



## Promoting youth engagement in Northern Montenegro

- **Engaging youth in agriculture requires an enabling environment**, including access to financing, modern farming technologies, and training programs tailored to their needs.
- **Inclusive value chain clustering promotes sustainable rural transformation**, with collaboration among stakeholders and active involvement of youth and women leading to positive impacts on employment and regional development.
- **Comprehensive support packages**, including tailored training and targeted grant programs, are essential for enhancing the skills and employability of young individuals in rural areas, addressing challenges like limited financial access and climate change adaptation.

### Regional inequalities in Montenegro's mountainous north

Montenegro, the smallest country in Western Balkan region, has about 38% of its landmass dedicated to agriculture and 33% of its population residing in rural areas. In 2019, agriculture contributed 6.4% to Montenegro's GDP. However, in particular, northern Montenegro experiences a higher rate of unemployment and poverty than the rest of the country. Considering these challenges, including an aging population, outmigration of young people to urban areas, water scarcity, flooding, heat stress, and low productivity and

quality, agriculture provides employment for 7.2% of the active population between 20 and 64 years old. With a strong policy ambition to achieve socio-economic and political stability, Montenegro has set a target to join the EU by 2025[1].

### Rural Clustering and Transformation Project (RCTP)

The RCTP covers Montenegro's mountainous North, home to an estimated 120,000 people and is funded by IFAD, the government and the Adaptation for Smallholder Agriculture Programme (ASAP) for a 6-year period from May 2017 to June 2023. The project seeks to address challenges such as slowing economic growth, increasing inequality, and rural emigration, while leveraging the potential of agriculture. The objectives include strengthening business relationships among smallholders, suppliers, and buyers in selected value chains to encourage increased investment. Additionally, it aims to empower impoverished smallholder farming households, promote niche agricultural products, and enhance rural-urban connectivity for inclusive and sustainable rural development. It also focuses on enhancing infrastructure by providing smallholders with improved access to

resilient water schemes and better roads, supporting the chosen value chains. Furthermore, the project seeks to gradually integrate successful approaches into national practices and policies, ultimately contributing to more effective agricultural and rural development strategies. With a particular focus on rural youth, women and semi-subsistence farmers, the RCTP aims to mainstream climate adaptation and economic transformation to support the growth and sustainability of the agricultural sector in Montenegro. Target municipalities include Niksic, Savnik, Zabljak, Berane, Mojkovac, Petnjica, and Bijelo Polje.

RCTP demonstrated the feasibility of including small-scale producers in clusters [2] where they can participate and benefit from collective action. Given that youth was a key target group for the programme, 49% of all cluster members are young people. The 12 supported value-chain clusters are recognized to directly impact producers on a wide scale, providing them with increased income. The role of the local private sector is critical in the functioning of the clusters - to aggregate agricultural commodities from small-scale producers, to provide tangible outputs from processing units and markets, and to contribute to the development of pro-poor value chains.

## Key highlights and recommendations

Leveraging data from the project database systems, this policy brief emphasizes the significance of involving youth in agriculture and offers the following considerations for shaping the future of agriculture in Northern Montenegro.

### Key message 1

**There is a significant interest and potential for engaging young people in agriculture and its related activities in northern Montenegro.** High youth unemployment, at 35.8% for those aged 15-24, along with a 34% informal employment rate in the same age group, underscores a pressing need for youth engagement in the job market. Surveys on youth knowledge, attitudes, and practices reveal their aspirations to complete education, secure employment, and eventually start their own businesses. Notably, over 60% express a preference for self-employment, despite perceived risks, with limited access to finance identified as a major hindrance to entrepreneurship (IPSOS, 2013). [3] The project has surpassed its initial target, with 10,193 out of the 21,000 people originally intended to

be reached, representing 49% of them being young individuals. This development presents a promising indication of engaging young people in agriculture within the region. Moreover, it offers an opportunity for policymakers and stakeholders to actively involve and empower the youth, allowing them to play a pivotal role in driving the growth and development of the agricultural sector in northern Montenegro. With the right policies, training, and support, young people can become major contributors to the region's agricultural production, employment, and economic growth [4].

## Lessons Learned

- It is essential to create an enabling environment that supports youth engagement in agriculture. This includes providing access to financing, modern farming technologies and training programs that equip young farmers with the necessary skills to succeed in the sector.
- Addressing the challenges such as limited access to finance, land, barriers to market, faced by young people and enhancing the representation of youth and youth organizations in policy-making processes are both vital steps. This approach should go beyond token participation, focusing on ensuring their diverse perspectives are heard, valued, and given a meaningful role in decision-making.
- It is important for stakeholders and policy makers to address any underlying issues that may contribute to the lack of interest in agriculture among young people. This could include promoting the economic and social benefits of agriculture, improving access to finance, and creating more opportunities for young people to engage in meaningful and rewarding jobs in the sector.

### Key message 2

Inclusive value chain clustering is critical for promoting sustainable rural transformation and development. The project fosters collaboration among smallholder farmers, input providers, advisory services, buyers, and other stakeholders in key value chains like livestock, cultivated berries, and seed potatoes. Its inclusive approach actively involves youth and women in value chain development, promoting employment, gender equality, and youth empowerment. These efforts in engaging young people are delivering promising results on youth employment creation. According to the project's results, it appears that young people (who make up 49% of road and water users) play an active role in

transporting and distributing agricultural products. While there is still room for improvement, the data shows a positive impact. The fact that 26% of newly registered farms are owned by young people is also an encouraging sign, indicating that the younger generation is taking an active role in shaping the future of agriculture in the region.

#### Lessons Learned

- Establishing private-public partnerships to develop cohesive rural infrastructure is essential for driving rural transformation. Such infrastructure plays a pivotal role in simplifying the adoption of climate-smart technologies and increasing the income of young farmers in rural areas. Moreover, it effectively addresses challenges associated with insufficient water and road infrastructure in rural regions.

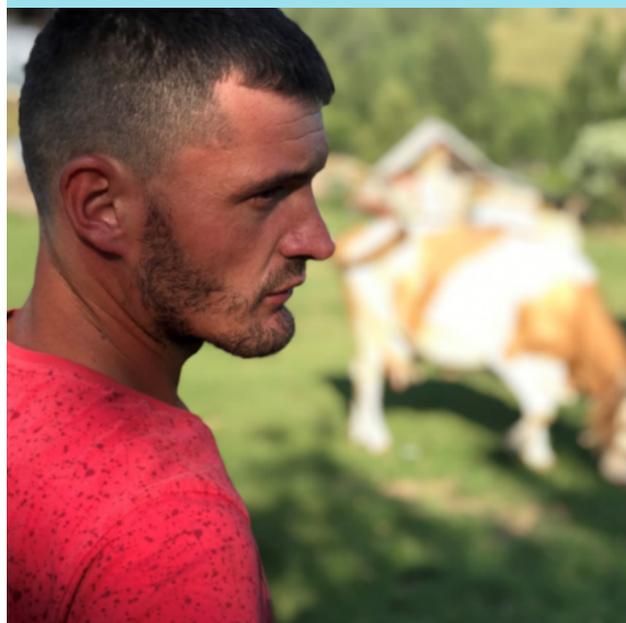
#### Key message 3

**Comprehensive support packages including training are vital for young people in rural areas to enhance their employability and skills in the sector.** Among a total of 2,385 individuals who received training, 738 (31%) are young. However, there is a noticeable gap in youth participation, which may be due to factors like limited awareness of training programs among young individuals or challenges in accessing these opportunities.

#### Lessons Learned

- To increase youth participation, it is crucial to offer comprehensive support packages that are tailored to the specific needs and interests of young individuals, ultimately enhancing their employability. These packages should encompass various elements such as training programs, business development support, skills enhancement initiatives, and the creation of an ecosystem that includes employment services, market access, technology transfer, and financial services. These efforts should be complemented with mentorship and networking opportunities.

## TESTIMONIAL



Aldin Kacar, 28 years old, was an exception to the rule in his village of 100 residents, Sipanje. With a large elderly population, young people in the community often chose to leave the village looking for work in cities, yet he had aspirations to remain. His hopes became feasible with the onset of the RCTP.

"I started living separately from my parents," Aldin explained. "I had to provide for my family, so I decided to start my own farm." The support of an IFAD grant was crucial in making this decision a reality, as Aldin did not have the initial capital to purchase the two cows he needed to get started." Now, Aldin has expanded his farm and, in addition to cows, has diversified his animal husbandry to include sheep. The increased dairy production has ensured that both Aldin and his wife can operate the farm to sustain theirs and their children's livelihoods, including better education for their children, with reliable income streams. "This is easier. Much easier and much more beautiful."

#### Key message 4

**There is the need for more targeted grant programs that cater to the needs of young people in agriculture.** The ASAP grant plays a key role in supporting the project, focusing on two key areas: providing climate-smart assistance to young farmers and advancing climate-resilient infrastructure. This grant accounts for 13.8% of the project's funding and is crucial for enhancing the project's resilience-building efforts. Among the 990 recipients of grant support from the project, one-fifth are young individuals. However, there is still a considerable gap in providing targeted support to meet the specific needs of young people effectively. Furthermore, in spite of the growing offer of climate finance and the growing emphasis on green entrepreneurship and enterprise development, financial products and services like grants, loans and guarantees remain out of reach for young people. Financial institutions tend to be reluctant to invest in agriculture-related ventures given their perception of the high risks involved. For climate-smart, green agricultural initiatives the situation is exacerbated given the low level of market development for green products and services. At the same time, entrepreneurs and new entrants in the labour market lack the capacity (and collateral) to develop and negotiate bankable proposals for green business plans.

The challenge is how to bridge the gap between the demand for financial support to create and expand green enterprises, and the available financial services in the context of climate change adaptation and mitigation.

#### Lessons Learned

- Tailored grant programs presents an opportunity for young people not only by providing financial support for initiating or expanding their agricultural enterprises but also by building their resilience in the face of climate change challenges. These grants should be designed to cater to the unique needs of young farmers, incorporating comprehensive support packages. In doing so, they not only create employment prospects but also equip young farmers with the tools to tackle climate-related issues and thrive in an ever-changing agricultural landscape

Overall, the data suggests that there is a significant potential for engaging young people in agriculture in northern Montenegro. The region's policymakers, agricultural stakeholders, and development partners should prioritize efforts to create an enabling environment that supports youth engagement in the sector.

[1] World Bank Group (2021). Montenegro Institutional Development and Agriculture Strengthening Project, Project Performance Assessment Report

[2] Clusters refer to organized groups or associations of small-scale producers, where individuals work collectively to achieve common goals and benefits

[3] IFAD (2022). Supervision Mission, Montenegro Rural Clustering and Transformation Project.

[4] IFAD (2020). Mid-Term Review Report, Montenegro Rural Clustering and Transformation Project.

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