse the organic sector, which, despite not having yet reached maturity, is bringing new actors onto the scene and new dynamics into chains of production. This analysis highlights the need to strengthen the legislative frameworks and critically weigh up some of the traditional objectives of food, agriculture and production systems.

At the regional level organic agriculture can also be considered a test-bed en route to European integration. The organic farmer must stay informed - as much on agricultural policy as on administrative procedures - and organised, transparent, respectful of the environment and aware of the market. The production chain will face important challenges in terms of the (re-)organisation and sharing of objectives among the different stakeholders. Consumers will encounter a growing number of labels and certificates.

The discourse around organic agriculture also paves the way for thinking about the sustainability of food, agriculture and production systems, which is just as important an issue as the process of European integration. Organic agriculture is a possible alternative. On its own, organic agriculture is obviously not in a position to generate radical change in terms of better soil use, reduction of polluting emissions and food security. It does, however, offer a model that brings with it a way to rethink the political (public), productive (entrepreneurial) and consumer (individual) choices that we have made up to the present day.

This volume is divided into three sections. The first analyses the state of agricultural and rural land and organic sector policies. Looking at both the past and the current situation, it tries to illustrate and explore

the main perspectives and challenges along the path towards the European Union, bearing in mind that the Common Agricultural Policy (CAP) that the Balkans are aiming at is not the current one. Indeed, on January 1<sup>st</sup> 2014 new plans, effective until 2020, will enter into force.

The second part is composed of in-depth examinations of the developments in organic agriculture in individual countries, in some cases by way of interviews with local experts, in others through sector analyses.

The choice has been to include all the countries of the region in order to give an overview of the different development phases and issues at stake. The study moves from an established organic sector, in relative terms, as is that of Croatia, to governance problems in Bosnia Herzegovina and the challenges faced by the first pioneers in Kosovo. Countries such as Macedonia and Serbia have in the last years been characterised by a certain dynamism, in terms of growth in the number of stakeholders, increases in the land allocated to organic production and strengthened public support, whereas in Albania and Montenegro high initial expectations have not been fully met.

The third part of the volume provides a regional perspective, linking developments in organic agriculture in the different countries, through comparative analyses of their institutional frameworks, local policies, actors and markets involved.

The work is based on available literature, publications, official databases, reports by international organisations, interviews with local experts and other actors working in the primary sector, etc. Some interviews have been published in full in the sections related to the single countries, others were used as a tool for collecting, updating and revising the available data and information. The availability of information in many countries is actually one of the agricultural sector's main weaknesses. It is in fact not mere chance that in analysing the available literature, sometimes significant discrepancies emerge between data released by different research centres and international organisations, for example.

If today it is still premature to see organic agriculture as a short-term alternative in South East Europe's primary sector, this book seeks to demonstrate that organic production can offer a helpful perspective from which to observe the region's development process of European integration, progress in the agricultural sector and the relations among the stakeholders involved.



# **1. Agriculture and rural development in the Western Balkans**

This chapter presents an analysis of the state of agricultural and rural areas and sector policies in the Western Balkans. Starting from historical developments and the current situation it tries to point out the main perspectives and challenges along the path towards the European Union. It is in this context and thus in relation to the state of the primary sector and national and European policies that the evolution of organic farming must be framed.

## **1.1 The state of agriculture and rural areas in the Western Balkans**

The Balkans are characterised by fragmented territories and heterogeneous areas: cities that look towards the European Union contrast with a forgotten rural countryside, often the site of stories of marginalisation, migration, communities left to their own devices, and lost opportunities.

Rural is still a synonym for backwardness, poverty and exclusive dependence on the agricultural sector, far removed from the romantic image rural areas enjoy in many European countries. Yet success stories do exist, as well as initiatives that permit a glimpse towards a future for those long-forgotten areas, which are too far from the important political centres.

### **Land use and farm structures**

The first feature that emerges, which holds true for all statistics relating to the primary sector in the Western Balkans, is the lack of updated, homogeneous and comparable data. In the case of Croatia, where the data on land use has been harmonised with Eurostat, the point of reference is 'utilised agricultural area' (UAA). Whereas for other countries, there is no clear distinction between the land which is actually used and that which is not.

Abandoning and not using land are the most common consequences of the transformations of the primary sector in transition countries since the collapse of the communist systems. Consistent migrations towards urban centres and the parcelling out of land, as a consequence of the process of 'decollectivisation' which started at the beginning of the Nineties, are main factors in this dynamic.

In the Balkans, the countries in which land has been most severely abandoned or left underutilised are, for different reasons, Albania, Bosnia Herzegovina and Kosovo. Albania because of a particularly complex process of land redistribution, which gave way to serious uncertainties about land ownership, which in turn limited the development of a land market and thus drove away possible investors. Bosnia Herzegovina and Kosovo because of the forced displacement of entire communities which, especially in the more marginal areas, brought with it illegal work and failed returns.

**Table 1. Land use (2008 data)**

Data in ,000 ha	Albania	Bosnia Herzegovina	Croatia	Kosovo	Macedonia	Montenegro	Serbia	UE 27
Arable land used	584	549	855	242.8	287	31	3,093	106,751
Arable land not used	n.a.	438	86	n.a.	137	14	209	-
Permanent Cultivations	123	100	342	5.7	36	16	301	59,545
Pastures	415	1,049	5	98.4	603	452	1,423	12,517
Other	-	-	-	261.7	1	3	39	-
<b>Utilised Agricultural Area (UAA)</b>	<b>1,122</b>	<b>2,136</b>	<b>1,288</b>	<b>608.6</b>	<b>1,064</b>	<b>516</b>	<b>5,065</b>	<b>178,813</b>
<b>UAA/total surface area ratio (in %)</b>	<b>39</b>	<b>41.7</b>	<b>22.7</b>	<b>55.9</b>	<b>41.3</b>	<b>37.3</b>	<b>65.3</b>	<b>40.1</b>

Source: Agripolicy.net

During the transition years, the agricultural sector went through a prolonged phase of decline in which it did not fulfil its commercial objectives and instead ended up acting as a social buffer.

A role that, as the high number of small units of production operating at a subsistence or semi-subsistence level demonstrates, it still plays 20 years after the dissolution of Yugoslavia and the fall of the regime in Albania. The average size of agricultural businesses is in

fact under 2 hectares (ha) in Albania, Kosovo and Macedonia, 3 hectares in Croatia, and between 3 and 4 hectares in the other countries. This dynamic is reflected in a dual structure, particularly evident in some regions, in which small family units coexist alongside modern commercial businesses. Looking at the EU, where the average size of farm is almost 13 hectares, the main differences are to be found in farms over 10 hectares and in the agricultural land that these farms use. In the EU agricultural businesses over 10 hectares represent 10% of the total and use 85% of the agricultural land, whereas in the Balkans they represent just over 5% of the total only in Croatia, Montenegro and Serbia where the agricultural land they use is 52% in Croatia, 41% in Montenegro and 25% in Serbia (VOLK T., 2010). Overall the size of farms is smaller that it was in the Mediterranean part of the European Community (Greece, Italy, Spain, Portugal) in the Seventies. (LAMPIETTI J. ET AL., 2009).

**Table 2. Farm structures (2008 data)**

	Albania	Bosnia Herzegovina	Croatia	Kosovo	Macedonia	Montenegro	Serbia	UE 27
Farms (in ,000)	357	515	1,077	177	193	43	779	13,633
Average size (in hectares)	1.2	3.3	2.4	1.5	1.7	3.2	3.7	12.7
% of farms under 2 hectares	89	50	67	81	90	66	46	47
% of farms over 10 hectares	-	4	5	1	1	5	6	20
% of agricultural area used by farms over 10 hectares	-	-	52	10	13	41	25	85

Source: Volk, 2010, p.13



### Agriculture in the economy

Great structural problems exist which do not however prevent the agricultural sector from maintaining a strong position in terms of the overall economy and employment. This is also due to the not-so-brilliant performance of other sectors. In the EU the primary sector accounts for 1.8% of the Gross Domestic Product (GDP) and employs less than 6% of the active work force, whereas in the Western Balkans the situation shows very different proportions: in Albania the primary sector accounts respectively for 18.5% of the GDP and for 57% of its work force; in Bosnia Herzegovina for 9.1% and 20.6%; in Croatia, 6.4% and 13.2%; in Macedonia, 10.8% and 18.2%; in Montenegro, 7.5% and 28% (FAOSTAT); in Serbia, 12% and 21.4% (Agripolicy.net). In Kosovo the figures are 19% and 15% (2006 data), but the estimates risk being misleading: Kosovar institutions in fact fix the rate of official unemployment at 40%, data that should be questioned considering the weight of the country's shadow economy, especially significant in the agricultural sector (UNDP Kosovo, 2010).

**Table 3. Macroeconomic indicators (2008 data)**

	Albania	Bosnia Herzegovina	Croatia	Kosovo	Macedonia	Montenegro	Serbia
Population (in millions)	3.2	3.8	4.4	2.2	2	0.6	7.4
Employed in agriculture (% of total employed)	44.6	20.6	13.9	-	19.7	6.5	25.1
Employed in agriculture (% of total employed) Agripolicy data	57.4	20.6	13.2	-	19.6	-	23.8
GDP (Millions of Euro)	8.870	12.638	47.765	3.815	6.720	3.086	33.418
GDP per capita	2.788	3.289	10.771	1.789	3.283	4.908	4.547
GDP per capita in PPS* (EU 27 = 100)	26	30	64	-	34	43	35.9
Weight of agriculture on GDP (%)	18.7	8.9	5.2	-	11.6	9.3	10.5
Weight of agriculture on GDP (%) Agripolicy data	13.7	7.4	5.6	-	10.4	-	9.6

\* PPS: Power Purchasing Standard

Source: UE, 2008 (if not specified otherwise)

Despite considerable differences among the countries, the transition from planned to market economy has been marked by numerous contradictions and inefficiencies, both structural and political, which have hindered the development and consolidation of the chains of production. In this scenario farmers were not given incentives to modernise, specialise and increase the competitiveness of their production systems. Thus, for a long time, the sector was not able to attract significant investment (SEGRÈ A., VITTUARI M., 2009).

### **Products and productivity**

After the decline that followed the transition process and, in some cases, the conflicts, production volumes and profits started to grow again.

Grain is the main crop and covers a significant proportion of arable land: approximately 40% in Albania, almost 50% in Kosovo, over 50% in Bosnia-Herzegovina and over 60% in Croatia, Macedonia and Serbia<sup>2</sup>. Only in Montenegro, where potatoes and vegetable crops make up respectively 30% and 20% of arable land, does grain play a slightly less significant role (approximately 20%). After grain, the main products are vegetables - over 10% in Macedonia and Bosnia Herzegovina - and industrial crops (oilseed and beets) - over 10% in Croatia and Serbia. Considered, by contrast, in terms of production volumes, fruit crops stand out, at 26% of the output in Croatia, 19% in Albania, 16% in Serbia and 12% in Macedonia (VOLK T., 2010).

Despite not having reached the levels of the EU, profits in the last decade have grown significantly, proving that, at least for the business end of the agricultural sector, improvements have actually taken place, both in terms of efficiency and production techniques.

A separate case must be made for the animal breeding sector, which, despite progress, still shows structural weaknesses in terms of legislation, compliance with sanitary standards (referring to the EU framework, especially in terms of control systems) and the introduction of traceability systems (animal identification and registration) in almost all countries (EUROPEAN COMMISSION 2010, various Country Progress Reports).

<sup>2</sup> Approximate averages over the period 2000-2008 based on Agripolicy.net data.

Overall the sector is dominated by beef and milk farming (Volk T., 2010), despite single countries showing significant differences in terms of traditions, types of land and diets linked to religious beliefs. In this regard, Serbia (36%), Croatia (26%) and Macedonia (16%) produce a significant quantity of pork, while Albania, and, to a certain degree, Bosnia Herzegovina, Kosovo and Montenegro, stand out for their sheep and goat farming. Furthermore Bosnia shows an additional internal diversification that reflects the administrative division following the Dayton Peace Accords of 1995.

### **Trading and food processing**

The analysis of the agricultural sector can also gain insight by observing the structure of the trade balance. In the sense that the health of the sector can be understood by observing how raw materials and processed products affect imports and exports. The higher the imports of processed products and the exports of raw materials, the weaker the sector within a set country. On the other hand, exporting processed products and importing raw materials is often a symptom of a healthy sector, capable of adding a considerable amount of value in the process of product transformation. From this point of view most supply chains show structural weaknesses and a limited ability to keep this added value within the territory.

Trade is generally in constant growth both at the regional and international levels, with the EU as the primary business partner.

Among the most relevant statistics are the weight of the food and agriculture industry within the total import-export ratio, well above the EU averages (recorded as 5.7% of total exports and 6.3% of total imports in 2008), and the trading deficit for this sector, with Serbia the only country to show a surplus between imports and exports in the food processing industry.

Looking at the single countries, the food and agriculture industry amounts to less than 10% of imports only in Croatia and Serbia and is close to, or even significantly exceeds 15% in all the other countries. The balance of exports tends instead to converge around 10% with the exceptions being Serbia (18%), Albania (6.6%) and Bosnia (6.3%).

## Rural areas lagging behind

In addition to rampant poverty, rural areas have to deal with shortcomings in terms of infrastructure, public services (social, health and education) and lack of job opportunities outside the primary sector.

Against this background migration has increased, especially among younger generations, both towards towns and cities and abroad. In all rural areas, this haemorrhaging of human capital risks making the decline and depopulation process irreversible, not only for more peripheral areas and smaller villages, but also for those medium-small towns that often constitute nerve centres for the supply of important basic services. This could easily determined the loss of traditions, history and skills that are the direct consequence of centuries of interactions and reciprocal adaptations between humankind and the surrounding territory. Such resources in many areas of the Balkans had already shrunk (at times in a substantial manner) as a consequence of socialist planning and the conflicts marked by the forced removal of entire communities.

**Table 4. Rural communities in the Balkans**

1.	Mountain communities of shepherd-farmers
2.	Agricultural communities on mid-range mountains and hilly areas
3.	Communities tied to big agricultural businesses on the plains
4.	Mediterranean villages (coastal areas and islands)

Source: PREVELAKIS G., 1997

The economy of rural communities is largely based on the primary sector, which in marginal areas is characterised by structural problems that are even more severe than in less peripheral areas.

Despite these conditions, in relative terms, the rural population in the Western Balkans remains higher than that of the EU Mediterranean countries (Greece, Italy, Portugal, Spain) - over 46% and 36% respectively (LAMPINETTI J. ET AL., 2009).

## 1.2 Agricultural policies

After years of marginalisation from the political agenda, a gradual re-formulation of the roles of agriculture and rural areas has started to take place in South East Europe. Although the modernisation of the sector and the reinforcement of some parts of the production chain are still priorities, a degree of openness towards environmental matters, sustainability and measures clearly inspired by the Common Agricultural Policy (CAP) is beginning to emerge. A need for greater involvement and coordination of all the stakeholders in this sector is also showing up, especially in order to include rural producers and workers in the decision-making processes.

### Complex transitions

The Balkans have been marked by an extremely complex transition process that, for some countries, has not yet ended. In many cases the shift from a planned to a market economy was temporarily frozen by civil wars and social conflicts. Compared to Central and Eastern European Countries (CEECs), the Balkans thus show significant differences.

According to the OECD (2001), the transition in the CEECs can be traced back to three stages: a liberalisation of prices and markets achieved by abolishing the controlled pricing system, centrally fixed production objectives and the monopoly on trade (early Nineties); the reintroduction of tools for governing the agricultural sector, such as new policies for the support of prices and markets (mid Nineties); the gradual move towards the EU political-administrative framework (late Nineties) (OECD, 2001).

In the Balkans, these phases, which generally occur according to a fairly linear temporal and technical evolution, have been fragmented and have often ended up developing in a contradictory manner.

Even the starting point, if compared to some countries in the Central European area, is not all that similar. Yugoslav socialism foresaw more room for private initiative than other countries in the socialist block. For instance, by analysing data on land ownership, it emerges clearly that the most extreme phase of the collectivisation process, which started at the end of the Forties through the 'recruit-

ment' of more than 2 million farmers, was actually abandoned as early as 1952, and in the Eighties more than 80% of land was in the hands of about 3 million small holders (BIANCHINI S., 1998).

In Yugoslavia the public sector, which included cooperatives and businesses managed directly by the government, was composed of large agro-industrial complexes (*agrokombinats*) where production was linked to transformation processes. State cooperatives and businesses were concentrated in the most productive areas of the country, such as Vojvodina and East Croatia, and absorbed almost all the investments and aid for this sector. The peripheral areas were of course penalised by this kind of policy making.

In the Nineties, the armed conflicts damaged the production capacity, worsening the situation, causing the loss of a comparative advantage that ex-Yugoslavia had over many CEECs and forcing productivity to chase standards that dated back to before the transition had started. Lastly, a further element that characterised the Balkan transition was the strong presence of non-governmental organisations. Together with the international organisations in the territory, they encouraged, albeit with variable results, the opening up towards new models of agricultural and rural-system management, a feature that was much less present in Central and Eastern Europe.

The transition process in Albania, for different reasons, was also unique. The Albanian communist regime was in fact characterised by extremely rigid policies that led to full isolation and particularly difficult economic and social conditions. At the beginning of the transition process, the agricultural sector, as well as others, found itself without institutions, lacking in infrastructure, with low productivity and obsolete fixed capital. This situation deteriorated further at the beginning of the 1990s with the collapse of State enterprises, the breakdown of infrastructure, internal tensions (the financial crisis of 1997) and mass emigration (DE MEO G., 2004).

Some traces of this history are still visible in the Albanian countryside, which is often characterised by small untidy-shaped parcels of land, uncultivated areas and improvised fencing. With the fall of the socialist system and the redistribution of land, the big State cooperatives based on 550 units gave way to 480,000 farms generally under one hectare each (CONGU A., SWINNEN J.F.M., 1999).

This agricultural reform, which started in 1992 and ended in 1996, was initially characterised by a growth in the sector - linked to the enthusiasm of the farmers who became first-time owners of some land - and subsequently by a slowdown due to the actual structure of the farms.

By the end of 2006, Albanian agricultural reforms had redistributed 561,000 hectares (98.6% of the land) and involved 445,000 agricultural families (65% of the total families in the country) in this process (WORLD BANK, 2006).

It did not take long before this large redistribution process started to show deep problems created not only by the extreme parcelling out of the structures, but also by the rising uncertainties linked to property rights. These uncertainties were born out of the decision to base property rights on the pre-socialist period, thus creating a situation in which more than one owner could present equally valid claims (from before and after the socialist era) for the same piece of land (DEININGER K., CARLETTO G., SAVASTANO S., 2007).

### **Protectionism and regional markets**

In the decade from 2000 to 2010 the level of protectionism in all countries was gradually reduced, mainly due to the implementation of the Central European Free Trade Agreement (CEFTA 2006<sup>3</sup>). Replacing 36 bilateral agreements, it was signed in December 2006 by all the Western Balkan countries plus Moldova, thus affecting a market of almost 27 million consumers.

The CEFTA has enabled a step forward in containing trade barriers and increasing transparency, therefore contributing to the overall growth of trade at the regional level and representing an important move towards full integration in the international markets. Although not directly connected to the World Trade Organisation (WTO), the Central European Free Trade Agreement implies complete respect of the principles dictated, by the WTO of which, as of June 2011, only Albania, Croatia and Macedonia are members. For Bosnia

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<sup>3</sup> CEFTA 2006 replaced CEFTA, the members of which were Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania and Bulgaria, all of which left the agreement when they became members of the EU.

Herzegovina, Montenegro, Kosovo and Serbia, negotiations are under way, with the entry of Serbia into the WTO expected by the end of 2011.

Among the measures adopted for the protection and support of markets, all countries except Kosovo use trade barriers, whereas other measures are used on a more ad hoc basis. Croatia uses market interference (for example, defining quotas for specific products), Serbia uses subsidies for exporting goods (forbidden by the WTO except for some products which are recognised and therefore given special treatment) and Bosnia uses administrated prices (Volk T., 2010).

### **Support to the agricultural sector**

Despite being far from the level of aid guaranteed to farmers within the European Union, the agricultural budget of almost all the countries here considered is slowly growing. Nevertheless substantial differences remain from country to country: Croatia registers greater payments per hectare than those of many EU member states (Volk T., 2010), while Kosovo still shows very few resources and the overall number of projects financed by international organisations and NGOs outnumbers local government support (MAFRD - XK, 2010).

This process of increasing public aid to agriculture risks being slowed down by the international financial crisis that between the last quarter of 2010 and the first half of 2011 has been gathering momentum in many countries in the region. Not by chance, the spring of 2011 was marked by tensions between professional organisations and governments, such as protests by Serbian farmers, who saw their aid substantially reduced, after subsidies had reached 140 Euro per hectare (for an allotted maximum of 100 hectares) in 2010.

The reduction proposed by the government is not so much expected to affect the overall cost per hectare, still at 14,000 Dinars (a little less than 140 Euro), but rather the eligible area, which will most probably be reduced from 100 to 10 hectares. An extremely radical cut that, irrespective of the results of the negotiations, gives a clear example of one of the main problems of agricultural policy in the countries of this region: the lack of stability and consistency. In some countries the variations on an annual basis are so significant, and frequent, as to make farmers' choices very difficult. This is mainly



due to the lack of certainty regarding the government priorities and the structures that these same governments make available to farmers.

As for measures, in the budget for agriculture and rural development, the most used are those that take the form of direct payments based on the following options: from payments for inputs (Serbia), to payments for outputs (Bosnia), to those based on arable land and number of animals (Croatia and Macedonia). The divide between such measures and those aimed at supporting rural development and structural actions, although shrinking, is still a very large one.

### **Rural development and land issues**

Even though rural development policy is still secondary to agricultural policy, the balance is shifting, even in South-Eastern Europe. Resources are slowly beginning to move from the primary sector to land redevelopment and are therefore starting to be aligned to the EU and OECD-country model of shifting from sector (agriculture) to land redevelopment policies (rural development in a broader sense).

In this process the agricultural sector, often still the most important in terms of employment and economic power, is no longer the single defining element of an area, especially not the only one upon which to base strategic choices for local development (OECD, 2006).

Concepts such as integrated approaches and multi-functionality, meant in terms of provision of services linked to the environment, energy and tourism, are already broadly acknowledged in development strategies and programmes, despite the fact that their practical implementation is still quite limited (BOGDANOV N., VASILJEVIĆ Z., 2011).

### **Sector governance and civil society**

Rural development is a complex policy area that requires local institutions to be capable of managing and attracting financial support, involving private players, identifying problems and elaborating strategies, proposing a medium- to long-term vision. The need for efficient local institutions goes hand in hand with the need for coordination among the different policies that deal with land management (BOGDANOV N., 2007).

In reality one of the major difficulties that the countries in this area are encountering is linked to the move from centralist and oli-

garchic forms of government to governance involving local communities and the various players present in the territory and in the chains of production. This essentially means that decentralisation and the beginnings of dialogue - not only between private and public institutions, but also within the institutions themselves - require the creation of specific task forces and collaboration between different ministries. This is the case, for example, for environmental or energy issues. An important point of reference is the rural development policy adopted by the EU in which Local Action Groups (LAGs) are considered as important representatives of their territories and as a connection between civil society and institutions.

Furthermore, alongside public institutions that often have difficulty listening to and translating requests from civil society into government action, there are associations, professional organisations, cooperatives and NGOs that are inefficient, fragmented and therefore often lacking a significant voice in political dialogue.

In the Balkans, from the beginning of the transition process, and also as a result of international aid efforts, the number of small associations that find themselves competing with each other has grown tremendously (KARAJKOV R., 2007). This is also a partial consequence of the organisational difficulties which usually characterise donors' interventions.

The dependence on international aid has had a significant impact on rural areas also because it has led these associations to concentrate their offices in cities where it is easier to consolidate and maintain relations with financial supporters. Despite all these limits, civil society exists and is extremely active on many fronts. It is now necessary to coordinate the different initiatives and pull resources and skills together in order to achieve greater effectiveness in providing a real contribution to planning the strategies for local development.

### 1.3 EU Enlargement: negotiations on agriculture

Despite the many challenges still to be faced, the Western Balkans' path towards the EU seems to have taken a well-defined course. It is clear to all actors involved that to keep 'an enclave' inside Europe (EUROPEAN COMMISSION - EXTERNAL RELATIONS, 2011b) can only have negative social and economic effects, even for the Member States.

It is not by chance that the President of the European Commission, Barroso, despite reaffirming the responsibility of each country to bring about necessary reforms, underlines that European reunification will not be complete until the Western Balkans become part of the EU (EUROPEAN COMMISSION - EXTERNAL RELATIONS, 2011b). Croatia's accession is official and is foreseen for July 1<sup>st</sup> 2013, when it will become the twenty-eighth Member State.

#### **Advantages and disadvantages: a look at the 2004 enlargement**

The enlargement waves of 2004 and 2007 saw the formation in the countries about to join the EU of significant groups of 'eurosceptics', mainly among workers in the agricultural sector. In the years leading up to Polish membership, the opinions of Polish farmers were definitely negative, even though studies and forecasts focused on consistent benefits for the sector. Opinions became more favourable as the date of accession to the EU grew closer: 23% favourable in 1999, 38% in 2002, 66% in 2003, all the way up to 72% favourable a year after joining (WILKIN J., 2007).

Some of the reasons for this initial 'euroscepticism' could have been a general feeling of tiredness because of a seemingly never-ending transition; the fear of being considered second-class in the context of the Common Agricultural Policy (CAP); the introduction of phasing in, meaning a mechanism by which aid directed to the country was to be introduced only gradually; the fear of local markets being saturated by products coming from other EU countries and uncertainty about the future of small family farms.

These were all fears which, after accession, proved mostly unfounded: the market held and was strengthened by a strong growth of exports; family businesses continued to survive; there were no

mass purchases of farms on behalf of foreign investors. Farmers benefited from a growing availability of public support for sector modernisation, through the SAPARD Programme (Special Accession Programme for Agriculture and Rural Development) before accession and from CAP funds thereafter (WILKIN J., 2007).

The situation is not much different in the Western Balkans, where confusion about the CAP is more or less the same: from concerns about the future of small, family-managed farms, to fears connected with limited competitiveness relative to other countries of the EU, to the difficulties of introducing complex procedures and management systems in companies.

There are many challenges. An analysis of costs and benefits shows, however, that the latter are likely to be greater. The progressive steps towards the CAP allow many countries to improve their agricultural policies: from increasing transparency in the distribution of resources, to launching the modernisation of the sector and reaching a greater stability in the measures adopted. All these elements have contributed to creating a medium- to long-term vision that for years had been missing from the national political scene.

### **Negotiations on agriculture - stages in the process**

Within the negotiations for accession, those dedicated to the primary sector appear as the most complex and strategically relevant. It was not by chance that the chapter on agriculture was one of the last to be completed, on April 19<sup>th</sup> 2011, in Croatia's accession process.

The agriculture negotiation process includes important reforms, from the strengthening of the capacity of public administrations, both in qualitative (human resource management) and quantitative terms, to the creation of new institutions and the launching of necessary reforms to modernise the sector and prepare it for the CAP. These are steps that all the countries in this region, albeit at different times, have already started to make and that are essential for harmonising the legislative framework with the structure and measures that characterise the CAP (i.e. direct payments, market interventions, rural development, financial discipline) and accession negotiations (ER-JAVEC E., 2006).

**Table 5. Calendar of the agriculture negotiation process on the basis of previous EU enlargements**

<b>Year 0</b>	Association and Stability Agreements with the European Union
<b>Years 1-2</b>	Application, questionnaire, Avis (European Commission opinion)
<b>Years 3-5</b>	Beginning of negotiations: evaluations (comparative analysis of the acquis); formal positioning within the negotiations (obligations, requests for waivers and transition periods)
<b>Year 6</b>	Final financial package: financial position of the EU and political consultations on the enlargement; technical meetings on quotas; rural development and additional payments
<b>Years 7-8</b>	Preparation of the accession

Source: ERJAVEC E., 2007

### **Which CAP for the Balkans?**

The Common Agricultural Policy that the Western Balkans are looking towards is not the current one. After 2013, when Croatia alone will become part of the EU, the CAP will most probably be characterised by many innovations introduced in order to respond effectively to future challenges for food, natural resources and land. The debate on the new CAP started in 2010 with the objective of enabling an open dialogue for all the stakeholders involved: Member States (national governments and local and regional administrations), the European Commission, the European Parliament, professional organisations, the industrial sector, academia, civil society and rural communities (DE FILIPPIS F., 2010).

The matters upon which these actors are forming their positions are related to: the overall costs (confirmed with regard to 2007-2013 planning) and the (re-)distribution of the agricultural budget, which currently very much disadvantages the countries that joined in 2004 and 2007; the future of the single payment scheme - unsustainable in the long run; the objectives, the instruments and beneficiaries of the agricultural expenditure; the maintenance of the pillared structure of the CAP (market policy - first pillar; rural development policy - second pillar); the issue of co-financing; the future of rural development policy; the financial compensation of public goods (DE FILIPPIS F., 2010).

Among the hot issues is also a potential redistribution of resources in favour of rural development, so far largely secondary

compared to market policies (direct aid, market interventions), and a revision of the instruments aimed at taking the growing diversity of the agricultural and rural systems of an enlarged Europe into consideration and therefore favouring inclusive and sustainable growth (EUROPEAN COMMISSION, 2010h).

A significant role, as underlined also by the European Commissioner for Agriculture, Dacian Cioloş, will be played by instruments devoted to small family farms (oriented towards full financial support and semi-financial support). Although they do not fulfil the Commission requirements in terms of competitiveness, they carry out an essential role in terms of natural resource management and the preservation of land and rural communities (CIOLOŞ D., 2010).

The underlying motivation for the reform of the CAP is to be found not only in the new challenges that the agricultural sector and rural areas are facing, but also in the need to regain credibility in the eyes of citizens and tax payers.

**Table 6. Calendar of the debate on the post 2013 CAP**

<b>3 March 2010</b>	Publication of the "Europe 2020" document
<b>12 April 2010</b>	Launch of public consultations on the CAP
<b>June 2010</b>	Approval of the "Europe 2020" Strategy
<b>19-20 July 2010</b>	European Conference on the future of the CAP
<b>18 November 2010</b>	European Commission Communication on the CAP for 2020
<b>December 2010</b>	First instructions on the 2014-2020 EU budget balance
<b>July 2011</b>	Legislative proposals on the future of the CAP
<b>By December 2012</b>	New CAP approval
<b>1 January 2014</b>	New CAP takes effect

Source: FRASCARELLI A., 2010

### **Challenges and progress en route to EU accession**

Awareness of not knowing what the European model will be after 2013 may encourage national governments to give up the temptation of re-proposing CAP measures and structure without any kind of adaptation to local contexts.

Without any doubt and considering past enlargement procedures, the gradual introduction of measures influenced by the instruments used in the CAP framework could facilitate the alignment process of the agricultural sector. It is, however, just as important to adapt such instruments and measures to local conditions; in fact, in many cases, it is not yet possible for local objectives to be the same as those of the EU Member States (BOGDANOV N., 2008).

Some countries, especially current “potential candidates”<sup>4</sup>, are not ready to put a large part of their resources into environmental safety and rural development, but must continue to invest in food safety, market consolidation, the reinforcement of institutions and updating and harmonising their statistics.

There are also specific and complex challenges that affect single countries, such as the administrative fragmentation in Bosnia Herzegovina (EUROPEAN COMMISSION, 2004) or the extreme vulnerability of markets in Albania (WORLD BANK, 2007) and so on.

Croatia’s successful progress towards EU membership has become an important point of reference, however, there are many experiences, even looking at previous enlargement cases, to which candidates and potential candidates may look for inspiration. The absence of linguistic barriers and a common history in most of the Balkan countries could also be play a significant role and could favour the exchange of experiences and good practices linked to the choices to be made en route to European integration.

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<sup>4</sup> Croatia, Iceland, Macedonia, Montenegro and Turkey are candidate countries. Croatia concluded negotiations on 19th April 2011 and will become the 28th Member State of the EU as of 1st July 2013. Negotiations with Macedonia and Montenegro have not yet started. All the other countries of the Western Balkans - Albania, Bosnia Herzegovina, Serbia and Kosovo - have been guaranteed the prospect of accession to the EU once they have fulfilled the necessary requirements. These countries are all considered potential candidates (<http://ec.europa.eu/enlargement>).

**Table 7. Main challenges and progress on the path towards EU accession. Evaluations by the EC**

<b>Albania</b>	Progress regarding the legislative and institutional framework, but structural shortcomings still exist. Land registry office only exists on paper and is not complete or updated. The limited reliability and availability of statistical sources could be partially improved with the agriculture census planned for 2012. Markets remain vulnerable; structures comparable to common market organisations do not exist. Professional organisations remain weak. Veterinary, plant health and food safety policies rarely conform to EU standards, which hinders the country's ability to export.
<b>Bosnia Herzegovina</b>	The harmonisation of the institutional framework and the process of simplifying relations between State and Entities remain a priority. An operative strategy and programme exist for the harmonisation of agriculture and rural development, but the implementation has not yet begun. No progress towards the creation of a Ministry of agriculture at State level. The consolidation of statistical sources is still limited. Progress regarding food safety, veterinary and plant health policies. Problems linked to scarce human and financial resources and to insufficient co-ordination between State services and those of the Entities.
<b>Croatia</b>	"Rural and agricultural development" chapter of the negotiations closed on 19 <sup>th</sup> April 2011.
<b>Kosovo</b>	Limited progress in reinforcing the legislative framework, both in terms of agriculture and food safety. Insufficient ability to implement policies. Alignment with the acquis just starting and limited to programming. Weak administrative capacities, skills and management of available human resources.
<b>Macedonia</b>	The administrative capacities of the paying agency and of the operative structures responsible for EU pre-accession funds have been strengthened. The human resources agencies for the agricultural sector have improved on the expertise of personnel, but not on its numbers. Significant progress in the creation of an agricultural information system by forming a national committee for the management of the FADN (Farm Accountancy Data Network), the beginning of some pilot FADN activities and alignment with the acquis nearly reached. Harmonisation of Common Market Organisations has begun, including the creation of specific standards for some crops (cereals, rice, fresh fruit, vegetable products, animal-derived products). Good results in the implementation of the IPARD programme, begun in December 2009. Progress in the sector of veterinary, plant health and food safety is still limited.
<b>Montenegro</b>	Progress in terms of reforms of the legislature and adoption of national programmes and strategies. The implementation remains weak. Direct payments are not aligned with EU regulations. An agricultural informational system must be set up in order to start the creation of the FADN. Statistical sources still weak. The legislative framework relating to veterinary, plant health and food safety has been strengthened, but an integrated system for food safety still has to be set up. The administrative ability of the Agriculture, Forest and Water Resource Management Ministry has only partially improved and must be ultimately strengthened even for the IPARD Programme.
<b>Serbia</b>	In the agricultural and rural development sectors, the alignment with the acquis is being achieved through the adoption of important framework laws. The paying agency that should serve as the future agency for the IPARD programme has been created. A plan of action for the IPARD programme has been developed. Within the rural national network, two new rural regional centres have been created – a total of 16 at the national level. Limited progress in terms of food safety. Progress in the veterinary and plant health sectors, also in terms of strengthening the labs for the safety of food chains.

Source: collated by the author using EUROPEAN COMMISSION, Country Progress Reports, 2010



## 1.4 The role of organic farming in European agricultural policy

In the Common Agricultural Policy framework, attention towards organic production has increased. The interest in the multi-faceted implications of agricultural policies on the environment and society at large is also growing. This trend started in conjunction with EEC Regulation No 2092/91, the first quality certification scheme outlined by the European Union and the first in the world to regulate organic farming.

This Regulation defines the production methods, and the rules for product labelling and certification to guarantee for the whole system. In practice EEC Regulation No 2092/91 identifies a new supply chain: production, preparation, trade, admissible products and workers. Despite the fact that producers and processors are allowed to work in the organic and conventional sectors at the same time, they must keep the two activities clearly separate in order to permit full traceability of the different methods. This implies the need to strengthen the role of the certification agencies responsible for making sure that the animal and vegetable foodstuffs comply with organic methods of production, preparation, processing and import into specific countries.

The growth of the organic movement and of interested and certified producers made it necessary to complement EEC Regulation No 2092/91 with a specific action plan, introduced in 2004 and aimed at contributing to the development of the market and raising of the standards through an increase in efficiency, transparency and consumer confidence.

**Table 8. Key moments for organic production at the European level**

1974	Creation of FiBL (Research Institute of Organic Agriculture) in Switzerland
1970 - 1980	Foundation of most of the associations and organisations dealing with organic production
1990	Creation of the European Group within IFOAM
1991	Approval and introduction of EEC Regulation No 2092/91
1991	With the Mac Sharry Reform organic agriculture finds its place in the CAP. It is supported through food and environmental schemes
1991 - 2013	In the CAP organic production can benefit from the same aid schemes as conventional agriculture
1999	Standards for organic production defined within the Global Codex Alimentarius

<b>1999</b>	With Agenda 2000 organic agriculture also finds its place in the second pillar of the CAP: rural development
<b>2001</b>	BSE crisis (more attention towards quality and traceability of foodstuffs)
<b>2001</b>	'Organic Food and Farming' Conference and Copenhagen Declaration
<b>2002</b>	Commission Report: 'Analysis of the possibility of a European Action Plan for Organic Food and Farming'
<b>2003 - 2004</b>	Drafting and publication of the European Action Plan for organic farming and foodstuffs
<b>2005</b>	Bird flu (more attention towards quality and traceability of foodstuffs)
<b>2007</b>	Approval of the new EC Regulation No 834/2007
<b>2009</b>	Swine flu (more attention towards quality and traceability of foodstuffs)
<b>2009</b>	Implementation of the new EC Regulation No 834/2007
<b>2011</b>	E-coli (criticism of organic farming that turned out to be unfounded)

*Source: collated by the author*

As an update to EEC Regulation No 2092/91 in 2009 EC Regulation No 834/2007 came into force. The new Regulation pinpoints the objectives, principles and basic requirements of all regulations regarding organic agriculture and defines the implementation norms on production, labelling, inspections and imports. Among the key elements introduced by Reg. (EC) No 834/2007 are also the compulsory use of the logo and more overall flexibility. However, flexibility is still considered to be lacking and has been commented on by the European Group of IFOAM as one of the main limits of the new Regulation (IFOAM EU GROUP, 2011).

This problem is caused by the different experiences of the Member States and their different levels of development in the field. According to IFOAM, further flexibility - in terms of the option of requesting waivers when faced with specific needs, albeit respecting the Regulation's principles - would help the development of the sector in the countries in which it is still characterised by delays and drawbacks. In future the Balkans themselves could benefit from such a flexible approach. Here in fact organic agriculture is far from full maturity and thus needs time and probably quite a few waivers to bring its standards up to the level of those countries in which the sector is more structured.

Observing the CAP, if the objective for 2014 - year in which the new plans will start - is that of a 'greener, more equal and more competitive' policy (IFOAM, 2010), the development of organic agriculture needs to be included in the priorities. In the debate on future planning for agriculture many questions remain open regarding the role of organic farming.

Despite many stakeholders' continued efforts to define the sector as one of the models to follow, doubts persist about it all ending up in a "green-washing"<sup>5</sup> operation in which the whole agricultural sector would continue to receive undifferentiated support, instead of aiming more decisively at alternative models. The more conservative positions may prevail, partly as a result of the 2008-2010 crisis in agricultural prices, which reinforced the positions of those who totally oppose a complete transformation of the CAP. A concrete way forward could be an intermediate solution based on a balanced division of aid between green quality systems and conventional productive ones.

At the international level the points of reference are set by IFOAM and consider agriculture in its broadest sense, including the way people tend soils, use water, look after plants and animals in order to produce, prepare and distribute food and other goods (IFOAM, 2011).

The IFOAM guarantee system is a worldwide instrument of mutual recognition and harmonisation of standards and inspection systems. It includes a set of norms that permits inspection agencies to be certified by IFOAM and thus subsequently to apply the 'IFOAM accreditation' label on their products.

However, limiting the organic discourse to laws, regulations and certification bodies would constitute an excessive restriction. Seeing food as a key element in a network that links economics, the environment, society and health (BRUNORI G., 2007) contributes to supporting the organic discourse, in its progress and resistance to the economic crisis - the food-processing sector has in fact shown positive tendencies in recent years. A concrete example of this are the requests for traceability, transparency and safety on behalf of consumers, that have risen in connection with the emergence of food scandals (BSE, dioxin, bird and swine flues, e-coli<sup>6</sup>, etc.) that have come to the fore since the Nineties.

<sup>5</sup> Green-washing is a buzz word that can be defined as token environmentalism (especially within companies, industries, political entities or organisations) or fake environmentalism (Zanichelli, 2011).

<sup>6</sup> The last in chronological order, e-coli, is different from the others on the list. Whereas BSE, bird and swine flues have emerged in conventional systems, the origin of e-coli, at least in the view of some detractors, can be linked to organic produce. The criticism levelled at organic farming is in fact based on the idea that it favours a higher presence of insects and bacteria. In particular there is talk of aflatoxins, i.e. toxic substances produced by fungal species. Despite their presence in conventional systems, the percentage of these mycotoxins may in fact be higher in organic agriculture. However, it must be noted that specific production regulations exist, as well as inspection systems and specific integrated controls (European Food Safety Authority, 2011).

Partly thanks to the growing number of actors involved, attention to food sustainability in its most diverse and deeply interrelated forms is increasing. A clear example of this so-called 'food democracy'<sup>7</sup> is the growing number of interlocutors participating in the debate on food sovereignty, the decentralisation of supply chains (short chains) and those involved in slow food<sup>8</sup> presidia and convivia, and alternative food networks, so often important for raising awareness about food in terms of health and hygiene standards (BRUNORI G., 2007). A growing number of actors are involved in food and food politics (academics, civil society, health workers, local administrators, food businesses). They interact in a complex and dynamic system in which blogs and the web have opened up new spaces for participation in and creation of networks and groups, which interact with traditional forms of communication.

The analysis of the progress of organic agriculture thus goes beyond a mere sector perspective, even when it boils down to food-processing policies, and opens its doors to a complex system in which there are many different scopes of interest and actors involved. Such considerations may also be extended to the Balkans, where organic farming is starting to show more dynamism, especially in terms of the relations between all the stakeholders involved in the chain of production.

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<sup>7</sup> The term food democracy, coined by Tim Lang, is based on the principle of including citizens in the development of food policies and practices at local, regional and global level (Lang T., Heasman M., 2004).

<sup>8</sup> A global, grass-roots organisation with supporters in 150 countries around the world, 1,300 convivia - local chapters - as well as a network of food communities that practice small-scale and sustainable production of quality foods. The presidia (plural of presidium) are projects run by the Slow Food Foundation for Biodiversity to directly help artisan food producers.

## 2. Organic farming: the situation country by country



Source: designed by Osservatorio Balcani e Caucaso

The development of organic farming in the Balkans and the results achieved are not homogeneous, they are often conditioned by external factors and structural barriers that differ throughout the region.

This chapter, through country-specific analyses, provides an overview of the different development stages, problems and opportunities faced by consumers, workers and institutions.

Croatia has the most advanced organic sector and can thus be seen as a regional leader. However, in the last decade organic initiatives have grown in the whole of South East Europe. Bosnia Herzegovina, still grappling with age-old governance problems, managed nevertheless in 2010 and 2011 to send a delegation to BioFach, the main European fair on organic farming. In Kosovo the first pioneers are starting to work in the organic sector; Albania and Montenegro are having to re-promote the sector, after at least partly failing to fulfil initial expectations. Macedonia and Serbia are making progress in terms of the numbers of workers, the surface allocated to organic farming and public funding.

The analyses of the single country scenarios is presented according to different formats: interviews with local experts or case-study analyses. However, differences only relate to the type of texts presented, whereas the sources used - based on interviews, sector literature and the collection and analysis of available data - are common to all the country sections.

The case studies are functional to the realisation of chapter three that provides a comparative analysis of the trends in the organic sector at the regional level. The comparison of the performance of the different countries enables the analysis to go beyond the basic elements that characterise the single countries: taken as a whole in fact the region shows a dynamic context in which the thick network of relations at both the regional and international level stands out.

## 2.1 Organic agriculture in Albania

At the regional level Albania was one of the first countries to approach organic farming and invest in its potential. Initial progress was not equalled by subsequent developments, though on the contrary, the sector has continued to struggle without showing decisive progress.

The organic agriculture movement began in 1997, but the numbers are still small: 137 producers, 284 hectares of arable land allocated to organic agriculture and 251,717 hectares for the collection of wild plants (herbs, essences, mushrooms, berries).

In terms of regulations, the first relevant national law was Number 9199 in 2004, developed with the support of several international donors and harmonised with EEC Regulation No 2092/91, but not with the more recent EC Regulation No 834/2007.

The development of organic agriculture in Albania is analysed here through an interview held in Tirana in 2009 with Endrit Kullaj, researcher at Tirana's Agricultural University. He is also Director of *Sonnenor Shpk*, a company focused on the production and harvesting of aromatic and pharmaceutical plants for *Sonnenor GmbH* Austria, a world leader in the sector.

**Observing the data, the impression is that the sector is still in its initial phases of development...**

Despite several regional and international cooperation projects and the efforts of a few producers, organic agriculture in Albania is still a niche activity. Organic products are sold in only a few specialised shops or markets. The producers' current inability to provide a wider range of products does create big differences on a seasonal basis and makes it hard to achieve large, organised distribution.

**What is organic agriculture's role within national agricultural policy?**

After many years of lobbying, organic agriculture was officially included in Albanian agricultural policy through the Strategy for Agricultural Development 2007-2013. This strategic document includes an action plan and two forms of subsidy, available since 2007: contributions to cover 50% of certification costs and subsidies for ecological traps to protect olive trees from parasites (MACFP-AL, 2007).

**Can Albanian organic agriculture become competitive? Is there potential for export?**



The absence of a local market and of a significant pricing premium has led both local producers and cooperation and assistance projects to focus mainly on foreign markets. There are several success stories with fruit and vegetable products, chestnuts, pharmaceutical plants and olive oil. These projects are based on consolidated commercial relationships with Germany, Italy, the United States and Switzerland. In a globalised market, however, Albanian producers cannot be competitive in quantitative terms. The future of the organic sector and, for that matter, of Albanian agriculture as a whole, depends on quality. Albania should promote its products relying on quality and its image of a 'country of sun and hospitality', but much work still needs to be done.

### **What about cooperation with Italy?**

Relations between Albania and Italy are traditionally strong, especially in a sector in which the latter is among the world leaders. Let me just mention the many projects developed with the Region of Puglia, especially within the Interreg Programme<sup>9</sup>, such as Bioadria<sup>10</sup>. From a commercial point of view, besides some Italian companies importing Albanian products, also worthy of mention is the presence of the Italian Institute for Environmental and Ethical Certification (ICEA) in Albania, which certifies some local producers.

### **Could olive growing become a leading sector for organic agriculture as well?**

Olive growing is strongly rooted in Albanian culture and its agricultural tradition and certainly represents one of the most promising sectors of organic production. This is confirmed by government policies that make it one of their priorities. In early 2009, the government devised an ambitious programme for the development of olive tree cultivation: from 2009 to 2013 around 20 million trees will have been planted, thus guaranteeing a significant development in olive oil production.

### **From producer to consumer - what about internal demand for organic products?**

As mentioned previously, a real local market is lacking. Despite the many initiatives for the promotion of organic products, the domestic demand is definitely small. Most organic consumers are repatriated migrants who were already aware of the organic sector thanks to their studies or work abroad.

### **Finally, what are the main barriers to the sector's development?**

One of the elements slowing down development is definitely the small size of Albanian agricultural companies, which still find it hard to deal with the market. This structural factor is accompanied by the

<sup>9</sup> Interreg is a Programme of the European Fund for Regional Development (ERDF) for cooperation among regions of the European Union.

<sup>10</sup> For further information on the Bioadria project see section 3.7.



limited experience of Albanian producers, in technical, managerial and commercial terms. Producers' weaknesses are coupled with consumers' scarce awareness and the lack of an adequate system of Government incentives.

## 2.2 Bosnia Herzegovina: grass-roots organic production

Sometimes civil society leaves politics behind. This is the case for organic agriculture in Bosnia Herzegovina, where the framework law in this field is stalled by the tense relationship between the Entities forming the country (Federation of Bosnia Herzegovina and Republika Srpska) and the immobility of a central State that has never really functioned. A framework law, based on EEC Regulation No 2092/91 and not updated to the more recent EC Regulation No 834/2007, was actually passed in Republika Srpska, but only exists as a draft - thus, with no legal value - in the Federation.

### Grass-roots organic - its origins

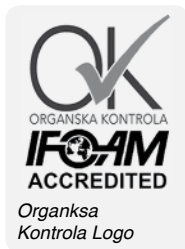
In Bosnia Herzegovina the institutional paralysis is countered by dynamic civil society organisations and private citizens, who show growing impatience with a political class that remains stuck in positions based on more or less instrumental divisions.

The story of organic agriculture in Bosnia starts in the mid-Nineties, with the creation of the “Bosnian Environmental Technologies Association” (BETA) by a group of researchers at the Faculty of Agriculture at Sarajevo University. The association promotes initiatives aimed at introducing organic principles and values.

In 2000, BETA also joined a project for the promotion of organic agriculture at a regional level (Introduction of organic farming and low input sustainable agriculture in the Balkan countries) launched by the Dutch foundation *Avalon* in 1999. In 2002, thanks to BETA and the support of the Swedish International Development Cooperation Agency (SIDA), the Bosnian association of organic farmers *Organsko* was founded. Today it numbers around 100 members, including produc-

ers, processors (both certified and converting to organic), distributors and sector experts.

From 2001 to 2005, once again with SIDA’s support, the Swedish company *Grolink AB* carried out a project for the Development of Organic Agriculture in Bosnia Herzegovina (BiHOP) that stimulated further progress in the promotion of organic agriculture among farmers (GROLINK, 2006).



The collaboration between SIDA and Grolink AB was renewed in the component of the FARMA project (Fostering Agricultural Markets Activity) devoted to the development of organic farming, financed by SIDA and the United States Agency for International Development (USAID), another extremely active player in the Bosnian agricultural and food sector (BOSNIA AND HERZEGOVINA MINISTRY OF FINANCE AND TREASURY, 2010).

At around the same time, in 2005, the NGO LIR (Local Development Initiative) launched a project aimed at the creation of a cluster for organic agriculture in North West Bosnia Herzegovina, financed by the European Union through the CARDS Programme. After the collaboration with LIR, the Regional Development Agency for North West Bosnia (ARDA) took part in the Bioadria project<sup>11</sup>, financed with Interreg funds and aimed at stimulating regional cooperation among organic farmers' associations through partnerships between associations on both sides of the Adriatic.

### **Certification**

The first and, so far, the only certification body (Organska Kontrola) was created in 2004 by the association 'OK', founded in 2002. *OK* signed a contract with the International Organic Accreditation Service (IOAS) in 2007 and has been more recently accredited by the International Foundation for Organic Agriculture (IFOAM) and ISO/IEC65 (general requirements for bodies operating in product certification systems). *OK*, which certifies all 39 Bosnian organic farmers, also collaborates with KRAV (Sweden's main organic certification agency) and ICEA (the Italian Institute for Ethical and Environmental Certification); it carries out inspections, and issues certificates based on EU and US norms (National Organic Programme - NOP).

In 2009, according to the available data, the area of land used for organic agriculture in Bosnia was 691 hectares, with over 220,000 hectares allocated to harvesting medicinal herbs, small fruits and mushrooms (WILLER H., KILCHER L., 2011). The overall production of the 39 certified farms destined for the European Union market exceeded 1.3 million Euro in commercial value. However, public support is still limited

<sup>11</sup> For further information on the Bioadria project see section 3.7.

and mostly based on direct aid related to the size of the cultivated areas and partial coverage of certification expenses.

### **The issues at stake, the bee-keeping case**

As is the case in other countries in the region, the organic sector is characterised by issues related to both supply - local farmers often struggling to produce sufficient quantities - and internal demand - limited awareness and disposable income by consumers.

The niche bee-keeping sector, which constitutes around 1% of overall agricultural production, is an extremely interesting and representative case for some of the typical contradictions of the Bosnian food processing sector. It is made up of around 350,000 bee colonies, overall production of between 2,500 and 3,000 tons per year, few medium-to-large producers, and with less than 30% of the honey sold through official channels (USAID-SIDA, 2010).

Most small producers prefer selling their products in small markets and through family networks, either because they do not reach the quantities necessary for making a deal with supermarkets or because access to large organised distribution requires registration, improved packaging, and periodic analyses of the product.

Such a fragmented and disorganised production chain struggles to be competitive with neighbouring countries (especially Croatia and Slovenia), that cover 20-25% of the Bosnian market (honey imports have ranged from 500 to 1,000 tons depending on the years) (USAID-SIDA, 2010).

### **Success stories**

Despite difficulties, the sector registers some examples of excellence, such as companies that have obtained organic certification (Api-Med Cooperative and Amir Demirović in Sanski Most, Admir Halilović in Sarajevo).

The lack of public funds is especially problematic in a sector in which a few modern, competitive farms are surrounded by many small ones that cannot go beyond subsistence level production. The latter, however, despite many difficulties, manage to survive and guarantee significant extra income for the families involved.

The organic sector in Bosnia is in fact based precisely on these

individual enterprises - grass-roots stories, which have managed to overcome, at least in part, the constraints at the institutional level. This is the case of the Mushroom d.o.o. company in Čelinac (USAID, 2009a) for example, or Heljda Eko and its buckwheat flour, dyes, and honey (USAID, 2009b). There are also six producers (Elmar d.o.o. in Trebinje, Elmar-Aroma Care in Bileća, Halilović d.o.o. in Ilijaš, Roing d.o.o. in Ljubuški, Anđelić d.o.o. in Trebinje, and Smrčak d.o.o. in Zvornik) that, thanks to USAID, SIDA, Swiss Cooperation (Swiss Import Promotion Programme - SIPPO), the Chamber of Commerce of Bosnia Herzegovina and the Bosnian Agency for Export Promotion, took part in the World Organic Trade Fair (Bio-Fach) in 2010 and 2011. There is Ecoline, an association born out of a project funded by the Italian Ministry of Foreign Affairs and coordinated by a consortium of three Italian NGOs (European Committee for Training and Agriculture - CEFA; Cooperation for the Development of Emerging Countries - COSPE; Arci Culture and Development - ARCS), brought together and supports a group of small organic producers.

There are also those who believe in investing in alternative ways of catering, like Vegehana, a vegetarian/organic café with its creative cuisine that competes with the *čevapdžinice* in down-town Sarajevo.

## 2.3 Organic Croatia

At the regional level Croatia is the country that has made the greatest progress towards European integration and has the most modern agricultural sector in terms of organic farming and quality produce.

Its course of action in this area is made easier by the country's strong tourist industry, which, with just about 1,800 km of coast and over 1,000 islands, is a decisive resource for re-launching its development and setting its course towards a European Union dimension.

In this context, organic production can also be useful to those forms of alternative tourism (rural, eco-friendly, green, responsible, slow) that are starting to take shape in inland Croatia often at a much slower pace than the frantic rhythms of the coast.

The interest in organic farming has been growing over the years and in 2010 the number of producers reached 1,125 units and the land allocated to the sector exceeded 15,000 hectares. This positive picture was confirmed in 2011 as the country started to implement of the National Action Plan for Organic Agriculture (MAFRD - HR, 2011).

Irena Lučić, an organic producer and expert in organic agriculture, here discusses the evolution of organic agriculture in Croatia in an interview carried out in 2009. Ms. Lučić is currently Head of the Project Implementation Unit for Pre-Accession projects within the Department for EU programmes of the Ministry of Agriculture, Fisheries and Rural Development in Zagreb.

### **When did the organic farming discourse start in Croatia?**

The framework law on organic agriculture was approved in 2001 in line with the EEC Regulation No 2092/91 and subsequent amendments. As from 2008 further changes were brought in, in order to harmonise national law with the new European Regulation (Reg. (EC) No 834/2007).

### **Where can organic goods be found?**

The *Bio&Bio* chain, the first one to open organic specialised shops in Croatia, is to be found in Zagreb, Rijeka, Split and Dubrovnik. *Zrno* and *Garden* are present in Zagreb, and small independent branches have opened in Čakovec, Split, Varaždin, Rijeka,

Pula and other cities. Besides specialised shops, organic produce may also be found in mass distribution networks: on the shelves of *Konzum* and *Drogerie Markt* (DM), a German chain with over 130 shops throughout Croatia. Growing attention towards organic produce is confirmed by corner markets like those of Dolac in Zagreb, where certified producers have their stands. From a promotional point of view, the *Eko-Etno* fair must be mentioned: it is dedicated to traditional and organic food products and has been organised annually in Zagreb since 2003.

### **Where does organic farming stand within the framework of national agricultural policy?**



Croatia is one of the candidate countries for entry into the European Union, thus its legislative framework is highly conditioned by the process of harmonisation with Community law. Obviously it is not only organic farming that has to adapt. The whole of the primary sector must get in line with the Common Agricultural Policy (CAP). From an organisational point of view, within the Ministry of Agriculture, a department dedicated to organic and integrated farming has been created. It deals with introducing laws, regulations and decrees. In the Agricultural Inspection Sector a department specialising in checking certified organic producers has been set up. There are also seven certification bodies accredited by the Ministry of Agriculture. Even within the Croatian Agricultural Extension Institute a department devoted to organic farming has been created and is manned by 14 experts ready to give consultancies and advice to both the certified producers and others who are interested in this sector (EUROPEAN COMMISSION, 2010c).

### **What about recognising organic products, their image and visibility?**

An important step in terms of visibility and communication has been the creation of the logo for Croatian organic produce (*Hrvatski eko proizvod*), which was restyled in 2007.

### **Which agricultural policy measures have been used?**

Since 2002, as part of its incentives to help production, the government has adopted a series of measures aimed at supporting organic farming. As for other sectors, these incentives have been characterised by great fragmentation and a lack of transparency in terms of information. Besides national public aid, a further opportunity for the development of the organic sector is to be found in the Instrument for Pre-Accession for Assistance in Agriculture and Rural Development (IPARD) to which Croatia has full access.

### **Can organic agriculture already be considered an opportunity for farmers or is it too early?**

In Croatia organic farming is not yet as developed as in other Mediterranean countries, but the country's climate and geographic conditions are of great potential as demonstrated by the rise in the number of certified producers and promotional initiatives at national and regional levels.

On the basis of Croatia's tourist vocation, the organic sector can be seen as strategic both in terms of the foreign visitors' demands, and because the promotion of organic production can be integrated into initiatives linked to the tourist industry's environmental protection requirements. In a generally positive context a significant obstacle remains: the competition with imported organic products that are often cheaper than local ones.

### **Thus, with local production still weak, is it difficult to talk about export?**

The problem is that in Croatia most of the distributors have to resort to imports to satisfy local needs. Croatian organic production is in fact still decisively limited, both quantitatively and in terms of the variety on offer (fruit and vegetables, juices and jams, types of flour, honey, wine, cereals and medicinal plants are the main products). The opportunities to export products thus remain minimal.

Nevertheless, a growing number of producers is hopeful regarding opportunities linked to exporting their goods, as demonstrated by Croatia's participation in *BioFach*, the main European fair dedicated to organic production (MAFRD - HR, 2010).



**From producers to consumers: is the internal demand for organic products growing?**

The demand is growing, but prices are still high and the economic crisis, which has led to a significant reduction in salaries and purchasing power, has surely slowed down its pace.

**Finally, which are the main obstacles to the sector's full development? And what is desired for the future?**

The links between production, distribution and retail sale are not efficient, partly because of the lack of cooperatives and producers' associations. For this and other reasons, prices tend to be high and monopolised by a small number of intermediaries who manage to make significant profits. Despite public sector efforts, the situation is made even more complex by lack of information: producers receive little information, there are few experts on the ground and there is a lack of area specialists in the universities. However, despite its slow pace, Croatian organic farming is taking important steps, even thanks to government interest and geo-climatic conditions, which in future could bring the sector closer to the level of the main European and Mediterranean organic producers.

## 2.4 Organic Kosovo: the first steps

It may seem premature to speak of organic farming in Kosovo. There are other priorities in the agricultural sector: the struggle against poverty, food safety, the creation of economic and job opportunities, improving quality standards, strengthening productivity and reorganising food and agriculture supply chains. All this is within a European perspective which, for better or worse, influences many of the decisions made in the field of agrarian policies.

The Kosovan government's Strategic Plan for Agriculture and Rural Development for 2009-2013 (revision of the 2007-2013 Plan) is a clear example of how alignment with the *acquis communautaire* constitutes the main objective in the process of policy reform and modernisation of the sector. On the whole, the decision to allocate 200 million Euro to the primary sector over five years has brought agriculture back to the heart of the political debate, to the central position it should have in a country in which the primary sector still makes up 19% of the gross domestic product and gives work to about 15% of the working population (UNDP Kosovo, 2010).

Looking beyond the official estimates, the figures are even more significant, considering that much of the agricultural production comes from small family holdings and is consumed on the premises without entering the market. Public support for the sector, amounting to 40 million Euro per year in 2010, represents a great increase compared to previous years, in which funds for agricultural development were decidedly limited, with over 30% of the resources spent on administrative costs, while support to the farmers remained minimal, taking the simple form of tax relief (MAFRD - XK, 2009).

The resources allocated to the 2009-2013 planing period include EU funds, grants from NGOs and bilateral donors and loans from from the World Bank, that, put together, cover about 50% of the total.

**Table 9. Kosovo: resources in the 2009-2013 agricultural budget**

DATA IN MILLIONS OF EURO	2009	2010	2011	2012	2013	Total	%
<b>MAFRD (Ministry of Agriculture, Forestry &amp; Rural Development)</b>	9	10	11	11	12	53	27
<b>Municipalities</b>	2	4	4	8	10	28	14
<b>Other public funds</b>	2	3	3	7	7	22	11
<b>EU Commission</b>	2	6	7	4	4	24	12
<b>World Bank</b>	1	3	2	2	2	8	4
<b>Other bilateral donors</b>	3	4	4	3	3	17	9
<b>Private funds</b>	1	1	1	1	1	6	3
<b>Other funds (including NGOs)</b>	6	6	6	11	11	39	20
<b>TOTAL</b>	25	36	38	46	50	196	100

Source: MAFRD - XK, 2009

### And organic farming?

Organic farming could be quite a concrete option in a landscape with many abandoned farms, damaged infrastructure, obsolete or broken down mechanical equipment where the reality is often a subsistence kind of agriculture that neither uses fertilisers nor pesticides, but mostly soil and labour.

To transform thought into an action the following ingredients are necessary: laws, regulations, brand names, subsidies, trained farmers, appropriate production techniques, assistance and information services, inspectors, professional associations, certification bodies and consumers with buying power.

### The first steps...

The first steps towards an organic chain of production were taken in 2001 through a project aimed at introducing organic farming to the Balkans (Introduction of organic farming and low input sustainable agriculture in the Balkan countries) set up in 1999 by the Dutch foundation, Avalon. In the case of Kosovo the aim was to set up some small-scale production units in order to stimulate and raise the awareness of local producers, the local population and institutions. After the first three years, run by the Regional Environmental Center (REC), the project was handed over to the Organic Agriculture Association Kosovo (OoAK), founded in 2002, with the

support of the Faculty of Agriculture of the University of Pristina. OOAK has had a decisive role in launching the debate on organic farming and laying the grounds for the framework law (No 02/L - 122) passed in Spring 2007 and clearly inspired to the EC Regulation No 834/07.

### **The first certified producer**

Despite there not yet being a real market for organic products, some farms have begun to follow the principles of this kind of production, with the result that in October 2009 Kosovo could boast its first certified producer. The *Hit Flores* farm was in fact authorised by the Swiss firm *Bioinspecta* to produce small fruit and medicinal herbs (and their subsequent transformation into herbal teas) on 10 hectares. In another small farm project, supported by OOAK, the Agriculture Department in Pristina and the NGO Mercy Corps, some bee-keepers were selected and helped to convert their honey production to organic.

Following these first developments, in 2009, an important project was financed by the Italian Foreign Ministry - Directorate General for International Development - and managed by the *Istituto Agronomico Mediterraneo of Bari* (IAMB). The project (Strengthening the Kosovo MAFRD for the improvement of vegetable production according to EU standards) is part of the activities aimed at sustaining the Kosovan primary sector and will involve earmarking 2.2 million euro to support the Kosovan Agriculture, Forestry and Rural Development Ministry (MAFRD) in initiatives intended to raise fruit and vegetable production standards to European Union levels and create a nationwide service to support the development of organic farming (ITALIAN DEVELOPMENT COOPERATION, 2009).

Awareness of the real benefits of organic production is still limited and for the time being no important inputs are coming from the market. On the domestic front consumers' purchasing power is still too low and food safety is still a main concern for the primary sector. However, as can be seen from the Avalon, OOAK, IAMB and Mercy Corps projects and the certification of their first production by *Bioinspecta*, activities aimed at creating the necessary basis for the development of the sector have been launched.

## **2.5 Macedonia: discovering a green economy**

In transition economies, the idea that organic farming could constitute a potentially significant sector largely stems from the fact that agricultural systems here are characterised by the use of traditional inputs (soil, work, capital) and a relatively limited use of synthetically produced fertilisers, herbicides and pesticides.

This is also true for Macedonia, where private agricultural businesses - the dominant type today - are mostly family-owned and have an average size of 2.6 hectares, with over half under 1.5 hectares.

### **Organic farming and the green economy**

The United Nations Environmental Programme (UNEP) is also in favour of a low-impact approach to agriculture in Macedonia and, within an initiative on green economy, has identified organic farming as a sector of special interest for supporting exports, jobs, and incomes in Eastern Europe and Central Asia.

Together with IFOAM (International Federation of Organic Agriculture Movements), UNEP has started to analyse the potential economic and environmental benefits of large-scale investments in the promotion of sustainable agricultural practices.

According to Achim Steiner, UNEP General Director, there is increasing evidence regarding the organic sector's contribution to sustainability, in terms of water management, soil management, the protection of biodiversity and job opportunities in rural areas (UNEP, 2011).

Organic farming has, in fact, become fully included in the range of practices that should support the transition to a green economy: from renewable energy, recycling and the reduction of greenhouse gases, to re-thinking consumer patterns.

### **Organic farming in Macedonia**

In Macedonia the debate on organic farming started in 2000, with the first inspections in 2003 and the issuing of the first certificate in 2004, thanks to a project financed by Swiss Cooperation together with FiBL, a research institute with offices in Austria, Germany, and Switzerland.



The project was aimed at producing organic persimmons (*Diospyrus kaki*) to be exported through the SIPPO programme - Swiss Import Promotion Programme.

At the same time, in 2001, a process aimed at defining a framework law started and was approved in 2004 along with 12 amendments, followed by others in 2005 and 2006. A proper revision of the legislative framework was carried out in 2009, with the introduction of Law No 146 on Organic Agricultural Production, fully consistent with EC Regulations Nos 834/2007 and 889/2008.

At an institutional level, a significant step was undertaken with the approval of the National Strategy for Organic Agriculture for 2008-2011 that set important targets for 2011, such as 2% of the total agricultural surface for organic production, increasing the range of certified products and the number of businesses involved in their transformation, strengthening the export channels and raising the awareness of local consumers of the values of organic farming (MAFWS - MK, 2007). Other goals include the harmonisation of domestic laws with the European Union framework and the strengthening of the human and technical resources in the institutions involved in the certification and inspection processes.

Since 2005, there has been an increase in public support, the number of organic farmers and an extension of the cultivated surface. Despite significant progress, the overall market is still underdeveloped.

**Table 10. Macedonia: public funds, surface and certified operators**

Year	Euro	Surface area allocated to organic farming (hectares)	Certified farmers
2005	97,561	266.00	50
2006	-	509.42	102
2007	178,862	714.47	150
2008	598,360	1,029.00	226
2009	1,098,360	1,373.83	321
2010	1,160,656	5,228.00	562

Source: MAFWS - MK, 2007

## **Budget, production and stakeholders**

In relative terms the organic sector's quota in the budget for agriculture has risen: starting from less than 100,000 Euro in 2005, it exceeded a million Euro in 2009 and 2010, with funds divided between the different segments of the supply chain.

The area cultivated with organic agriculture grew significantly, from 266 hectares in 2005 to over 5,000 in 2010 - close to the 2% target set by the Strategy for Organic Agriculture, 2008-2011. If these figures seem modest in absolute terms, other elements contribute to showing the increased vitality of the sector.

Organic bee-keeping, for instance, includes over 15,000 certified colonies that represent 15% of the total of farmed bees (BOGDANOV S., 2010).

In 2010, over 500 certified producers grew organic cereal (wheat, barley, oats), fruit and vegetables (plums, apples, nuts, almonds, hazelnuts, potatoes) and raised animals organically (mostly sheep and goats). Other significant opportunities could emerge from the so far neglected product-processing industry (jams, cheeses, teas) and the organic cultivation of grapes, given Macedonia's strong position in the vine and wine sector (MAFWS - MK, 2007).

The main actors in the field of organic production include the Macedonian Federation of Organic Producers (Biosan) and the two qualified certification agencies - Balkan *Biocert*, licensed in 2005, with its headquarters in Plovdiv (Bulgaria) and *Procert*, that started up in 2009. Biosan, currently linking 8 local associations (Valandovo, Gevgelija, Strumica, Pehčevo, Sveti Nikole, Kumanovo, Skopje and Gostivar), carries out crucial activities aimed at promoting organic values throughout the territory and offers training and consultancy services to growers willing to familiarise themselves with this sector (AVALON, 2009).

## **Prospects and opportunities**

The main activities in this field include initiatives for market development and the creation of specific distribution channels. So far, however, limited consumer interest and product development, both in terms of quantity and range, have held back the opening of specialised shops.

Organic products are mostly sold in supermarkets and small, open-air markets like those of Bitola, Prilep, Rosoman, and Skopje.

Given its climate and soil, Macedonia has significant potential for developing the organic sector. Attention from public institutions, demonstrated through growing financial support, is also an important step forward.

Other opportunities are destined to come up with the progressive process of integration into the European Union and, in particular, through the possibilities offered by access to Community funds. What remains to be seen is how producers and associations will strengthen the supply chains and promote organic values among consumers.



## 2.6 Organic Montenegro: a lost chance?

The 1991 constitution defines Montenegro as a 'democratic, social and ecological' state. Indeed, government officials do not miss a chance to emphasise these values in their speeches. Starting with Milo Đukanović, one of the longest-serving leaders in the Balkans, who in his most recent statements has defined tourism, infrastructure, energy, organic agriculture and farming technology as the country's priority sectors in terms of international relations and agreements.

It is true that the food processing sector has its limits in a country that is a net importer of agricultural products. However, considering its Mediterranean climate and the importance of tourism, conditions may be extremely favourable for a stronger investment in the organic sector. At the moment organic farming in the country is still struggling to develop beyond the first steps taken in 2002 and 2003.

In 2010 the surface area allocated to organic farming reached 3,561 hectares, to which approximately 100,000 hectares for wild and spontaneous harvesting should be added. The number of certified producers rose to 67, but this number could grow rapidly as soon as the Ministry formally recognises group certificates. As of June 2011, however, this legal procedure had not yet been formally incorporated into local legislation.

The developments in the organic sector in Montenegro expressed in the following text were discussed in a 2010 interview with Jovo Radulović, director of the NGO 'Production of Organic Food' (Proizvodnja Zdrave Hrane), who has been committed for years to promoting the organic farming in his country.

**The history of organic agriculture in Montenegro is closely linked to the one of 'Production of Organic Food'. When was your organisation created?**

The NGO was created in 2002 in order to promote sustainable development in Montenegro's rural areas, as well as the preservation of local culture and traditions through spreading the practice of organic farming.

### **What are your main activities? Who do you work with within the organic supply chain?**

Our activities focus on promoting organic values through both consumer education and support to producers in every phase of production. Using a comprehensive approach, Production of Organic Food also seeks to protect the environment and promote rural tourism.

### **Activities include the publication of the magazine 'EcoFood'. Can you tell us more?**



In December 2002, when the magazine was launched, the main problems of Montenegro's agriculture included the lack of information on modern technologies, new trends, and the potential role of NGOs. Such lack of information also affected consumers, mostly unaware of the advantages of organic agriculture and where to buy products. The few NGOs operating in the primary sector were in fact not able to provide adequate information. 'EcoFood' wanted to fill this gap - at least partially - and give more visibility to the growing debate on environmental issues: organic agriculture, ecology, eco-tourism, sustainable development and promotion of healthy lifestyles.

### **Another interesting project is 'Eco-bag, my eco-contribution'...**

This campaign promotes the replacement of disposable plastic bags with multi-use cloth ones. It is not rare in the Balkans to see entire fields covered in remains of plastic shopping bags. Production of Organic Food would like to strengthen this initiative by cooperating with other NGOs and local institutions in order to reach and educate more consumers. In its start-up phase, the project was supported by the Regional Environmental Center (REC) and financed by the Swedish International Development Agency (SIDA).

### **Focussing on organic farming, when did this practice start in Montenegro?**

The debate and first steps started in 2002, when we created Production of Organic Food and EcoFood, which not only became the main

information channel, but also an instrument for putting pressure on governmental institutions to introduce laws for organic agriculture. In the same year, the first experimental post was established in Župa Nikšić, in the area of Mount Lukavica. Two years later, *BioSuisse* certified the first organic producers.

**When was the framework law on organic agriculture introduced?**

The Ministry adopted the law in 2004 (Law No 01-1006/2), in compliance with the European Union's Regulation (EEC) No 2092/91 and subsequent amendments. The law is currently undergoing revision and seeks to regulate specific aspects relating to organic agriculture: agricultural production and wild harvesting; farming; transformation, transport and storage of organic products; control and certification system requirements; management of producers' requests; use of the logo.

**Which certification bodies are acknowledged by the Ministry of Agriculture, Forestry, and Water Management?**

In 2006, the Ministry founded *Monteorganica*, the national agency for the certification and control of organic production, which remains the only recognised body to this day.

**How developed is the organic market? What are the main products?**

Conventional products still largely dominate, because of supply-and-demand issues, as well as the high prices that make organic products hardly affordable for most consumers. The main products offered include wild plants, fruit (plums and apples) and some dairy products.

**What is the role of organic farming in the national agricultural policy?**

The development of organic agriculture is one of the priorities: for ten years now it has been considered an important resource for economic growth and the fight against rural poverty. Some steps have been taken, for example, a legislative framework has been created and an adequate institutional context has been developed, but

stronger public support for producers has been lacking (MARD - ME, 2008).

### **How recognisable are organic products in terms of image and visibility?**

The logo *organska poljoprivreda* was created in 2005, but consumers still don't know it very well.

### **Are there specialised shops, can organic products be found in supermarkets, in hotels and catering services?**

The first specialised shop (Biomontenegro) was opened in 2008 in Podgorica by Production of Organic Food and has become an important reference point for both consumers and producers. In addition, some organic products can be found in the *Maxi* store chain. In terms of hotel and restaurant catering, organic products are virtually absent and there are no signs of vitality or development.

### **Therefore, is it too early to see the organic sector as an opportunity for producers?**

Despite current difficulties, our NGO still sees it as an opportunity, but without adequate public support, prospects may remain extremely limited.

### **Are there any significant projects at the regional level?**

One of the most important projects in recent years was *Interreg Bioadria*<sup>12</sup>, developed with Italian partners and coordinated by the Association *Terre dell'Adriatico* of Senigallia.

### **In conclusion, what are the main barriers to the full development of the sector? And future prospects?**

The main obstacles lie in the lack of adequate public support - especially financial resources - and, more generally, the primary sector's need for modernisation. Opportunities definitely include the climate and the well-preserved natural resources.

<sup>12</sup> For further information about the Bioadria Project see section 3.7.

## 2.7 Organic farming in Serbia

Both in terms of climate conditions and soil usage there are no doubts on the regional potential of the organic sector, albeit an extremely complex one with much competition on quality. Certification agencies play an important role, producers must rigorously respect norms and regulations and the average consumer is particularly careful and informed.

In 2010 the number of producers in Serbia reached 130 on an agricultural surface area of 8,500 hectares. This number is destined to grow rapidly, once the Ministry formally recognises group certificates. By June 2011, however, this legal procedure had not yet been formally incorporated into local legislation.

The vitality of the sector and the growing interest in it from public institutions was however marked by the entry into force on January 1<sup>st</sup> 2011 of a new national law on organic farming (Official Gazette of the Republic of Serbia, No 30/10).

The trends and developments in the sector are here analysed through an interview which took place in 2009 with Nikola Damljanović, who has been working for a number of years as an independent expert, as well as an inspector for *BioAgricert*, an independent agency for the control and certification of organic food products based in Italy and in some South East European countries (Bulgaria, Romania, and Serbia).

### **When did organic farming start in Serbia?**

The first relevant law, adopted in 2006, sought to define a framework for the sector's development. Obviously, regulations were influenced by the European integration process and thus evolved according to the relevant norms that followed (Reg. (EC) Nos 834/2007, 889/2008).

### **How would you describe the current situation of the sector overall?**

The market for organic products is still limited: on the one hand, there are not enough products to trade at the level of large organised distribution; on the other, the demand is also still very limited. Most organic products are destined for export. The local market is still largely dominated by conventionally produced items.

## **Which role does organic farming play within the national agricultural policy?**



On paper, within strategic documents (for poverty reduction, rural development, environmental protection), organic agriculture has an important place. Everything changes moving on from theory to practice. The country lacks action plans and specific measures for implementing the theoretical guidelines and for fully supporting to the sector.

## **In terms of agricultural policy which measures have been implemented?**

The measures supporting organic farming are still few and insufficient. Until now the budget for the sector has been clearly small, few beneficiaries have been reached and only direct aid has been disbursed. Where there are some positive results, they remain minimally visible. There are, however, proposals for the introduction of indirect measures, such as the reduction of value added tax for organic produce (MARZ U. ET AL., 2011).

## **What about producers? Is organic agriculture regarded as an opportunity for the future?**

As mentioned, there is no market. Governmental support is limited, and both consumers and producers are not prepared to understand the benefits and potential of organic products. Many producers do not see them as an opportunity. So far, most organic agriculture is carried out by medium to large, export-oriented producers, while small ones still rarely choose organic. However, in Serbia, a group of small to medium 'pioneers' shares the idea that in the medium term the organic sector will start growing like it has done in other European countries.

## **You mentioned exports. Who are the main commercial partners? For which products?**

The main partners are EU countries, followed by the United States and Japan. The main products are small fruits (cherries, strawberries, raspberries, blueberries, blackberries) and medicinal herbs. There are also some processed foods, such as juices and jams.

**What about cooperation with Italy? Have there been or are there any on-going projects or joint ventures?**

In recent years, the Mediterranean Agronomic Institute of Bari set up important training projects, such as *BIO 84* (Training of technical experts in organic agriculture, in support of rural development and of food emergency in the Balkan area), which were mainly geared at the training of local experts. There are also commercial relationships: Italian organic products sold on the Serbian market and Serbian products (especially cereals) exported to Italy.

**From producer to consumer. You mentioned the lack of awareness of the organic sector's potential. However, is the internal demand for organic products growing?**

This demand is somehow growing, although slowly and without a predictable trend. The development of Serbia as a tourist destination encourages the demand for organic products by international visitors, and is thus gradually affecting the import of some products. This will probably have an impact on local consumers, who are currently still sceptical.

**Finally, obstacles and opportunities...**

I believe the main obstacles include the lack of adequate information campaigns, thus unreceptive consumers and an extremely slow-growing demand. Similar issues regard producers with little knowledge of technologies and legal norms. In addition, there is a lack of specific trading channels and the government has difficulty bridging the gap between strategic plans and concrete actions. In fact, the legal framework is still far from being fully defined, especially in terms of products destined for export into EU countries. Furthermore, technical instruments used in organic agriculture are lacking, such as admissible fertilisers and products for the protection of plants. Finally, the entire agricultural sector lacks interest-based associations that could stimulate the sector's development. Associations and cooperatives would be important channels for spreading information, purchasing technical instruments, defining appropriate marketing strategies, and creating certification groups.





Mario Boccia, *Subsistence farming & agrobiodiversity*





Mario Boccia, *Balkan flavours*



Mario Boccia, *Trebinje market*



Mario Boccia, *Processing berries, Bosnia Herzegovina*



Mario Boccia, *Milling machine in Struge's bakery*





Mario Boccia, *Bee-keeper, Bosnia Herzegovina*



Paolo Martino, *Selling honey, Albania*





### **3. Stakeholders, policies and institutions: a regional perspective**

The comparison of different experiences can provide alternative interpretations, enable the identification of best practices and motivate the promotion of the sector. This chapter, based on comparative research, offers a regional analysis aimed at correlating the development of organic farming in the different countries, by evaluating the respective institutional frameworks, local policies, stakeholders and the market. Moreover, the findings in the single-country sections are integrated here with other information, such as: availability of statistical sources, sector legislation, inspection bodies, etc.

#### **3.1 Statistical sources**

A factor affecting most of the analyses and policy decisions in the agricultural and rural sector in the Western Balkans is the weakness of statistical sources. It is not by chance that many papers on the subject begin by underlining this problem and warn about the caution needed in comparing data which is often not homogeneous. Situations in fact vary greatly from country to country: the methodologies, definitions and standards used to collect the data are not standardised. Croatia has almost completely conformed to Eurostat standards (so in this case comparisons with member states of the EU are possible); Montenegro organised an agricultural census in 2010 and Macedonia in 2007; whereas Albania, Kosovo and Serbia have not completed a census in the last 10 years. But the country that shows the greatest problems is Bosnia Herzegovina, which conducted its last (incompleted) agricultural census in 1991, thus before the war and before the introduction of the main reforms that characterised the transition towards a market economy.

Besides the censuses, methodological and organisational problems and even the structural characteristics of the sector contribute to increasing the difficulties. The presence of a large number of subsistence and semi-subsistence units that are hard to identify and

classify can create significant distortions in the calculation of overall volumes of production and other indicators.

The objectives for all of these countries include alignment with Eurostat criteria, as well as the creation of the much needed Farm Accountancy Data Network (FADN) used by the countries of the European Union. Reaching these objectives has become an urgent necessity, as without reliable and up-to-date data it is hard to identify the most appropriate policies that respond to the different needs of each country.

In the case of organic production these problems are even more serious as it is a sector which only recently gained some interest at the institutional level. National statistical sources are thus not always up-to-date, and often need to be cross-checked with information collected by inspection agencies. One of these is IFOAM (International Federation of Organic Agriculture Movements), which publishes annual reports on statistics and trends in the organic market at the global level. In this context, part of the recent annual growth rates related to the area allocated to organic production, are to be explained by the progressive improvements in data collection and accessibility.

**Table 11. Agricultural Sector: main governmental statistical sources in the Western Balkans**

Country	Institution	Website
Albania	Institute of Statistics of the Republic of Albania	<a href="http://www.instat.gov.al">www.instat.gov.al</a>
Bosnia Herzegovina	Bosnia and Herzegovina Agency for Statistics	<a href="http://www.bhas.ba">www.bhas.ba</a>
	Federation of Bosnia and Herzegovina Office of Statistics	<a href="http://www.fzs.ba">www.fzs.ba</a>
	Republika Srpska Institute of Statistics	<a href="http://www.rzs.rs.ba">www.rzs.rs.ba</a>
Croatia	Croatian Bureau of Statistics	<a href="http://www.dzs.hr">www.dzs.hr</a>
Kosovo	Republic of Kosovo Ministry of Public Administration - Statistical Office of Kosovo	<a href="http://esk.rks-gov.net">http://esk.rks-gov.net</a>
Macedonia	Republic of Macedonia State Statistical Office	<a href="http://www.stat.gov.mk">www.stat.gov.mk</a>
Montenegro	Statistical Office of Montenegro	<a href="http://www.monstat.org/cg">www.monstat.org/cg</a>
Serbia	Statistical Office of the Republic of Serbia	<a href="http://webrzs.stat.gov.rs/WebSite">http://webrzs.stat.gov.rs/WebSite</a>
<b>Other relevant websites for the agricultural sector</b>		
EU	Eurostat	<a href="http://epp.eurostat.ec.europa.eu">http://epp.eurostat.ec.europa.eu</a>
	FADN - Farm Accountancy Data Network	<a href="http://ec.europa.eu/agriculture/rca">http://ec.europa.eu/agriculture/rca</a>
	OFIS - Organic Farming Information System	<a href="http://ec.europa.eu/agriculture/ofis_public">http://ec.europa.eu/agriculture/ofis_public</a>
IFOAM	International Federation of Organic Agriculture Movements	<a href="http://www.ifoam.org">www.ifoam.org</a>

Source: Collated by the author

### 3.2 Legislation and governance

The point of reference for all countries is EC Regulation No 834/2007 (followed by Reg. (EC) No 889/2008 on implementing conditions) aimed at simplifying the matter for both agricultural producers and consumers, that, since January 2009, has annulled the previous EEC Regulation No 2092/91. With the new Regulation, only organic produce that contains at least 95% of certified ingredients can be labelled as such. For produce that cannot be labelled as organic, however, it is possible to list single certified ingredients in the composition. Besides such simplifications, the list of authorised substances remains unvaried and the ban on genetically modified organisms is firm.

At the regional level the only country still lacking national legislation is Bosnia Herzegovina, due to its fragmented institutional system: in Republika Srpska a law exists, yet it is not in accordance with EC Regulation No 834/2007; in the Federation the draft law is being held up by Parliament. In the other countries a legislative framework has been set up, although, especially in Kosovo, its implementation is still very far from satisfactory.

Weak or only partially-implemented legislative frameworks are also reflected in labelling regulations: a crucial aspect for guaranteeing complete information, clarity and transparency to consumers. At the regional level the situation is extremely diverse: Croatia, Macedonia and Serbia have equipped themselves with a national logo; in Albania, Bosnia and Montenegro the logos of local certification bodies are being used (*Albinspekt*, *Organska Kontrola*, *Monteorganica*), often accompanied by internationally recognised labels; in Kosovo the absence of a national logo and a recognised certifying body is partially compensated by the presence on the territory of *Albinspekt*.

The situation is quite similar when it comes to the elaboration a sector strategy, with Bosnia still showing strong institutional weaknesses, made worse by difficulties in coordination between the two Entities. In general, specific formalised action plans (as in Croatia, Macedonia and Serbia) and the achievement in some cases of an important role in agricultural development planning (as in Montenegro) have enabled organic farming to assert itself and determine the

development of specific financial measures aimed at the sector's development. The subsidies referred to are very limited, both in absolute terms and in proportion to the overall agricultural budget. They are, however, significant in stimulating dialogue among institutions, producers and other interested stakeholders.

In the respective Ministries of agriculture, responsible for organic sector legislation and governance, the number of specialised staff working on the organic sector is (slowly) growing. Furthermore, government intervention is extremely important, as local markets, with the exception of Croatia, continue to struggle, because of both low purchasing power and a lack of efficient channels of distribution.

**Table 12. Legislative and institutional framework**

	Albania	Bosnia Herzegovina	Croatia	Kosovo	Macedonia	Montenegro	Serbia
<b>National legislation on organic farming</b>	2004	In RS; being discussed in FBiH	2001 (revision in 2010)	2007 (under revision)	2004 (revision in 2009)	2004 (under revision)	2006 (revision in 2010)
<b>Relevant law</b>	Law 9199	Law 75/04 in RS	Law 139/10	Law 02/L-122	Law 146/09	Law 01-1006/2	Law 30/10
<b>Enforcements</b>	Partial	Partial in RS; No in FBiH	Yes	Partial	Yes	Yes	Yes
<b>Conciliating Reg. (EC) n. 834/2007</b>	Under revision	No	Yes	Under revision	Yes	Yes	Yes
<b>Sector strategy</b>	In the ADS* (non-priority)	No	Yes	In the ADS (non-priority)	Yes	In the ADS	Yes
<b>Logo</b>	No (Albinspekt logo)	No (Organska Kontrola logo)	Yes	No	Yes	No (Monteorganica logo)	Yes
<b>Specific subsidies</b>	Minimum	Minimum	Yes	Minimum	Yes	Minimum	Yes, growing
<b>Certification agencies</b>	3	1	6	0	2	1	8
<b>Local market</b>	Limited	Limited	Expansion	Non existent	Limited	Limited	Slow expansion

\*ADS: Agricultural Development Strategy

*Source: Collated by the author on the basis of interviews and official publications by ministries and public administration bodies*

Besides the responsible authorities, professional associations and other informal interest groups in the agricultural sector at large, and more specifically in organic production, play an important role in the



sector's governance. The sector's many associations create quite a complex structure in Croatia and Serbia, where a greater number of associations are active, and a much leaner structure in the other countries, where many of those operating in the organic sector were simply born out of international projects or relations.

**Table 13. Main sector associations and organisations**

<b>Albania</b>	
Organic Agriculture Association	<a href="http://www.organic.org.al">www.organic.org.al</a>
<b>Bosnia Herzegovina</b>	
Beta	-
Eco-Line	<a href="http://www.ecoline.ba">www.ecoline.ba</a>
Lir	<a href="http://www.lir.ba">www.lir.ba</a>
Organsko	<a href="http://www.organskofbih.ba">www.organskofbih.ba</a>
<b>Croatia</b>	
Ecologica	<a href="http://www.ecologica.hr">www.ecologica.hr</a>
Eko Liburnia	<a href="http://www.eko-liburnia.hr">www.eko-liburnia.hr</a>
Ziva Zemlja	<a href="http://www.ziva-zemlja.hr">www.ziva-zemlja.hr</a>
Rustica	<a href="http://www.biopa.hr">www.biopa.hr</a>
Biopa	<a href="http://www.rustica.hr">www.rustica.hr</a>
<b>Macedonia</b>	
Biosan	-
<b>Montenegro</b>	
Production of Organic Food	<a href="http://www.organicmontenegro.com">www.organicmontenegro.com</a>
<b>Kosovo</b>	
Organic Agriculture Association Kosovo	-
<b>Serbia</b>	
Serbia Organica	<a href="http://serbiaorganica.org">http://serbiaorganica.org</a>
Green Network of Vojvodina	<a href="http://www.zelenamreza.org">www.zelenamreza.org</a>
Terras	<a href="http://www.terras.org.rs">www.terras.org.rs</a>
Association of Biodinamic Production	<a href="http://www.biodinamika.org">www.biodinamika.org</a>
Natura Balkanika	<a href="http://www.balkanika-crd.org">www.balkanika-crd.org</a>
Fund Organic Serbia	<a href="http://www.organskasrbija.org.rs">www.organskasrbija.org.rs</a>

Source: Collated by the author

### 3.3 Inspection and certification bodies

The number of inspection authorities and certification bodies has been growing parallel to market consolidation and the increase in the number of farms involved in organic production. At the regional level the operators recognised by the ministries of agriculture of each country - and therefore qualified to carry out inspections and to issue certificates on the local market - are both local and foreign, the latter operating in the international arena. Only in Albania, Bosnia Herzegovina and Kosovo, where the legislative frameworks are not yet consolidated or completely implemented, certification is not issued by the local ministries but by international institutions and organisations. In Croatia and Serbia the number of certification bodies is particularly high. In Italy, where the number of organic producers is nearly 50,000, there are 12 inspection bodies (source: Accredia<sup>13</sup>), whereas in Croatia and Serbia, despite a significantly lower number of certified farms (1,125 and 130), there are, respectively, 6 and 8.

In Albania, thanks partly to collaboration with the Swiss *Bio-inspecta*, the Swiss State Secretariat for Economic Affairs' (SECO) and the Swiss Agency for Development and Cooperation (SDC), Albinspekt was certified according to the Law EN 45011 - that defines the general requirements for bodies managing product certification systems - by the German accreditation body DAkkS GmbH (Deutsche Akkreditierungsstelle GmbH) and by the Albanian Directorate for accreditation. Albinspekt is also active in Kosovo, where it provided support to Bio-inspecta in the certification process of the first producers.

In Bosnia, Organska Kontrola is active and accredited by the International Organic Accreditation Service (IOAS) according to IFOAM standards, IFOAM Accreditation Criteria (IAC) and ISO 65 requirements (for bodies that manage product certification systems). The international acceptance of the certification is also guaranteed by collaboration with KRAV, the main Swedish organisation that deals with organic agriculture certification. The connection with Sweden is also linked to the BiHOP project (Development of Organic Agriculture in Bosnia Herzegovina) which, between 2001 and 2005,

<sup>13</sup> ACCREDIA is the Italian accreditation body: [www.accredia.it](http://www.accredia.it)

thanks to the financial support of the Swedish International Development Cooperation Agency (SIDA), brought in additional collaborators: the Economic Cooperation Network (ECON), Grolink, the Bosnian Environmental Technologies Association (BETA), the Centre for Education and Training in Agriculture (CEFA), LIR and the Agrarian Institutes of Banja Luka, Mostar and Sarajevo.

**Table 14. Inspection and certification bodies recognised as of 2010**

Country	Organismo di controllo	Sito web
<b>Albania</b>	Albinspekt	www.albinspekt.com
<b>Bosnia Herzegovina</b>	Organska Kontrola	http://organskakontrola.ba
<b>Croatia</b>	Agribiocert	http://agribiocert.awardspace.com
	Bioinspekt d.o.o.	www.bioinspekt.com
	Biotechnicon poduzetnički centar d.o.o.	www.biotechnicon.hr
	Hrvatske šume d.o.o.	www.hrsume.hr
	Prva ekološka stanica	www.prvaekoloska.hr
	Omega-cert d.o.o.	-
	Trgo-invest d.o.o.	-
<b>Kosovo</b>	There are no certified inspection agencies	
<b>Macedonia</b>	Balkan Biocert	www.balkanbiocert.mk
	Procert	www.procert.mk
<b>Montenegro</b>	Monteorganica	www.orgcg.org/me
<b>Serbia</b>	SGS - Beograd	www.sgs.com
	Evrocet	www.evrocet.rs
	Organic Control System	www.organica.rs
	Ecocert Balkan Beograd	www.ecocert.com
	Bioagricert	www.bioagricert.org
	Suolo e salute Balkan	www.suoloesalute.it
	Jugoinspekt Beograd	www.jugoinspekt.com
	Pancert	www.pancertns.com

*Source: Collated by the author*

At the regional level, besides the bodies recognised by the agricultural ministries of the single countries, there are other certifying organisations operating in the area, either as members of specific projects or due to their involvement in certifications for their own national market or the European one. Such operators are recognised by the European Union, on the basis of article 11 (6) of EEC Regulation

No 2092/91 in a list of bodies operating in third countries or authorised to carry out inspections on the importers from third countries.

An example of such bodies is given by the Swiss Bio-inspecta, which operates in Albania, Serbia, Croatia and Kosovo. In Albania this body collaborates with Albinspekt, the first Albanian inspection and certification agency authorised to issue valid certificates on EU markets.

Besides Bio-inspecta, the most active bodies of this type in the Western Balkans seem to be ICEA (recognised for Albania and Croatia), Krav (for Bosnia Herzegovina and Serbia), IMO (for Albania, Bosnia Herzegovina, Croatia, Macedonia, and Serbia) and Ceres GmbH (for Albania, Macedonia and Serbia).

**Table 15. Inspection bodies authorised to operate in the Western Balkans according to article 11 (6) of Reg. (EEC) No 2092/91**

Inspection Body	Operation Headquarters	Third Countries
BCS OKo Garantie GmbH	Germany	Croatia, Serbia
BCS A KO - Garantie GmbH Control System Peter Grosh	Germany	Croatia, Serbia
Bioinspecta AG	Switzerland	Albania, Croatia, Serbia
BCS ÖKo - Garantie GmbH & IMO	Germany	Serbia
Bio-Kontroll Hungaria KHT	Hungary	Serbia
Ceres GmbH	Germany	Albania, Macedonia, Serbia
ICEA - Institute for Ethical & Environmental Certification	Italy	Albania
Control Union Certification B.V.	The Netherlands	Macedonia
Ecocert	France	Serbia
Ekolojktarin Kontrol Organ Ltd Sisteki	Turkey	Serbia
Ecocert SA c/o Ecocert International	Germany	Serbia, Croatia
IMO - Institute for Marketecology	Switzerland	Albania, Bosnia Herzegovina, Croatia, Macedonia, Serbia
IMC - Mediterranean Certification Institute	Italy	Albania
Krav	Sweden	Bosnia Herzegovina, Serbia
Q.C.&I. International Serevices SAS	Italy	Serbia
SGS International Certifications Services Food Products Department and Food Safety	France	Serbia
Soil Association Certification	USA	Bosnia Herzegovina
A KOP Vereinigte Kontrolldienste	Germany	Serbia

Source: OFIS

### 3.4 Organic land and certified producers

At the regional level, Croatia turns out to be the country with the strongest sector in terms of agricultural land allocated to organic production. The surface area used for organic farming exceeded 1% of the total between 2008 and 2009 and in 2010 there were over 1,000 certified producers.

This advantageous position compared to other countries in the region is due to a process which started before the dissolution of Yugoslavia (the first farm clearly inspired by organic values, *Bio Zrno*, was founded in 1988), a responsive political context (the relevant legislation dates back to 2001), favourable climate conditions and the importance of tourism, that inflates the demand for organic and quality products during summertime.

Macedonia and Serbia follow Croatia, both in terms of the hectares of agricultural land allocated to organic production and the number of producers. Despite structural weaknesses in both countries, growth between 2006 and 2011 was encouraging, as well as the increasing attention to the sector from both private investors and institutions.

In Albania, despite a fairly long history (the organic movement started in 1997) and favourable climate conditions, organic production has not yet reached the results that had seemed achievable in the short term. Although the number of certified producers is slowly growing, the surface area dedicated to organic production is still limited.

Bosnia Herzegovina and Montenegro, albeit for different reasons, still show some serious structural limitations: in Bosnia the 'pioneers' of organic production are just under 50 units and in Montenegro the amount of land allocated to organic production is extremely limited. In both countries, as well as in Albania and to a slightly lesser extent in the rest of the region, the actual land formation, mainly characterised by mountainous areas, has led to a rapid and significant growth in the harvesting of wild plants.

**Table 16. Organic production in the Western Balkans: certified farmers and land**

Country	Year	Total UAA* (ha)	Organic surface (ha)	Wild harvest areas (ha)	Certified farmers	Source
Albania	2010	1,122,000	284	251,717	137	Albinspekt
Bosnia Herzegovina	2009	2,136,000	691	220,000	39	MAFWM (RS-BA), 2011; MAWMF (FBIH), 2011
Croatia	2010	1,289,000	23,000	n.a.	1,125	MAFRD (HR), 2011
Macedonia	2010	1,064,000	5,228	n.a.	562	MAFWS (MK), 2011
Montenegro	2010	516,000	3,561	101,801	67**	MARD (ME), 2011
Kosovo	2009	608,000	n.a.	n.a.	3	Albinspekt
Serbia	2009	5,065,000	8,500	-	130**	MAFWM (RS), 2011
<p>* UAA = Utilised Agricultural Area</p> <p>** The number of certified producers is destined to grow as soon as the Ministry formally recognises group certifications, a local legal condition not yet achieved by June 2011.</p>						

Source: Collated by the author

### 3.5 Products and processing

The most significant produce common to almost all the countries of the region is that of small fruits (cherries, strawberries, raspberries, blueberries and blackberries), aromatic and medicinal herbs and some types of cereals. Fruit and vegetable production is significant in Croatia and is growing, for some forms of cultivation, in Albania, Macedonia, Montenegro and Serbia (see table 16).

In the livestock sector, the most determined steps forward have been made by Croatia, Macedonia and Montenegro mostly in sheep and goat farming. Whereas for honey, which shows some examples of excellence in Bosnia Herzegovina and especially in Macedonia, the tradition is strong in the entire region and the development prospects for organic production within this niche are significant.

**Table 17. Agricultural products and processed foods**

Country	Main products	Main processed foods	Type of trade
<b>Albania</b>	Aromatic and medicinal herbs, small fruits, olives	Juices and jams, olive oil	Export
<b>Bosnia Herzegovina</b>	Cereals, aromatic and medicinal herbs, small fruits, mushrooms, honey	Flours	Export
<b>Croatia</b>	Cereals, fruits and vegetables, aromatic and medicinal herbs, olives, grapes	Juices and jams, olive oil, wine, essential oils	Export & internal market
<b>Macedonia</b>	Cereals, fruits and vegetables, milk and sheep meat, honey	Jams, juices, cheese	Export
<b>Montenegro</b>	Aromatic and medicinal herbs, fruit, sheep meat, sheep and goat milk	Jams, juices, cheese	Export
<b>Kosovo</b>	Small fruits and medicinal herbs	-	-
<b>Serbia</b>	Small fruits, fruit and vegetables, mushrooms, cereals	Juices and jams	Mainly export

*Sources: interviews with country experts, literature, institutional sites, OFIS*

#### **Fruit production: Serbian exports and the Arilje district**

Fruit production is one of the most important sectors and strongest traditions in Serbian agriculture. Thus it is no surprise that from the very beginning the organic market looked in this direction. The first exports of organic products date back to 2006 with BCS ÖKo (German Inspection Agency) that certified the first quantities of frozen fruits (blueberries, raspberries, plums, cherries and apples) for the

Swiss market (EU - OFIS, 2006). Since then certified land for fruit production has grown consistently and the export of organic produce has quickly expanded to other European countries: Germany, France, Great Britain, Italy, The Netherlands and Poland (EU - OFIS, in various years).

Within the fruit sector, taking both organic and traditional cultivations together, small fruit production reaches outstanding levels: in 2009 Serbia was the number one world exporter of raspberries for a total of circa 63,000 tons and a turnover of over 200 million dollars. In Arilje<sup>14</sup>, Šumadija (Central Serbia), a raspberry district has developed, with more than 5,000 small to medium-sized producers, high productivity plantations, a market based on seasonal work that depends on over 200,000 workers and an enormous network of storage freezing systems (KARAJKOV R., 2010). An example of excellence limited by a lack of infrastructure and a chain of production that does not include processing the fruit. Most raspberries, in fact, are exported frozen. Distributing the fresh product, which has a markedly higher selling price, would determine a great increase in income, however, this has the implication that the fruit must get to the market no later than 2 days from harvesting: an obstacle that is difficult to overcome, given the infrastructures and administrative processes necessary to manage international logistics (KARAJKOV R., 2010).

**Table 18. Fruit production: total land dedicated to organic crops in Serbia, 2009**

Product	Certified land (ha)	Land being converted (ha)	Total land (ha)
Apples	650	550	1,200
Raspberries	360	20	380
Strawberries	80	10	90
Plums	420	170	590
Cherries	100	50	150

Source: GTZ, 2011

<sup>14</sup> Raspberry production in Arilje is mainly conventional and organic farming methods are extremely limited. The reference is important however in order to show that even one of the country's pre-eminent crops is having to struggle with bureaucratic-administrative and logistical barriers.



### Olive oil: Albanian production

Albanian olive oil production has an important history proven by the overall land dedicated to olive groves (about 8% of total agricultural land), the strong government investments, the constant growth in the number of new plants sown, and the pole position it occupies in the Strategy for Agriculture and Food Development 2007-2013. Only in most recent years has the industry steered towards production in keeping with the standards of the main local retailers and international distributors, both in terms of quality and packaging. This effort came about, mostly thanks to the commitment of the Albanian Alimentary Oil Association (AOA) that, supported by USAID (United States Agency for International Development) and SNV (Netherlands Development Organisation), engaged in promoting quality olive oil production and stimulating producers to look towards the international market. Production, certification and exports of organic olive oil began in 2003 as part of the SIPPO programme (Swiss Import Promotion Programme) that allowed the pioneer *Shkalla*, with a certificate issued by IMO (Swiss Inspection Agency), its first entry into the Swiss market and to later become the main point of reference for Albanian organic olive oil.

In 2007 Albanian olive oil certification for the Swiss market was passed on to *Bio-inspecta*, active since 2004 in the medicinal herbs sector in the country thanks to its collaboration with Albinspekt.

**Table 19. Albanian olive oil production, 2000 - 2009 (overall: organic + traditional)**

Olive plants	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total (,000 plants)	3,611	3,667	3,809	3,940	4,092	4,264	4,497	4,715	5,011	5,590
In production (,000 plants)	3,256	3,246	3,290	3,359	3,429	3,488	3,603	3,728	4,179	4,207
Yield (kg/plant)	11.1	12.2	8.3	8.3	17.1	8.6	11.2	7.0	15.8	11.4
Production (,000 tons)	36.2	39.6	27.3	27.9	58.7	30.2	40.2	27.6	56.2	78.0

Source: INSTAT, 2011

### Cereals and fruit and vegetables: organic production in Croatia

In the case of Croatia, the increase in land dedicated to organic production from 2002 to 2009 shows how arable land and fruit orchards

have grown significantly. The total arable land allocated to organic crops rose from 50 hectares in 2002 to almost 10,000 in 2009, while fruit orchards went from 30 to almost 1,300 hectares. Organic pastures are also rising and since 2006 they have covered well over 2,000 hectares of certified land. High value-added cultivations, such as olives and vines, after remaining stagnant for a while, showed some new vitality in the years 2008-2009.

All this confirms Croatia's position as regional leader and reference point for the organic sector.

**Table 20. Surfaces dedicated to organic production in Croatia, 2002-2009**

Year/ Cultivation	2002	2003	2004	2005	2006	2007	2008	2009
Arable land	49	2,494	2,386	2,214	2,958	2,915	2,901	9,766
Orchards	-	27	34	84	201	575	791	1,264
Vineyards	-	43	30	30	32	75	212	191
Olive groves	-	2	3	26	37	83	100	228
Pastures	-	940	146	740	2,621	3,496	5,603	1,998
Fallow	2	-	3	27	101	40	100	84
Forests	-	-	52	60	58	87	82	315
Vegetables	-	-	-	-	-	92	95	68
Medicinal plants	-	-	-	-	-	214	226	279
<b>Total (ha)</b>	<b>51</b>	<b>3,506</b>	<b>2,654</b>	<b>3,184</b>	<b>6,008</b>	<b>7,577</b>	<b>10,010</b>	<b>14,193</b>

Source: MAFRD - HR, CROATIAN CHAMBER OF COMMERCE (2010)

## 3.6 Consumers, market, and distribution

### Consumers

At the regional level the internal market of organic products is still limited by a slow-growing demand, due to both the lack of purchasing power by a large proportion of consumers and to a limited awareness of the values and benefits of organic produce. A major role is also played by a deep-rooted scepticism based on the conviction that purchasing directly from the farmer or through informal relational channels - which is still a wide-spread habit - is more than enough to guarantee quality and healthiness, despite now guarantee of the products being organic. It is no surprise then, that organic consumption has taken off mainly in large cities, where incomes are higher and information circulates more easily. This is especially true for the younger generations in that they have weaker ties to the countryside and greater difficulties in reaching a trusted farmer and in re-establishing networks that allow them to keep up informal commercial channels.

Besides understanding the values of organic consumption, another aspect linked to information is the ability to recognise the products. For this reason a logo that allows immediate visual distinction between traditional and organic products is so important. However, consumers risk being disoriented also by the proliferation of products which allude to nature, ecology, health, healthiness and the colour green, without actually complying with the parameters of what is certified as organic. A green product does not have to be organic or give clear information and can create confusion among consumers. In this sense, by defining a national logo, Croatia, Macedonia and Serbia have made an important step forward in terms of consumer-citizen rights.

It is mostly the educated classes and high earners that support the organic market, as well as young families, returned emigrants who discovered the benefits of organic production while abroad for work or study purposes and the tourist sector. Croatia, for instance, during the summer peak season registers the effects of the influx of tourists on the consumption of organic products. What should also be noted is that the classic organic consumer is not always consistent: beside a limited group that purchases organic products systematically, is a larger group that approaches the sector only on an occasional basis.

In the period 2008-2011, the demand for organic products grew in almost all countries, albeit at a contained pace because of the economic crisis that brought salaries down, and thus had negative implications on consumption. Overall, the rise in demand is shown by the increase in attention to the sector by different distribution channels.

Nevertheless, most of the products for sale - organic as well as for other niche consumer demands, such as macrobiotic and gluten-free - still rely on imports from other European countries, i.e. Germany, Italy and Spain. Local products, except in the case of Croatia where the range is greater, are generally limited to flour, pasta, fruit juices, jams, honey and herbal teas. Fresh products, although growing, are still limited.

### **Market and distribution**

Organic products are gaining space on the shelves of large organised distributors: in almost all countries commercial chains, such as Konzum, Mercator, Maxi and Ramstore, are beginning to promote a fairly contained range of products in the main supermarkets and superstores. Small shops, specialised retailers, and local-based chains are less likely to sell organic products. One of the difficulties faced by local producers in the sale of organic products to large organised distributors is related to their size: they are often small and therefore find it hard to guarantee large quantities constantly over time. If, on the one hand, this is linked to weaknesses typical of associative and co-operative set-ups, common to many countries in the region; on the other - where demand is still limited -, product turnover is contained, so even relatively small entities are in a position to make commercial propositions to organised distributors. This is the case for Hjelda and other small producers linked to the NGO Econ that can be seen on the shelves of Merkator with pasta and flour (Hjelda) and fresh produce, such as onions, garlic, potatoes and cauliflower (Econ) in Bosnia Herzegovina.

The number of specialised shops that promote health food is also growing: organic products share shelf space with baby food, macrobiotic and gluten-free products, vegetable oils and dietary goods. The supply is mainly based on 'dry' products, with fresh produce often limited, or not available, primarily because of the greater complexities involved in preserving it.

A limited number of organic products is also available in most chemists, especially herbal infusions and, in some specialised personal care chains, such as the German group DM *Drogerie Markt*, which promote an assortment of teas, juices, jams, biscuits, pasta and other 'dry' products.

Direct sales are still limited because of the small number of certified farms. Road-side vendors, to be found mainly in busy areas during the summer months, generally still sell traditionally-farmed produce, often linked to informal commercial channels. Croatia is an exception, followed by Macedonia and Serbia, where direct sales are growing also thanks to the increase in the number of organically certified farms and rural tourism.

Online sales and box schemes - meaning the purchase of baskets with items proposed by the producer - are also very limited. The first initiatives of this kind were launched by farms, such as *Eko Sever* in Croatia, and associations, like *Terras* in Serbia.

Among the sales channels, restaurants should not go unmentioned, as they are often the expression of important social and cultural trends. Organic food is used especially in some high level restaurants and in those offering vegetarian and macrobiotic cuisine: it is not by chance that a combination of organic-vegetarian is one of the most recurring. There are organic and vegetarian restaurants and cafés in Belgrade, Novi Sad, Ohrid, Sarajevo, Skopje, Zagreb and other cities.

In many cases, the supply of technical aids authorised for organic farming, such as fertilisers and plant defence products, is also limited. The difficulties in procuring such products through traditional distribution channels constitute an additional barrier to the development of the sector.

**Table 21. Distribution channels**

ALBANIA		
Distribution channels	Situation	Pioneers & success stories
Traditional supermarkets	Limited number of products, only in main supermarkets	Merkator, Conad (Italian organic products); Rossman & Lala; AB (Alfabeta Vassilopoulos)
Specialised retailers	Limited	Tirana: Sonnentor shop (at the Rogner Hotel); Natural & Organic. Dvjaka: Bio-Coop Divjaka
Cosmetics & chemists	Limited	-

### 3. Stakeholders, policies and institutions: a regional perspective

<b>ALBANIA</b>		
<b>Distribution channels</b>	<b>Situation</b>	<b>Pioneers &amp; success stories</b>
Open markets	Extremely limited or non-existent	-
Direct sales	Non-existent	-
Online and box schemes	Non-existent	-
Restaurants	Limited or non-existent	-
<b>BOSNIA HERZEGOVINA</b>		
<b>Distribution channels</b>	<b>Situation</b>	<b>Pioneers &amp; success stories</b>
Traditional supermarkets	Limited number of products and only in the main supermarkets	Interex; Mercator; Konzum; Tempo (ex Maxi)
Specialised retailers	Limited	Sarajevo: Makrovita; MakroVita Ginger Organic Shop
Cosmetics and traditional pharmacies	Growing	Traditional pharmacies; Drogerie Markt (in various towns including Banja Luka, Mostar, Sarajevo)
Open markets	Limited variety of products in some markets in the main cities	Banja Luka, Sarajevo
Direct sales	Extremely limited/ non-existent	-
Online and box schemes	Extremely limited/ non-existent	-
Restaurants	Limited	Sarajevo: Vegehana
<b>CROATIA</b>		
<b>Distribution channels</b>	<b>Situation</b>	<b>Pioneers &amp; success stories</b>
Traditional supermarkets	Growing	Billa; Interspar; Mercator; Konzum (the main trade mark is Ekozona created by Biovega)
Specialised retailers	Growing	Bio and Bio (supermarkets and shops), Garden (supermarkets and shops), Gea; Mojafarma; Split: Biohrana Mirta; Kalumela; Zadar: Nova Vita
Specialised wholesalers	-	Biovega, manages more than 80% of all Croatian retail and wholesale
Cosmetics and traditional pharmacies	Growing	Kemig (organically certified products for aromatherapy, essential oils, cosmetics), BioTraditional pharmacies; Drogerie Markt (chain)
Open markets	A few products in some markets in the main cities (growing)	Zagreb, Split, Čakovec
Direct sales	Developing	-
Online and box schemes	Developing in bigger organic farms	Zagreb: Eko sever
Restaurants	Growing	Zagreb: Nova; Split: Makro Vega; Dubrovnik: Nishta

KOSOVO		
Distribution channels	Situation	Pioneers & success stories
Traditional supermarkets	Extremely limited or non-existent	Interex
Specialised retailers	Non-existent	-
Cosmetics and traditional pharmacies	Extremely limited or non-existent	-
Open markets	Extremely limited or non-existent	-
Direct sales	Non-existent	-
Online and box schemes	Non-existent	-
Restaurants	Non-existent	-
MACEDONIA		
Distribution channels	Situation	Pioneers & success stories
Traditional supermarkets selling organic	Limited number of products and only in the main supermarkets	Vero (Spar group); Ramstore; Super Tinex
Specialised retailers	Limited	Skopje: Anni di Vita; BIOkult; Heltico; Health Food Store; Ohrid: Health Food Shop; Strumica: Health Food Store
Cosmetics and traditional pharmacies	Limited	Teas and herbal infusions in traditional pharmacies; Drogerie Markt
Open markets	A few products in some markets in the main cities	Skopje
Direct sales	Limited	-
Online and box schemes	Extremely limited / non-existent	-
Restaurants	Extremely limited / non-existent	-
MONTENEGRO		
Distribution channels	Situation	Pioneers & success stories
Traditional supermarkets	Limited variety of products, only in the main supermarkets	Voli, Maxi; Mercator-Mex; Albona
Specialised retailers	Limited	Podgorica: Biomontenegro; Eko hrana
Cosmetics and traditional pharmacies	Limited	Teas and herbal infusions in traditional pharmacies
Open markets	Some products (limited) in the main cities	Podgorica and main tourist locations
Direct sales	Extremely limited / non-existent	-
Online and box schemes	Extremely limited / non-existent	-
Restaurants	Extremely limited / non-existent	-

SERBIA		
Distribution channels	Situation	Pioneers & success stories
Traditional supermarkets	Growing	Maxi; SuperVero; Mercator (M.Rodic); Interex
Specialised retailers	Growing	Belgrade: Biospajz; Hema-Kheye-Neye; Makrobiotički Centar; Makrobiotika; Maslina; Nutricija; Tara Centar. Novi Sad: Bio Svet. Some retailers are present in other cities too
Cosmetics and traditional pharmacies	Limited	Traditional pharmacies; Drogerie Markt
Open markets	Some products in in the main cities	Belgrade: Kalenic; in other cities among which Novi Sad
Direct sales	Extremely limited or non-existent (in some of the biggest farms)	-
Online and box schemes	Limited	Subotica: Terra's
Restaurants	Developing	Belgrade: Kafe-Knjižara Everest; Sunce; Belgrade; Fenix. Novi Sad: Ananda

*Sources: interviews with country experts, bibliographic materials, institutional websites*



### 3.7 Italian agencies and projects in the Balkans

Italy is one of the European and world leaders in the organic market. In spite of the economic crisis and reduced food-sector demands between 2007 and 2011, its organic production is strong and continues to grow at a clearly significant pace.

According to data shown by the Ministry of Agricultural and Forest Policies, Italian producers total 47,663 businesses (2.6% of farms) and an area of 1,113,742 hectares, which corresponds to 8.6% of the overall agricultural area utilized. On a market level, the latest data from the Institute of Services for the Agricultural Food Market (ISMEA) show a growth that is sustained by internal demand.

The first quarter in 2011 saw, compared to the same period in 2010, an increase of 11.5% for organic pre-packaged products and 9.2% for vegetables and fruit (IAMB 2011).

#### **Certifying bodies**

It is thus clear why Italian operators are present on an international level and why they are observing the Balkans so carefully. *Bioagricert*, ICEA and *Suolo e Salute* bio are the most active in the region.

*Bioagricert* is active in Serbia, where it has an agency which is also used as an 'antenna' to monitor sector developments of the in Kosovo and Macedonia. It is recognised by the Ministry of Agriculture and carries out certifications through local inspectors. Alongside organic production *Bioagricert* is increasing its attention to the GLOBALGAP<sup>15</sup> (Good Agricultural Practice) standard. *Bioagricert* also has local offices in Bulgaria and Romania.

ICEA (Institute for Ethical and Environmental Certification), an institute with a strong international vocation, is involved in Albania, Bosnia Herzegovina and Croatia. Besides certifications linked to agriculture and food, it is also engaged in the certification of the non-dietary sector, such as cosmetics, transnational cooperation projects - such as *Biolfish*, aimed at promoting organic and quality products in the aquaculture sector - and in educational initiatives - such as the

<sup>15</sup> GLOBALGAP is a private association that establishes voluntary standards for certifying agricultural products worldwide, with the aim of realising a single standard for good agricultural practice.

one organized in Bosnia Herzegovina in collaboration with CEFA (European Committee for Education and Agriculture) and *Organska Kontrola*. ICEA has permanent offices in Albania and Croatia and is recognised by their respective ministries for the inspection and certification of organic agricultural food production. On a regional level, it is active also in Greece, Moldavia, and Romania.

*Suolo e Salute bio* (transl.: Organic Soil and Health) is active in Serbia where it has its own agency and has obtained recognition by the Ministry of Agriculture. It also has an agency and is recognised in Romania and Bulgaria and certifies producers from Moldova, Kazakhstan and the Ukraine.

### Cooperation and projects

Italian operators are also active through many cooperative projects. On the whole, bilateral and multilateral projects have had a significant role in skills training and creating the basic structures needed to launch the development of the sector.

Among the training initiatives, one of the most significant is BIO 84 - technical training in organic agriculture to support rural development and food safety in the Balkan area - promoted by the Mediterranean Agronomic Institute of Bari (IAMB), financed by the Ministry of Foreign Affairs (MAE) within the framework of Law No 84 from 2001<sup>16</sup> and aimed at training of local experts. Along with BIO 84, IAMB has an extremely rich program that includes many courses, both traditional and for home study, dedicated to organic production and distinguished by a territorial connotation strongly tied to the Balkans and the Mediterranean (interviews; ISMEA - IAMB, 2008).

The same collaboration between IAMB and MAE is re-proposed in the capacity-building initiative 'Strengthening the Kosovo MAFRD for the Improvement of Vegetable Production According to EU Standards', that is part of the actions launched to support the primary sector in Kosovo, approaching EU standards in fruit and vegetable produc-

<sup>16</sup> Law (No) 84, 21 March 2001 'Provisions for Italian participation in the stabilisation, reconstruction and development of countries in the Balkan region' published in the 'Gazzetta Ufficiale' No 76 of 31 March 2001.

tion and creating a national service for the development of organic agriculture (MAE - DGCS, 2009).

Another important initiative that involves the Bari based IAMB, as coordinator, is MOAN (Mediterranean Organic Agriculture Network), a network that comprises partners from 24 countries in the Mediterranean, including the Western Balkans. MOAN presents itself as an instrument for the exchange of information and good practices among sector experts in the sector and public administrators. After a first phase begun in 1999, which foresaw the creation of a network of experts, from 2006 it has been expanded to representatives of the ministries of agriculture of each country. Among the objectives of the MOAN are also the reinforcement of statistical data collection for the organic market, the support of legislative and political architecture development and the strengthening of institutional competence<sup>17</sup>.

Among the activities supported by the Ministry of External Affairs, in cooperation with the region of Emilia-Romagna in this specific case, is the 2006-2009 project 'Promotion of sustainable agriculture systems with low environmental impact in Bosnia Herzegovina' promoted by CEFA, COSPE (Cooperation for the Development of Emerging Countries), OXFAM Italy (ex UCODEP) and ARCS (Italian association for Culture, Recreation and Development). The project, which also saw the collaboration of ICEA and AIAB (Italian Association for Organic Agriculture) and involved a network of local and international partners, had the objective of improving profitability and sustainability of the agricultural activity through the spread of low environmental impact systems and models of production. In order to guarantee support in all phases of production, an agricultural service and business centre was created, which also enabled the creation of some producers associations. Among these is Ecoline, aimed at promoting rural tourism and at offering support to groups of small organic producers or those interested in the sector<sup>18</sup>.

Among the cross-border projects financed through European funds - Interreg III A in this case - is *Bioadria*, aimed at activating regional cooperation between the associations of organic producers

<sup>17</sup> Moan: [moan.iamb.it](http://moan.iamb.it)

<sup>18</sup> Ecoline: [www.ecoline.ba](http://www.ecoline.ba)

and represented by a solid partnership, both on the Italian side - partners from Abruzzo, Emilia Romagna, Apulia and Veneto - and on the Balkan one - partners from Albania, Bosnia Herzegovina, Croatia and Serbia<sup>19</sup>.

Another project realised within the scope of the Interreg Programme, which again sees the involvement of IAMB, is the SIAB: 'Strengthening of business services and institutional support for the development of organic agriculture'. Between 2003 and 2005, it saw the involvement of institutions in Albania (Agriculture University of Tirana; Ministry of Agriculture, Food and Consumer Protection), Bosnia Herzegovina (Biotechnology Institute of the University of Banja Luka), Croatia (Podravka - Department of Agricultural Development; Institute of Agricultural Extension of Croatia), Montenegro (Biotechnology Institute of the University of Montenegro) and Serbia (Agrarian Institute of Sombor). Among the objectives of the SIAB project are the strengthening of scientific cooperation, the improvement of organic support services, the support of public institutions, and the strengthening of professional skills in both public and private sectors (Osservatorio Balcani e Caucaso, Database Re.Te.; ISMEA - IAMB, 2008).

Still within the scope of Interreg programming, between 2004 and 2007, IAMB coordinated the bilateral project PAB 'Integrated finished project for the diffusion and technical assistance in implementing methods for the production of organic products', which saw the collaboration of a network made up of 14 Italian and Albanian partners. On the Italian side it is worth mentioning the Agrarian Faculty of the University of Bari, the Agrarian School of the Park of Monza and numerous local institutions, while on the Albanian side the Albanian Ministry of Agriculture, Food and Consumer Protection, the Agricultural University of Tirana, the Arboriculture Institute of Valona, the Plant Protection Institute of Durrës and the Albanian Organic Agriculture Association (ISMEA - IAMB, 2008; IAMB, 2007).

The network of Italian operators involved in the organic market in South East Europe is therefore extremely dense: next to the IAMB of Bari, the leading institution in terms of skills and extensive efforts,

<sup>19</sup> Bioadria: [www.bioadria.eu](http://www.bioadria.eu)

come operators from almost all the Adriatic regions and others interested in the sector or historically involved in the Balkans. On a territorial level, the Italian presence covers the entire region, even if the more involved countries are Albania and Bosnia Herzegovina. The interventions overall have been very articulate and have addressed a multitude of participants and segments of production. In fact, in the many different projects there are universities and research institutions, public administration bodies, sector associations, experts and producers. This goes to underline the wide field of vision of organic production, where support is aimed at institution building, production, training (on multiple levels), strengthening research and associations.

### 3.8 Research and training

Research and education are key elements in a sector that needs to be modernised and become competitive. At the centre of this process is the farmer, defined both as a direct grower (according to the Italian legal framework 's/he who practices a profession mainly based on his/her own work and that of his/her family members') and as an agricultural entrepreneur: s/he whose work involves doing business in one of the following areas: land cultivation, forestry, live-stock farming and the like. Agricultural work has become more complex, because of the opportunity to use new technologies and agricultural practices; bureaucratic and administrative obligations (formal requests for public subsidies, administrative obligations deriving from the certification process, etc.); and environmental conditions. Alongside the farmer, other professional figures have sprung up, such as oenologists, inspectors, cheese experts, that require technically complex skills and in-depth knowledge of the territory.

World Bank (LAMPIETTI J. ET AL., 2009) and European Commission (EUROPEAN COMMISSION COUNTRY PROGRESS REPORTS, 2010) reports underline that Western Balkan professional institutions and University departments (agricultural, forestry, veterinary) linked to the primary sector, still seem to use traditional thematic approaches and methods, which are often not up-to-date and lack the interdisciplinary approach, so typical of European planning. This situation basically reflects the distribution of the agricultural budget and policies. Rural development, for instance, is historically subordinate, as much in politics as in academia, to an agricultural policy traditionally based on direct assistance to production and specific sectors. A dynamic that was somewhat similar to the one experienced initially in the European Union, where rural development and rurality have only found their way into the political agendas and academic curricula since the early Nineties. Nevertheless, European programmes (Tempus<sup>20</sup>), student and researcher mobility (Erasmus Mundus<sup>21</sup>), relations with international

<sup>20</sup> Tempus is a programme that supports the modernisation of universities in the partner countries of the European Union and contributes to the creation of an arena for cooperation in the sector of university education.

<sup>21</sup> Erasmus Mundus is a European Union programme for mobility and cooperation in the field of secondary education.

and non-governmental organisations all play a role in terms of accelerating the process of curricular reform, strengthening research and improving teaching quality. All this is in fact also contributing to narrowing the gap with the common standards defined by the 'Bologna process'.

An important limitation is certainly the chronic lack of funding that tends to penalise those departments that need state-of-the-art equipment and laboratories the most. The lack of funds and investment not only affects university education, it also hits secondary level education and agricultural development services. Such services should in fact enable farm and country workers to keep up-to-date and therefore create a bridge between research and business worlds. Bilateral donors, international and non-governmental organisations have been aware of such limits for some time now, thus they have put in place a variety of training schemes, as well as bursaries for people to acquire new skills abroad.

Research and education on organic farming are an essential part of this picture, and despite their relatively recent appearance on the scene, the interest in this field on the part of researchers and professional and academic institutions is growing steadily. At the regional level, one of the main stakeholders (although not from the Balkans) is certainly the Mediterranean Agronomic Institute of Bari, that for many years has been involved in research and training activities linked to the development of organic farming and sustainable agriculture more at large in the Mediterranean and Adriatic-Ionian regions.

**Table 22. The main public research centres involved in organic farming in the Western Balkans<sup>22</sup>**

Country	Institutes	Websites
Albania	Centre for Research and Technological Transfer in Agriculture of Vloera and Lushnje	www.mbumk.gov.al (Ministry website)
	Agricultural University of Tirana	www.ubt.edu.al
	BioAdria Association	www.gjikondi.com/bioadria
	Institute for Organic Agriculture	-
Bosnia Herzegovina	Federal Agro-Mediterranean Institute of Mostar	www.faz.ba/
	University of Banja Luka, Faculty of Agriculture	www.unibl.org/poljoprivredni-fakultet
	University of Mostar, Faculty of Agronomy	http://apfmo.org
	University of Sarajevo: Faculty of Agriculture and Food Sciences; Veterinary Faculty	www.ppf.unsa.ba www.vfs.unsa.ba/bs
Croatia	Agrarian Institute of Križevci	www.krizevci.eu
	Institute for Adriatic Crops and Karst Soil Reclamation	www.krs.hr/en
	University of Osijek, Faculty of Agriculture	www.pfos.hr
	University of Zagreb, Faculty of Agriculture	www.agr.unizg.hr
Kosovo	University of Pristina	www.uni-pr.edu
Macedonia	Goce Delcev University	http://int.ugd.edu.mk
	St. Cyril and Methodius University of Skopje	www.ukim.edu.mk
	Institute of Agriculture of Skopje	www.zeminist.edu.mk
	Institute for Health Protection	www.unet.com.mk/rzzz
Montenegro	University of Montenegro	www.btf.ac.me/en
	Institute of Public Health of Podgorica	www.ijzcg.me
Serbia	Institute of Agricultural Economics, Belgrade	www.iep.bg.ac.rs
	Tamis Institute of Pančevo	www.institut-tamis.co.rs
	University of Belgrade, Faculty of Agriculture	www.agrif.bg.ac.rs
	University of Novi Sad, Faculty of Agriculture	http://polj.uns.ac.rs
	University of Kragujevac, Faculty of Agronomy of Čačak	www.afc.kg.ac.rs

Sources: M.R. BTEICH, P. PUGLIESE, L. AL-BITAR, 2010; author's research; interviews

<sup>22</sup> The list does not include secondary professional institutes and, considering the constant developments in the academic arena, is not meant to be exhaustive.



### 3.9 Balkan organic products hit the trade fairs

Communication with consumers and raising their awareness are some of the essential ingredients for trading organic produce. Consumers often know little about the production methods used and therefore find it difficult to recognise the reasons why organic produce is preferable to traditional agriculture. This is also the reason why consumers are less inclined to pay extra for certified products, that are often more expensive.

To the popular arguments that organic stuff is higher in quality and healthier one should also add environmental factors, such as minor energy consumption, respect for the soil and its contribution to maintaining biodiversity. These are characteristics that are certainly complex and difficult to identify directly and that only an extremely careful and well-informed consumer may know of. Thus communication and information strategies are all the more important for the development of this sector.

Fairs, diverse as they may be (local, regional or international; professional or generalist), remain one of the most used tools for bringing operators in touch with consumers and for promoting a trust-based relationship between them, another indispensable element in the organic sector.

At the European Union level, trade fairs in this sector by now have a strong history (ie. Biofac; Sana), while the Balkans are still taking their first steps. Here organic products are displayed in specific areas of fairs in the agricultural sector or those for local products, and sometimes in more generic fairs.

One of the first experiences of a regional fair fully devoted to organic products is the *Bio Balkan Expo*, launched for the first time in Belgrade in 2010, with a second one planned for September 2011.

The following interview about Bio Balkan Expo was carried out in April 2011 with Branko Čičić, President of the Serbian Organic Foundation.

#### **How was the Bio Balkan Expo born?**

Including Turkey, South East Europe numbers about 140 million people living in an extremely diverse territory with a significant potential for almost every type of produce: arable crops, vegetables,

fruit, livestock breeding, medicinal plants, small fruit, bees. In particular, consumer interest and awareness are growing, thus enabling the development of a highly important market, as much for local producers as for international ones. These factors have even been recognised by the Serbian Agriculture, Forest and Water Resources Ministry, by IFOAM - International Federation of Organic Agriculture Movements, by the Serbian Organic Foundation and by *A & L Expo* (one of the primary Serbian operators in the trade fair business), that have all pledged to support this initiative.

### **What is the Bio Balkan Expo's primary objective?**

To create a regional platform for sharing knowledge on organic products, to put producers, distributors and consumers in touch, and promote a culture of organic consumption, both among producers and consumers.

### **So the target market is not just professionals?**

Let's say that the Bio Balkan Expo can be defined as a multi-target fair: it addresses both local and international producers as much as consumers. In our view there cannot be a dividing line between producers and consumers, who instead should be connected by sharing a common 'organic culture'.

We are also trying to involve the main distributors in a more active way, especially by organising business meetings for trade at the fair.

Another important component for the involvement of these actors is obviously communication through the media: participation from last year was encouraging and this was mainly due to good media coverage of the event.

### **Let's talk about services. What does the Expo offer?**

Substantially services traditionally offered in fairs are: exhibition locations, catalogue creation, promotion, organisation of meetings. In short, visibility and contacts.

### **What are the statistics of the 2010 edition?**

90 exhibitors, 72 local and 18 international, representing 12 countries: Austria, Bosnia Herzegovina, Croatia, Germany, India, Italy, The Netherlands, Slovenia and Hungary. And a total of more than

1,800 visitors. These are obviously smaller numbers compared to the main fairs in the EU, but, as a regional initiative exclusively addressing the organic market, I think these are satisfactory results. For 2011 we expect 150 exhibitors, including some national ones.

**With the focus on sales, what were the most showcased products at the Expo?**

Vegetables, cereals, pulses, medicinal plants and some processed foods.

**And what about products outside of the food sector?**

Only a few, but in 2011 the number should grow. In 2010 we had the Indian exhibitor Ram Raj Clothing with clothes made of high quality organic cotton and producers of essential oils from Bosnia Herzegovina and Croatia.

**And looking at the local market? What products are showcased?**

We continuously monitor the market in order to understand its developments and especially which products are the most sought after and available. According to some distributors, there's often a lack of products such as pulses (especially beans, lentils and peas), cereals (soft wheat, buckwheat, barley, millet, rye) and pasta. Reserves of local products are sold very quickly and the distributors are left without products for most of the year. There's also a problem with variety, in the sense that the range of products available is quite limited. For example olive oil, dried fruit and organic vegetables have only recently being brought into the market.

**Moving on to the consumers. What is the profile of the average consumer?**

In general I'd say young, educated and mindful of the family. But there are some good consumers among the elderly as well. In a way economic availability is relatively important, in the sense that it mainly influences the variety and the quantity of purchases, but it doesn't distance the consumer from organic products. At the open air market of Kalenić (in Belgrade) where some organic products are available, one will often find the young and old regularly buying very limited

quantities. In these cases the motivation and awareness at the base of the purchasing choices are certainly very strong.

We are obviously still talking about very limited numbers: the average consumer is generally not very aware and probably not yet ready to understand the principles and advantages of buying organic products. It's going to take a lot longer to get people to become more sensitive, but the steps made in these last years are encouraging.

### **And at the producer end? Who produces organic products?**

According to a study conducted by the German International Development Agency (GTZ in the past, GIZ since January 2011), with the support of AFC Consultants International and of the Research Institute of Organic Agriculture - FiBL, in Serbia more than 60% of certified organic farms are smaller than 6 hectares, while 25% are between 10 and 25 hectares. With these sizes, the farms are mostly family run with 50% of them hiring workers periodically during the harvest season.

A fact that should be highlighted is the presence of many women at the helm of these businesses, often with extremely positive experiences, proving a greater interest on behalf of the female population towards organic products. A maternal sensitivity and more attention towards health, probably. And perhaps, even a trend launched in these past few years by some exceptional celebrities such as the First Lady, Michelle Obama, and the Queen of England.

### **Getting back to the Bio Balkan Expo. Are there any connections with Italian fairs?**

Unfortunately there is no collaboration at the moment, but we are trying to get it going, also on the basis of the importance of the organic sector in Italy, both as a market and as a producer. I believe that Italian organic producers should look towards the Serbian market with interest, also because of the strong demand for cereals, oil, dried fruits, pasta, sauces and processed foods. Essentially it's an invitation to attend the next edition of the Bio Balkan Expo that will take place on 21-24 September, 2011, at the Belgrade fair premises.



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## Conclusion

Both European Community and national government policies have identified in organic farming a way of sustaining agriculture in areas not suitable for mass production. They aim at responding to consumer demands for quality and control, promoting a more environmentally friendly agriculture and offering new alternatives for diversifying possible sources of income (and employment) by producing with a higher added value. They policies have opened the doors to a new market and to the development of new commercial prospects, not limited by national boundaries. Italian agencies, such as *Bioagricert*, ICEA and *Suolo e Salute Bio* are not operating in the markets of South East Europe purely by chance. The link with Italy, consolidated in many fields, is clearly sound in this sector, where Italy's experience has an excellent international reputation.

In the Balkans, with the exception of Croatia, organic farming is far from developed and its production is mainly destined for export. In many countries the relevant laws are recent, or as yet to be consolidated, and public support is low or just starting to emerge. The consumers' buying power is limited, as the national market is still disconnected, disorganised and often inefficient. However, as this publication tries to show, limiting the analysis to these elements would be restrictive and not reflect the dynamism which this sector displays, even if not always systematically. The increase in both the number and type of the organisations involved - from public institutions to local and foreign NGOs, associations, producers and intermediaries - and the growing number of consumers - are all evidence of the sector's promising development, not only because of the favourable climatic conditions, but also because of the interest expressed by many stakeholders working in the food and agriculture chains of production.

Despite organic agriculture not having complete recognition as a priority of the primary sector, policies still show, with sharp differences from one country to another, a growing tendency to give space to this sector. This increased attention on the part of the institutions has led to the granting of subsidies, improved legal frame-

works, the outlining of national action plans and the development of logos that enable the consumers to recognise the produce.

In this situation, the move towards a Common Agricultural Policy represents an important opportunity. If, on the one hand, the Agriculture Agreement does set serious limits because it integrates national laws and mechanisms with those of the European Union, on the other hand it allows full entry into the internal European market, and will consolidate local policies, which were all too often characterised by uncertainties and short-term prospects. In addition, there is the possibility of accessing European funding for the development of the primary sector and rural areas (IPARD).

A fundamental element in this approach is information, and the ability to manage and use the available resources efficiently as well as, and perhaps above all, at a decentralised level.

Over the years the number of workers and the agricultural area cultivated organically have increased, showing the interest of the people working in this sector. Similarly the number of accredited certifying bodies has risen, both thanks to the opening of local branches of international organisations and the establishment of local agencies.

The organisation of the market, its regulation and the integration of the production chains, which until now were often not connected, are key issues for both individuals and organisations to concentrate on. This lack of co-ordination is in fact also reflected by the difficulty in equally distributing the value among the workers of different segments of the production chain. These difficulties have not entirely been overcome, even within the EU, as can be seen from the frequent protests by farmers regarding the differences between prices for the consumer and for the producer. For everyone, the development of alternative channels which permit the shortening of the chain of production - bringing producers and consumers closer to each other - remains an essential step to be taken in order to achieve transparency, fairness and sustainability.

To complicate matters there is also the weight of export: if the products exported are manufactured the country gets hard currency. If, on the contrary, the products traded are primary ones, they lose their added value, and most of the profit margin goes to the foreign

commercial partners, risking a slowing down in the development of the production chains.

Moreover, developing commercial circuits largely for export results in the usual channels and organisational structures of the internal markets being bypassed. Organic cultivation has to invest in the promotion of an integrated approach with direct sales, farmers' markets, new forms of distribution (such as box schemes) and rural tourism.

The absence of coordination is not only to be seen in relation to the chains of production, but also as an essential shortcoming in the harmonisation of policies. The move towards the European Union and its Common Agricultural Policy should in fact be seen as a chance to promote an integrated approach in which agricultural policies are coordinated along with those for energy, the environment and tourism, in order to respond coherently to a growing (and necessary) demand for sustainability in the management of land.

Other complex factors involved in the development of organic farming concern the need to spread the principal techniques of production (composting, biological controls, biological anti-parasite treatments, biological fertilisation, etc.) and improve administrative and management skills. In this regard a fundamental role can be played by the extension services and by those universities and research centres that are taking an increasing interest in the sector.

Even with their still limited buying power, consumers in South East Europe are showing a slowly growing interest. In this sense, it is particularly important to spread the awareness that organic production offers an alternative to the current methods of production and consumer models. Organic farming takes into account the whole ecosystem, favours methods which defend the natural fertility of the soil and respect its timing. It promotes the biodiversity of the environment in which it operates, excluding the use of synthetic chemical and GM products, and is concerned for the health of the consumer.

Information and greater awareness are decisive elements also for influencing policy decision-making. The task of identifying priorities and strategies for the development of this sector cannot be only left to the governments, but must also be shared by all those involved in the chain of production: producers, workers, intermediar-

ies, distributors, retailers, consumers, inspectors, certifying bodies, associations, NGOs and experts in the category. A complex network of participants who, as this publication intends to show, are trying to organise themselves in a more effective way in South East Europe too.





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ARCS: [www.arciculturaesviluppo.it](http://www.arciculturaesviluppo.it)

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DGCS: [www.cooperazioneallosviluppo.esteri.it](http://www.cooperazioneallosviluppo.esteri.it)

EU - DG Agriculture and Rural development: <http://ec.europa.eu/agriculture>

EU - Delegation in Bosnia Herzegovina: [www.delbih.ec.europa.eu](http://www.delbih.ec.europa.eu)

FARMA: [www.bosniafarma.ba](http://www.bosniafarma.ba)

GIZ (ex GTZ): [www.giz.de](http://www.giz.de)

Grolink AB: [www.grolink.com](http://www.grolink.com)

IAMB: [www.iamb.it](http://www.iamb.it)

ICEA: [www.icea.info](http://www.icea.info)

IMO: [www.imo.ch](http://www.imo.ch)

IOAS: [www.ioas.org](http://www.ioas.org)

ISMEA: [www.ismea.it](http://www.ismea.it)

Italian Ministry of Agriculture: [www.politicheagricole.it](http://www.politicheagricole.it)

MOAN: [moan.iamb.it](http://moan.iamb.it)

OCSE: [www.oecd.org](http://www.oecd.org)

Osservatorio Balcani e Caucaso (OBC): [www.balcanicaucaso.org/eng](http://www.balcanicaucaso.org/eng)

OBC - Database Re.Te: [database.balcanicooperazione.it](http://database.balcanicooperazione.it)

SANA: [www.sana.it](http://www.sana.it)

SIDA: [www.sida.se](http://www.sida.se)

SIPPO: [www.sippo.ch](http://www.sippo.ch)

SNV: [www.snvworld.org](http://www.snvworld.org)

UNDP Albania: [www.undp.org.al](http://www.undp.org.al)

UNDP Bosnia Herzegovina: [www.undp.ba](http://www.undp.ba)

UNDP Croatia: [www.undp.hr](http://www.undp.hr)

UNDP Montenegro: [www.undp.org.me](http://www.undp.org.me)

UNDP Serbia: [www.undp.org.rs](http://www.undp.org.rs)

UNEP: [www.unep.org](http://www.unep.org)

USAID: [www.usaid.gov](http://www.usaid.gov)

Vegehana: [www.vegehana.com](http://www.vegehana.com)

WTO: [www.wto.org](http://www.wto.org)



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## Abbreviations and acronyms

- AIAB:** Italian Association for Organic Agriculture
- AOA:** Albanian Alimentary Oil Association
- ARCS:** Arci Culture and Development
- ARDA:** Regional Development Agency of North-West Bosnia
- BETA:** Bosnian Environmental Technologies Association
- BiHOP:** Development of Organic Agriculture in Bosnia Herzegovina
- BioFach:** World Organic Trade Fair
- BIO84:** Training of technical experts in organic agriculture, in support of rural development and of food emergency in the Balkan areas
- BSE:** Bovine Spongiform Encephalopathy
- CAP:** Common Agricultural Policy
- CARDS:** Community Assistance for Reconstruction, Development and Stabilisation
- CEEC:** Central and Eastern European Countries
- CEFA:** European Committee for Agricultural Training (Italian NGO)
- CEFTA:** Central European Free Trade Agreement
- COSPE:** Cooperation for the Development of Emerging Countries (Italian NGO)
- DAkkS GmbH:** Deutsche Akkreditierungsstelle GmbH (German Accreditation Body)
- DGCS:** Italian Foreign Ministry's General Directorate Cooperation for Development
- EC:** European Commission
- ECON:** Economic Cooperation Network
- EU:** European Union
- FADN:** Farm Accountancy Data Network
- FARMA:** Fostering Agricultural Markets Activity
- FiBL:** Research Institute of Organic Agriculture, Switzerland
- GDP:** Gross Domestic Product
- GIZ (ex GTZ):** German Agency for International Cooperation
- GMO:** Genetically Modified Organism
- IAC:** IFOAM Accreditation Criteria
- IAMB:** Mediterranean Agronomic Institute of Bari
- ICEA:** Institute for Ethical and Environmental Certification
- IFOAM:** International Federation of Organic Agriculture Movements
- IMO:** Institute for Marketology
- IOAS:** International Organic Accreditation Service
- IPARD:** Instrument for Pre-Accession Assistance for Rural Development

**ISMEA:** Services for agro-food market

**LAG:** Local Action Group

**LIR:** Local Development Initiative

**MACFP - AL:** Ministry of Agriculture, Food and Consumer Protection of Albania

**MAE-ITA:** Italian Ministry of Foreign Affairs

**MAFRD - HR:** Ministry of Agriculture, Fisheries and Rural Development of Croatia

**MAFRD - XK:** Minister of Agriculture, Forestry and Rural Development of Kosovo

**MAFWM - RS-BiH:** Ministry of Agriculture, Forestry and Water Management of Republika Srpska

**MAFWS - MK:** Ministry of Agriculture, Forestry and Water Supply of Macedonia

**MAFWM - SRB:** Ministry of Agriculture, Water Management and Forestry of Serbia

**MARD - ME:** Ministry of Agriculture and Rural Development of Montenegro

**MAWMF - FBiH:** Ministry of Agriculture, Water Management and Forestry of Federation of Bosnia and Herzegovina

**MOAN:** Mediterranean Organic Agriculture Network

**NGO:** Non Governmental Organisation

**NOP:** National Organic Program of the United States

**OFIS:** Organic Farming Information System

**OOAK:** Organic Agriculture Association Kosovo

**OSCE:** Organisation for Security and Co-operation in Europe

**SANA:** International Organic Fair held in Italy

**SECO:** Swiss State Secretariat for Economic Affairs

**SDC:** Swiss Agency for Development and Cooperation

**SIAB:** Strengthening business services and institutional support for organic agriculture development

**SIDA:** Swedish International Development Cooperation Agency

**SIPPO:** Swiss Import Promotion Programme

**SNV:** Netherlands Development Organisation

**UAA:** Utilised Agricultural Area

**UNEP:** United Nations Environmental Programme

**USAID:** United States Agency for International Development

**WTO:** World Trade Organisation



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- Table 7.** Main challenges and progress on the path towards EU accession. Evaluations by the EC
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## Main glossary of terms

These definitions are based on institutional sources: European Union directives and regulations, dictionaries and glossaries of the European Union, information from Eurostat and international organisations, such as IFOAM, FAO, UNEP and the World Bank. Unless otherwise indicated, the definitions have been compiled by the author.

**Acquis communautaire:** it is the body of common rights and obligations which bind all Member States together within the European Union. It is constantly evolving and comprises: the content, principles and political objectives of the Treaties; the legislation adopted in application of the Treaties and the case law of the Court of Justice; the declarations and resolutions adopted by the Union; measures relating to common foreign and security policy; measures relating to justice and home affairs; international agreements concluded by the Community and those concluded by the Member States among themselves in the field of the Union's activities (EUROPEAN COMMISSION, 2011a).

**Agrarian ecosystem** (agrarian system): it is the result of the interaction of natural elements, environmental and biotic factors, agricultural and animal production systems, anthropic action, social relations, and agro-environmental management decisions. Marcel Mazoyer defines an agrarian system as the product of the interaction between productive forces, adapted to the bioclimatic conditions of a given area and related to its social conditions and the specific need of a given historical period (MAZoyer M., ROUDART L., 2004).

**Agricultural transition:** period of transition from the planned to the market economy with particular reference to the agricultural sector.

**Agrobiodiversity:** the component of biodiversity that relates to food and agriculture production (FAO, 2008).

**Agrokombinats:** large agricultural holdings set up as from 1953, which were constituted as social enterprises. The means of production were directed and administered by the workers, grouped in Basic Organisations of Associated Labor (BOALs) that were based on the specific roles played by the workers in the production process. These organisations decided on work relations, set production targets and income utilisation and distribution after

the deduction of management expenses and investments. BOALs maintained close relationships with their communities (municipalities), which, according to the Constitution, had to look out for the interests of self-management. Agrokombinats were generally based on a network of Basic Organisations of Associated Labor and employed about 15% of agricultural workers. The remaining workers (85%) employed in the agricultural sector ran small private parcels of land limited constitutionally to 10 ha, except in mountainous areas, where they were allowed up to 20 ha (ALMEYRA G., 1983).

**Biodiversity:** the number and variability of living organisms within a given area. Organic farming leads to a high level of biodiversity (FAO, 2008).

**Certification:** the production and exchange on the European market of products with organic labels and logos follow a process, which leads up to full compliance with specific standards. Conventional farmers must complete a two-year conversion period before being allowed to produce agricultural products that may be promoted as organic. Farmers are permitted to produce conventional and organic on the same premises as long as the production processes are fully separated at each level of the chain. Both farmers and processors must at all times respect the rules identified by the EC. They are subject to inspections from control bodies and other authorities. After the two year period successful operators are granted organic certification and their goods can be labelled as organic. (EUROPEAN COMMISSION, 2011b).

**Chemical synthetic herbicides and pesticides:** chemicals applied to agricultural fields to kill unwanted weeds or other plants growing among commercial or animal feed crops. Chemical synthetic herbicides are prohibited in organic farming (EUROPEAN COMMISSION, 2011b).

**Common Agricultural Policy (CAP):** it aims at ensuring reasonable prices for Europe's consumers and fair incomes for farmers, in particular through the common organisation of agricultural markets and by ensuring compliance with the principles adopted at the Stresa Conference in 1958, namely, single prices, financial solidarity and Community preference. The CAP is one of the most important EU policies: over the decades, the EU agricultural budget often exceeded 60% of the total budget. In 2010 the agricultural budget made up 45% of the total; the objective for 2013 is to reach 40%. The CAP has fulfilled its main objective, which was to achieve food self-sufficiency in the Community. Nevertheless, major changes to policy have proved

necessary, in order to correct imbalances and over-production resulting from the CAP and to adapt it to the different challenges posed by the market, by climate change and by environmental concerns. Among the most important examples of this was the introduction of rural development as the second pillar of the CAP (the first pillar is the market policy) in 1999. CAP objectives have thus changed over time and the instruments used have also evolved as a result of successive reforms, including McSharry in 1992, Agenda 2000 in 1999 and Fischler in 2003 (EUROPEAN COMMISSION, 2011a).

**Conventional agriculture:** this is a type of agricultural production, which makes use of chemical synthetic pesticides as fertilisers or herbicides. The extensive use of these substances, together with genetic selection and the wide diffusion of monocultures, has led to a significant rise in yields with positive effects on food security. However, these practices and innovations have also attracted significant criticism due to their dependency on fossil fuels (required in higher quantity) and their influence on the loss of biodiversity, environmental pollution and soil degradation.

**Conversion (period):** the transition from non-organic to organic farming within a given period of time, during which requirements related to organic production are applied (EUROPEAN COMMISSION, 2011b).

**De-collectivisation:** a process characterised by the dismantling of collective and State farms, land redistribution and the return to small private property.

**Externality:** the World Bank defines externalities as the effects of a person or firm's activities on others, which are not compensated. Externalities can either be negative (when a company pollutes the local environment to produce its goods and does not compensate the negatively affected local residents) or positive (eg. primary education, which generates benefits not only for primary students, but for society at large). Governments can reduce negative externalities by regulating and taxing goods with negative externalities, and increase positive externalities by subsidising goods with positive externalities or by directly providing those goods (SOUBBOTINA T., 2004).

**Genetically Modified Organism (GMO):** an organism in which the genetic material has been altered by means of gene or cell technologies (FAO, 2011). More specifically, the EU Directive of Reg (EC) No 834/2007 defines GMO as an organism, with the exception of human beings, of which the



genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination (EC Directive 2001/18/EC).

**Governance:** UNDP defines governance as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (UNDP, 2004).

**Green economy:** UNEP has developed a working definition of a green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive (UNEP, 2011).

**Logo:** a logo is used to supplement labelling and to increase the visibility of organic food and drink for consumers. The logo can be applied after inspection by official bodies.

**Market economy:** an economic system based on private property, entrepreneurial freedom and free movement of goods and services.

**Organic certification bodies:** bodies responsible by law: a) to verify the eligibility, the production process and compliance with regulations of and by organic farms; b) for granting the right to use the logo on promotional materials and certified products. The Reg. (EC) No 834/2007 defines a certification body as an independent private third party carrying out inspection and certification in the field of organic production in accordance with its provisions or, where appropriate, the corresponding body of a third country or the corresponding body operating in a third country (Reg. (EC) No 834/2007).

**Organic farming:** this is a type of agricultural production that excludes the use of chemical synthetic pesticides and genetically modified organisms. The Reg. (EC) No 834/2007 defines organic production as an overall system of farm management and food production that combines best environmental practices, a high level of biodiversity, the preservation of natural resources, the application of high animal welfare standards and a production method in line with the preference of certain consumers for goods produced using natural substances and processes. The organic production method thus plays a dual societal role: on the one hand providing for a specific market responding to a

consumer demand for organic products, and on the other hand delivering public goods, which contribute to the protection of the environment and animal welfare, as well as to rural development (Reg. (EC) No 834/2007).

IFOAM defines organic farming according to four principles: health (it should sustain and enhance the health of soil, plant, animal, human beings and the planet as one and indivisible); ecology (it should be based on living ecological systems and cycles, work with them, emulate them and help sustain them); fairness (it should build on relationships that ensure fairness with regard to the common environment and life opportunities); care (it should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment) (IFOAM, 2011).

**Packaging:** research into and production of packages that make products look attractive and inviting for buyers.

**Pesticides:** chemicals used as herbicides, fungicides, insecticides and nematocides applied to agricultural field-crops and animals to fight pests, pathogens or diseases. Chemical synthetic pesticides are prohibited in organic farming (EUROPEAN COMMISSION, 2011b).

**Phasing in:** within the EU enlargement process phasing in is the gradual introduction (from 2004 to 2013) of financial support to the new Member States.

**Planned economy:** an economic system based on the allocation of productive factors on the basis of the decisions of central governments.

**Rural development policy:** a policy, which aims to develop rural areas and their populations. Over the years it has been characterised by an increasingly consistent territorial approach (moving on from a more traditional, sectorial - agricultural - approach) and by a significant emphasis on investments rather than on subsidies. Within the EU framework rural development is the second pillar of the Common Agricultural Policy (CAP) and it is included in the competitiveness targets identified by the Lisbon strategy and in the sustainability criteria recognised at the Conference of Goeteborg. The EU rural development policy is based on four axes: improving the competitiveness of the agricultural and forestry sector; improving the environment and the countryside; quality of life in rural areas and diversification of the rural economy; the Leader initiative (EUROPEAN COMMISSION, 2011a).

**Seasonality:** the natural growth and ripening period of agricultural products.

**Short supply chain:** a distribution system that foresees a reduction in the number of intermediaries and the creation of a direct relationship between producers and consumers (individual or associated).

**Single Payment Scheme:** the 2003 reform of the Common Agricultural Policy (CAP) of the EU introduced a new system of direct support to farmers, known as the Single Payment Scheme (SPS). The SPS replaced most previous existing agricultural schemes linked to specific amounts produced (coupled subsidies). Under the SPS, aid is no longer linked to the amounts produced, but only to the surface areas (decoupling). (EUROPEAN COMMISSION, 2011a).

**Stakeholder:** a person, group, or organisation, which has a direct or indirect stake in an organisation or sector because it can affect or be affected by the organisation's actions, objectives and policies.

**Traceability:** it signifies a system that enables the movement of any food product to be tracked by documentation at every stage in the process.

**Utilised Agricultural Area (UAA):** describes the area used for farming. It includes the following land categories: arable land; permanent grassland; permanent crops; other agricultural land such as kitchen gardens (even if they only represent small areas of the total UAA). The term does not include unused agricultural land, woodland, and land occupied by buildings, farmyards, tracks, ponds, etc. (EUROSTAT, 2011).

**Wild collection:** the harvesting of wild plants and other products of the land. The Reg. (EC) No 834/2007 considers wild collection as an organic production method, provided that: a) collection areas have not, for a period of at least three years before the collection, received treatment with products other than those authorised for use in organic production under Article 16 (Reg. (EC) No 834/2007); b) the collection does not affect the stability of the natural habitat or the maintenance of the species in the collection area (Reg. (EC) No 834/2007).



## **SEENET II**

The SeeNet II (South East Europe Network) Programme is a trans-local, decentralised network for cooperation between Italy and South East Europe ([www.see-net.org](http://www.see-net.org)). Coordinated by the Region of Tuscany and co-financed by the Italian Ministry of Foreign Affairs, it involves 7 Italian local administrations (the regions of Emilia Romagna, Friuli Venezia Giulia, Marche, Piedmont, Tuscany, Veneto and the autonomous Province of Trento), 46 local authorities in South-Eastern Europe and a large portion of Italian and South-Eastern European civil society.

The three-year Programme is aimed at strengthening governance and local development capacities in the Western Balkans and supporting their integration into the European Union. The Programme also focuses on consolidating the long-term partnership between Italy and South East Europe and building an integrated system of decentralised cooperation in Italy.

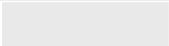

More specifically, the Programme revolves round 13 'Actions' aimed at: enhancing cultural heritage and the potential for tourism; supporting small and medium enterprises; rural development; strengthening social and town- and-country planning policies; institution building; networking among local administrations; policy-oriented research; and spreading information about local contexts.

Within SeeNet II, Osservatorio Balcani e Caucaso (OBC) supports the international cooperation activities by providing regular updates and analyses on the socio-political situations in the Western Balkan countries and on the thematic issues dealt with by the Programme. OBC is the Programme partner for information and analysis.

### **Organic agriculture in the SeeNet II Programme**

Organic agriculture is linked to various thematic areas dealt with by the SeeNet II Programme. Some of the SeeNet 'Actions' are in fact aimed at developing and preserving rural and natural areas according to Community policies.

As this book points out, even in the West Balkans the resources for agriculture are starting to move gradually from the primary sector towards territorial development, implying a shift from agriculture in a narrow sense to rural development policies in much broader terms. This is where Osservatorio Balcani e Caucaso's interest for



the development of the organic sector in South East Europe comes into play.

The 'Action' led by the Piedmont Region intends to contribute to the development of the mountainous areas of Bosnia Herzegovina through the promotion of good use of the land. The single projects in the eight municipalities - Hadžići, Pale, Sanski Most, Travnik, Trnovo FBiH, Trnovo RS-BiH, Zavidovići and Zenica - foresee the introduction of farm-holiday activities and rural tourism practices (cultural itineraries and nature trails, gastronomy, cycling tours and winter excursions), in environmentally precious mountain areas. Among the planned activities, in Zenica municipality in particular, is the publication of a guidebook on rural tourism, including information on organic and heritage foods in the area.

The promotion of traditional wines, food and the rural environment for tourist purposes in the areas of Dubrovnik (Croatia) and Herzegovina (Bosnia Herzegovina) - a process that also acts as an incentive to the diversification of incomes - is the objective of another SeeNet 'Action', managed by the Programme's lead-Region, Tuscany, in collaboration with the autonomous Province of Trento.


The 'Action' in Istria and Varaždin (Croatia), led by the Veneto Region with its partners Friuli Venezia Giulia and Tuscany, and aimed at the joint promotion and enhancement of cultural, environmental and historical heritage, also emphasises local and traditional products within the sector for responsible and sustainable tourism.

The autonomous Region Friuli Venezia Giulia leads a transnational 'Action' in partnership with its technical partner Informest and the Veneto, Emilia Romagna and Marche regions. The Action aims at strengthening local production systems and small- and medium-sized enterprises. It focuses on improving the quality of various food products in the counties of Osijek-Baranja and Vukovar-Srijem, in the autonomous Province of Vojvodina and in the Tuzla Canton (Bosnia Herzegovina). Especially in the sector of medicinal plants, vines and fruit, the training activities are focused on production techniques, including organic ones.


Other 'Actions', despite not dealing with organic farming in specific terms, do however deal with related topics, such as preserving biodiversity, in order to encourage sustainable development of the

area. An example of this is the 'Action' aimed at enhancing environmental tourism led by the autonomous Province of Trento, with the Italian partner Friuli Venezia Giulia, in the areas of Shkodër (Albania), Niš and Kraljevo (Serbia), Nikšić (Montenegro) and Pejë/Peć (Kosovo).


As this book hopes to show, the process of bringing the countries of South East Europe closer to the European Union in the agricultural and rural sectors should encourage an integrated approach among agricultural, rural, environmental, energy and tourism policies. The South East European local governments' territorial development plans and strategies are evolving in this direction, thanks also to the exchange of experiences with EU local administrations that embarked on this route before them. In the SeeNet II Programme, the 'Action' led by Emilia-Romagna and its Italian partner Tuscany exemplifies this through activities aimed at supporting strategic territorial and environmental planning in the areas of Budva and Kotor (Montenegro) and Smederevo and Pančevo (Serbia).




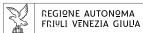




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BAD MEMORIES. Sites, symbols and narrations of the wars in the Balkans, Various Authors, Osservatorio Balcani e Caucaso, Rovereto (TN), 2008











Although organic farming in the Balkans is still fragile, it is already an important driver for the development of the primary sector thanks to the dynamism of its new stakeholders and chains of production, the consolidation of legal frameworks and a significant overhaul of traditional objectives in food and local production systems.

This volume compares the beginnings of organic farming in the various countries of South East Europe. It analyses the sector on a regional level through an evaluation of the related administrative structures, policies, stakeholders, and markets. The world of organic farming offers significant insight as much into the evolution of the agricultural sector as into the process of European integration of the Balkans.

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