



Conveners Logos

Financial instruments to address drought impacts in Montenegro

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Drought Resilience +10 Conference, 01/10/2024, Geneva, Switzerland

COUNTRY PROFILE

Montenegro is part of Southeastern Europe and the Western Balkans.

Total surface area - 13,812 km². Total population (2023): 633,158, Average 45.1 inhabitants per square kilometer

The GDP per capita in 2022 - EUR 9 598, in 2021- EUR 8 002

Tourism (25% of GDP), energy, construction, agriculture (7.6% of GDP, 25% of total number of employees), communications, finance and real estate

The unemployment rate- 11.56%, inequalities in income and regional development

Diverse climatic zones ranging from Mediterranean climate along the coast to continental climate inland.

The main sectors affected by drought are agriculture, forestry, and water resources.



FINANCIAL INSTRUMENTS

- Government funding,
- International aid and grants,
- Private sector investments,
- Loans,
- Insurance

Investments in resilience-building before drought occurs are among the most cost-effective actions that can be taken and are typically far less expensive than interventions focused on impact mitigation and recovery. The overall economic rate of return on enhancing resilience can be significant, with benefit-cost ratios ranging from 2:1 to 10:1 (Global Commission on Adaptation. 2019. Adapt now: a global call for leadership on climate resilience)



“Enabling Activities for Implementing UNCCD COP Drought Decision



AGRICULTURAL LOANS



Montenegro Commercial Bank- agro loans for registered agricultural holdings,

Prva Banka- Cash loan for farmers,

Monte Credit LLC -agricultural loans,

Alter Modus LLC microcredit financial institution offers seasonal repayment of loans for those engaged in tourism, agriculture or livestock breeding.

provide necessary capital for farmers to implement drought management strategies, such as improving irrigation systems or adopting drought-resistant crops.

GOVERNMENT SUBSIDIES

- Government of Montenegro annually adopts Regulation on conditions, manner and dynamics of implementation of agricultural policy for – Agro budget
- Cattle breeding and crop production, market interventions and support for rural development measures

Agro budget for 2024, includes a set of incentive measures in the form of non-refundable support for development of agriculture and rural areas amounts to €75,064,097.04. (national budget, EU support funds through the IPARD II and IPARD III program and the World Bank loan)

GOVERNMENT SUBSIDIES

AGRICULTURA



RISK MANGEMENT IN AGRICULTURE

- Damage to agricultural crops, livestock, and other resources due to weather disasters, including drought ⇒ productivity and income of farmers ⇒ long-term sustainability of agricultural systems
- provide financial resources for response and recovery efforts

RISK MANAGEMENT IN AGRICULTURE

Financing part of the costs of insurance against damage to agricultural crops, livestock and fire insurance for registered farms

Up to 60% of the insurance policy

The maximum amount of support for legal entities is up to €10,000.00 per user, for individuals up to €4,000.00.

Conclusion of an insurance policy ⇒ request to the insurance company that has an Agreement with the Ministry for co-financing agricultural production insurance premiums ⇒ submission of lists or policies from insurance companies ⇒ payments directly from the Ministry

The total allocated support for agricultural insurance in 2024 amounts to EUR 325,000.00. (300.000,00 -2023)

2-3% of registered agricultural holdings

INVESTMENT SUPPORT FOR CONSTRUCTION OF WELLS AND CISTERNS



Insufficient irrigation systems: The majority relies on traditional methods that are less efficient and more vulnerable to droughts.



Water retention infrastructure: The capacity of existing reservoirs and water retention structures is insufficient to meet the demands during drought periods.



well drilling and installation of accompanying equipment,



procurement of water reservoirs (tanks),



construction of cisterns and adaptation of the existing cisterns.

INVESTMENT SUPPORT FOR CONSTRUCTION OF WELLS AND CISTERNS

The maximum investment eligible for support- €10,000

up to 50% of the eligible investment

an additional 10% for agricultural producers registered for organic production

an extra 10% support if the agricultural farm is managed by a woman

The total allocated support for this measure is €200,000.00.

- ▶ 0.3 ha of orchards and vineyards,
- ▶ 0.5 ha of vegetable crops,
- ▶ 1 ha of arable crops (including potatoes)
- ▶ minimum of three conditional heads of livestock.

Year	2017	2018	2019	2020	2021	2022	2023	2024
Allocated amount (€)	250 000	320 000	320 000	250 000	180 000	350 000	200 000	250 000



**Drought
Resilience**

+10

High-level Meeting
on **National Drought Policy**

Thank you!

► *For any questions, please refer to: biljana.kilibarda@meteo.co.me*