

## CASE STUDY: AGRICULTURE BUDGET IN ELECTION YEAR OF 2016

**I: INTRODUCTION:** In the election year of 2016 the Ministry of Agriculture and Rural Development has allocated significantly more funds for projects aimed at developing local infrastructure and social benefits to the self-employed elderly farmers comparing to the previous year, which was a non-election year.



*An encounter of the Agriculture Minister with farmers*

The agriculture budget also introduced two new agricultural programs to support farmers. In previous election cycles all these mechanisms represented the ideal way to carry out corrupt practices for the purpose of electoral bribery and gaining political advantages on behalf of the ruling party.

**II: 1.2 MILLION FOR WATER SUPPLY SYSTEM AND AGRICULTURE DEVELOPMENT:** In the election year of 2016, the government of Montenegro has increased the agriculture budget for €1.3 million compared to the previous year.<sup>1</sup> Namely, the agriculture budget for 2016 is €14.8 million, while in 2015 it amounted to €13.5 million.<sup>2</sup>

The Law on Budget for 2016 envisages,<sup>3</sup> according to the Ministry of Agriculture and Rural Development's program called "water management", a sum of €550,000 for the local infrastructure, which is 60,000 more than in the previous year. These funds are predominantly channeled into the construction of water supply systems in rural areas.

In addition, a sum of €820,000 was set aside for the program of the Ministry of Agriculture, which is called "rural development", which is €20,000 more than in 2015, and the funds from this item line are mainly used for the purchase of rainwater tanks, plumbing materials, or for clearing, grubbing and filling roads.

Budget item	Law on Budget for 2016	Law on budget for 2015	Difference
Water management	550,000	490,000	60,000
Rural development	820,000	800,000	20,000

*Table 1: Increased budget for the budget items in 2016 compared to 2015*

When it comes to constructing individual water supply systems, the Ministry of Agriculture has envisaged a maximum sum of €60,000 for the construction of each of the rural water supply systems

<sup>1</sup> Decree on Conditions, Methods and Dynamics of Implementation of Measures of Agricultural Policy for 2016 - Agriculture Budget (Official Gazette of Montenegro 13/2016 dated on 24 February 2016)

<sup>2</sup> Decree on Conditions, Methods and Dynamics of Implementation of Measures of Agricultural Policy for 2015 - Agriculture Budget (Official Gazette of Montenegro 13/2016 dated on 24 February 2016)

<sup>3</sup> Law on Budget of Montenegro for 2016 (Official Gazette of Montenegro 79/2015 dated on 31 December 2015)

in Niksic (Lukovo, Vilusi, Orah and Rubeza) and Podgorica (Kakaricka Gora, Gornji Mosor, Fundina and Kaludjerovo oko), whereas the municipalities Danilovgrad, Herceg Novi, Savnik and Petnjica will receive €35,000 each.<sup>4</sup>

For the construction of the water supply system in Cetinje €30,000 has been set aside, in Pluzine and Andrijevica €25,000 each, €20,000 for Bijelo Polje, Zabljak and Mojkovac €15,000 each, Bar, Berane, Plav and Pljevlja €10,000 thousand each, and €5,000 Tivat. A sum of €40,000 has been envisaged for the irrigation systems in rural areas.

<b>Water supply systems:</b>	<b>Projected sum(€):</b>
Niksic	60,000
Podgorica	60,000
Danilovgrad	35,000
Herceg Novi	35,000
Savnik	35,000
Petnjica	35,000
Cetinje	30,000
Pluzine	25,000
Andrijevica	25,000
Bijelo Polje	20,000
Zabljak	15,000
Mojkovac	15,000
Bar	10,000
Berane	10,000
Plav	10,000
Pljevlja	10,000
Tivat	5,000

*Table 2: Planned construction of water supply system in 2016*

**III: TWO NEW FARMER SUPPORT PROGRAMS:** In accordance with the agriculture budget for 2016 the Ministry of Agriculture has launched two new farmer support programs for which a sum of €780 thousand has been allocated. The first support program worth €700 thousand is aimed at livestock development and includes additional funds to farmers for the purchase of new livestock. The second program worth €80 thousand is aimed at supporting manure management in order to build manure storage facilities.

**IV: SUM OF €600 THOUSAND TO SELF-EMPLOYED ELDERLY FARMERS:** When it comes to the individual budget items, the largest budget in 2016 has been projected for benefits to the self-

<sup>4</sup> Water Management Projects Incentive Program for 2016, February 2016

employed elderly farmers and for this purpose a sum of €3.3 million has been set aside, which is about €600 thousand more than last year when nearly €2.7 million was allocated for this purpose.<sup>5</sup>

Budget item	Agriculture budget for 2016	Agriculture budget for 2015	Difference
Benefits to self-employed elderly farmers	3,300,000	2,650,000	650,000

*Table 3: Increased funds for benefits to the self-employed elderly farmers in 2016 in comparison to 2015*

The official data of the Ministry of Agriculture shows that in December 2015 the total number of elderly self-employed farmers receiving benefits was 4,547, while the total sum for the December payments was about €228 thousand, which means that about €2.7 million should be allocated on annual basis<sup>6</sup>. When taking into account these figures it is clear that in the election year of 2016, the Ministry has an additional €600 thousand for the payment of social assistance to the most vulnerable farm households, which is a vast area for potential political influence over voters ahead of the elections.

Farm holders entitled to these benefits are male aged 65 or female aged 60 who do not receive income from other sources. Benefits received by the self-employed elderly farmers is 50 percent of the lowest pension in Montenegro, which at the beginning of 2016 was €100. However, in addition to these benefits the most vulnerable rural households can exercise the right to one-time cash payment on the basis of requests supported by the local authorities, social welfare centers and the Ministry of Labor and Social Welfare.

**V: FOUR MILLION AVAILABLE FOR LOANS:** In 2016, the Ministry of Agriculture has had two loans totaling four million euros. The first loan worth €3 million is for additional financing for Institutional Development and Agriculture Strengthening Project, known as *MIDAS*, which has been implemented under the name *IPARD-like* since the end of 2015. The second loan worth one million euros was contracted with the International Fund for Agricultural Development with the aim to strengthen the infrastructure in rural areas.

<b>MIDAS Project</b>	<b>€3 million</b>
<b>Project of Infrastructure Development in Rural Area</b>	<b>€1 million</b>

*Table 3: €4 million in the election year*

MIDAS program through which loans are provided to farmers has been implemented since 2009. In accordance with this program farmers receive grants in the amount of 50, or 60 percent of the planned investment. After four invitation to tender, MIDAS should have been completed in mid-

<sup>5</sup> Decree on Conditions, Methods and Dynamics of Implementation of Measures of Agricultural Policy for 2015 - Agriculture Budget (Official Gazette of Montenegro 13/2016 dated on 24 February 2016)

<sup>6</sup> Data from the website of the Ministry of Agriculture and Rural Development dated 25 December 2015; <http://www.mpr.gov.me/vijesti/156407/lplata-starackih-naknada-za-decembar.html>:

2014, but the government continued with it by providing funds from the Investment and Development Fund.

It is suggestive that the program was continued in the year of local elections in most of the municipalities, and the earlier MANS's data showed that the Investment and Development Fund in the period prior to the announcement of local elections from MIDAS-a granted close to €800 thousand for 35 agriculture loans in six municipalities where elections were held, of which half the money was awarded to the farmers in Podgorica. In the same period, only eight loans have been granted to the farmers in other municipalities where local elections were not held in 2014.<sup>7</sup>

*Author: MANS Investigation Centre  
Podgorica, March 2016*

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<sup>7</sup> <http://www.mans.co.me/wp-content/uploads/mans/publikacije/sprovodjenjeizbornihzakona/SprovodjenjeizbornihZakona.pdf>