

World Bank and Montenegro Agree on Project for Agriculture  
The World Bank will provide a €1 million loan and US\$4 million grant

---

### **Podgorica, January 23, 2009**

The World Bank and the Government of Montenegro successfully completed negotiations on the **Montenegro Institutional Development and Agricultural Strengthening (MIDAS) project**, which will support agricultural and rural development, while promoting environmental sustainability in line with European Union (EU) standards. About one-third of Montenegro's population—and the majority of the poor—live in rural areas. As such, the project therefore furthers Montenegro's EU integration objectives, while contributing to the country's economic diversification and strengthening the sustainable development potential in one of the economy's key sectors—key policy objectives in the current economic environment. The project will be financed with an €1 million IBRD loan and a US\$4 million grant from the Global Environment Facility (GEF). It is expected to be approved by the World Bank's Board of Directors on March 10, 2009.

MIDAS will be implemented by the Ministry of Agriculture, Forestry, and Water Management, through two main components, over a five-year horizon. **The first component** will use a cost-sharing scheme to provide grants to farmers and food processors to modernize their facilities and make their products more competitive. It will also provide funds to help rural entrepreneurs and community groups to diversify their source of income. At the same time, this component will promote an improved rural environment by supporting efforts by individual farmers or associations of farmers, enterprises, NGOs, and tourism operators to protect water resources, prevent soil erosion, improve waste management, and regenerate pasture. In parallel, it will strengthen extension and advisory services in 12 regional centers to provide farmers and businesses with training and information they need in a modern economy.

**The project's second component** will strengthen administrative and management capacity of the Ministry so it can develop the institutions and knowledge needed to access and effectively manage EU pre-accession funds for agriculture and rural development. It will support the establishment of an independent agricultural and rural development payment system and modernize agricultural information management systems. This component will help to create a modern, EU-compliant food safety system that will facilitate Montenegro's agricultural exports while protecting public health.