

BOSNA I HERCEGOVINA  
MINISTARSTVO VANJSKE  
TRGOVINE I EKONOMSKIH  
ODNOSA



БОСНА И ХЕРЦЕГОВИНА  
МИНИСТАРСТВО СПОЉНЕ  
ТРГОВИНЕ И ЕКОНОМСКИХ  
ОДНОСА

BOSNIA AND HERZEGOVINA  
MINISTRY OF FOREIGN  
TRADE AND ECONOMIC  
RELATIONS

REPORT  
ON  
THE INTERNATIONAL ASSISTANCE FOR THE AGRICULTURE, FOOD AND RURAL  
DEVELOPMENT SECTOR 2019  
IN  
BOSNIA AND HERZEGOVINA

Sarajevo, May 2020

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## **1. Introduction**

The regular Annual Report on the International Assistance for the Agriculture, Food and Rural Development Sectors 2019 in Bosnia and Herzegovina is produced in accordance with Article 17 of the Law on Council of Ministers of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina Nos. 30/03, 42/03, 81/06, 76/07, 81/07, 94/07, and 24/08), and on the basis on gathered data, monitoring activities and exchanging information with donors and beneficiaries of the international assistance funds.

The Report contains data which enable stakeholders a better insight into activities of the institutions of Bosnia and Herzegovina, activities of the international donors and intents to help in identifying the needs of the agricultural sector in achieving planned sector objectives. In addition, it aims at aiding potential donors in creating their plans and defining priorities for assistance and investments in the agriculture, food and rural development sector in accordance with strategic priorities of Bosnia and Herzegovina.

This Report was made on the basis of available information and in cooperation with participants in the process of planning and coordination of the international assistance and those who have delivered material for its drafting.

The structure of the Report consists of chapters related to: institutional framework for the sector, general and specific objectives for development of the sector, planning and coordination of the donor assistance in the sector, overview of the strategic documents of the active bilateral and multilateral donors and their activities, overview of current programs and projects, observations and recommendations..

## **2. Institutional framework of the Agriculture, Food and Rural Development Sector in Bosnia and Herzegovina**

In order to present activities for planning and coordination of international assistance in the sector of agriculture, food and rural development in Bosnia and Herzegovina, this section describes the scope of work and organizational structure of key sector's institutions. On the basis of the constitutional order of Bosnia and Herzegovina, authorities at all levels, starting from the municipality to the state level, have certain obligations and responsibilities for the development of agriculture and rural areas.

Most of the assigned tasks related to the agricultural sector at the state level are the responsibility of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (the Ministry).

In addition to activities related to foreign trade policy and foreign investments, international trade relations, customs tariff policy of Bosnia and Herzegovina, economic development, entrepreneurship and consumer protection, the Ministry is responsible for performing activities and duties related to defining policies, basic principles, coordinating activities and consolidating plans of Entity bodies and institutions at the international level in the field of agriculture<sup>1</sup>.

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<sup>1</sup> The Law on Ministries and Other Bodies of Administration of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina Nos. 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 and 103/09)

The organizational unit within the Ministry which carries out activities in the field of agriculture is the Sector for Agriculture, Food, Forestry and Rural Development (the Agriculture Sector) which is in charge of establishing framework for the development of sector strategies, policies, programs and measures, and coordinating them with the aim of harmonized approach to development of agriculture in the entire country.

In addition, the Sector has a significant role in planning and coordinating international assistance in the field of agriculture, food and rural development.

The Veterinary Office of Bosnia and Herzegovina, the Plant Health Protection Administration of Bosnia and Herzegovina and the Food Safety Agency of Bosnia and Herzegovina have competences in terms of animal health, plant health, food safety and quality control at the level of Bosnia and Herzegovina.

The Office for Harmonization and Coordination of the Payment System in Agriculture, Food and Rural Development of Bosnia and Herzegovina (hereinafter referred to as the Office for Harmonization and Coordination of Payment System) has the responsibility for coordination of harmonization of the payment system in Bosnia and Herzegovina in order to support agricultural policy measures and the gradual adjustment of the payment system in Bosnia and Herzegovina with the payment system of the European Union.

The Veterinary Office of Bosnia and Herzegovina, the Plant Health Protection Administration of Bosnia and Herzegovina and the Office for Harmonization and Coordination of Payment System are administrative units within the Ministry and respond directly for their work to the Minister, while the Food Safety Agency of Bosnia and Herzegovina is independent administrative organization, which responds to the Council of Ministers of Bosnia and Herzegovina (CoM BiH), and cooperates with the Ministry in activities related to the aspect of food safety.

There are other agencies, institutes and directorates at the level of Bosnia and Herzegovina whose activity is directly or indirectly related to the domain of agriculture, as follows: the Market Surveillance Agency (responsible for reporting on risks and hazardous products), the Agency for Statistics (gathering statistical data), the Institute for Intellectual Property (responsible for conducting administrative procedure related to industrial property rights, such as patents, geographical indications etc.), the Institute for Accreditation (responsible for the preparation of the process of accreditation of laboratories, certification bodies and inspection bodies) and the Institute for Standardization (represents Bosnia and Herzegovina in the European and international organizations for conformity assessment to the formation of an association of testing laboratories and association of calibration laboratories).

Competences in the field of agriculture at the Entity level are assigned to the Ministry of Agriculture, Water Management and Forestry of the Federation of BiH (FMoWMF), the Ministry of Agriculture, Forestry and Water Management of the Republika Srpska (MoAFWMRS), and in the Government of the Brčko Distrikt of Bosnia and Herzegovina to the Department for Agriculture, Forestry and Water Management.

In the Federation of Bosnia and Herzegovina, all 10 Cantons have competencies in the field of agriculture, which they implement through established institutions/departments responsible for agriculture, veterinary, forestry and water management issues.

Competence of the Entity ministries in the field of agriculture refers to the design and realization of policies, adoption and enforcement of laws which were adopted by the competent

Entity authorities, as well as monitoring of the enforcement of regulations. Entity ministries of agriculture are competent and responsible for management of natural resources for agriculture development (this competence is shared with cantonal institutions in the Federation of BiH), food industry and related activities in all areas of agricultural production, livestock farming, veterinary, plant protection, rural development, fisheries and hunting, protection and use of agricultural land, activities in the field of water management, veterinary and phytosanitary protection, public health protection, management, protection and use of forest resources, the activities of the inspection, advisory and selection services, incentive policy, etc.

Competences of the Department for Agriculture, Forestry and Water Management of the Government of the Brčko District of Bosnia and Herzegovina are related to development and improvement of agricultural production and livestock farming, protection and use of agricultural land, veterinary and sanitary control of animal health and public health, application of credit policy, protection and rational use of agricultural land, providing consulting services in agriculture and livestock farming, restoring forests, protection against illegal wood cutting, maintaining structures for water management, etc.

Pursuant to Article III of the Constitution of Bosnia and Herzegovina, each Entity shall provide any necessary assistance to the Council of Ministers of Bosnia and Herzegovina in order to enable implementation of the international obligations, and in accordance with Article 8 of the Law on Agriculture, Food and Rural Development of Bosnia and Herzegovina<sup>2</sup> shall support development of all key institutions and other bodies to ensure implementation of the international obligations and trade standards related to agriculture, food and rural development sector and their harmonization and integration to the EU.

### **3. General and specific objectives for agriculture, food and rural development in Bosnia and Herzegovina**

In order to increase the interest of the international donors to invest in the agriculture, food and rural development sector, as part of this Report, it is necessary to emphasize the strategic commitment of Bosnia and Herzegovina (BiH) and the sectors' priorities defined by the legislation and the strategic documents, as well as BiH's commitment to become one of member of the European Community.

The Copenhagen Agreement lays down the criteria for the EU membership that accession countries and BiH must meet, including economic criteria meaning that producers must be able to cope with competitive pressure and market forces within the Union. These requirements have been defined in the Stabilization and Association Agreement (SAA), which states that in the field of agriculture in BiH it is necessary to modernize and restructure the agricultural sector and the food industry, especially in terms of meeting the EU veterinary and phytosanitary requirements and approximation of the legislative of Bosnia and Herzegovina to rules and standards of the European Union.

BiH has committed to implement the Reform Agenda for BiH adopted by Entity level governments and the Council of Ministers, and which lists priority measures aimed at boosting the economy, creating jobs, and enabling the EU approximation. The EU institutions have worked closely with BiH in identifying priority measures in a way that the objectives are closely

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<sup>2</sup> The Law on Agriculture, Food and Rural Development in Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina No. 50/08)

linked to the objectives of the EU's new approach to economic governance in the Western Balkans and are in line with Economic Reforms Program, as a key to encourage comprehensive structural reform in order to maintain macroeconomic stability and foster growth and competitiveness.

The Economic Reform Program of Bosnia and Herzegovina for the period 2019-2021 is in line with the aforementioned documents and continues to highlight key sectoral needs and constraints, such as the alignment of veterinary and phytosanitary control systems with the European standards; strengthening administrative capacity especially with regard to inspection services and laboratories; transposition of the EU regulations and setting up structures to ensure the required level of quality and food safety standards for the smooth trade in agricultural commodities and the export of all goods of animal and plant origin to the European Union market. In the coming period, it is necessary to establish a structure for the use of pre-accession assistance to the agricultural sector through the Instrument for Pre-accession Assistance for Rural Development, so that EU funds available for agriculture and rural development can be withdrawn.

The European Commission's Strategy for the Western Balkans, published in February 2018, points to the significant economic potential of the Western Balkan region with higher growth rates than the EU and its increasingly interesting market for the EU goods and services that gradually becoming part of the European value chains. The level of economic integration with the Union is already very high, primarily due to the signed Stabilization and Association Agreement. However, further efforts are needed to increase the competitiveness of the BiH economy, address unemployment, especially among young people, and create business opportunities not only for local stakeholders. However, despite progress in reforms, there are still many structural issues, including that much still needs to be done to align legislation with the EU acquis, to establish or build institutions and provide the capacity to implement acquis and to apply the EU rules and standards in all areas of public policy.

Also, the recommendations from the Commission's Opinion on Bosnia and Herzegovina's application for membership in the European Union along with the Analytical Report are very important for BiH.

When it comes to the role and the responsibility of the competent institutions in the field of agriculture at all levels, it has been defined by the Law on Agriculture, Food and Rural Development in Bosnia and Herzegovina. This Law is a framework Law and regulates the objectives, principles and mechanisms for the development of policies and strategies, the structure and competences at all levels of the government, their roles and connections, monitoring and evaluation mechanisms, and administrative and inspection supervision. In addition, the implementation of this regulation should facilitate progress towards the European integrations in terms of the coordination of preparatory activities to create conditions and opportunities for the use of pre-accession assistance.

### 3.1. General objectives

Pursuant to Article 4 of the Law on Agriculture, Food and Rural Development, sector's framework objectives in BiH are to:

- a) activate unused natural and human resources, the development of a sustainable, competitive and dynamic agriculture, forestry and food sector;

- b) enhance rate of the fulfilment of needs of population with their own food and substitute imported food with domestic production for which natural and other conditions exist, and reduce the foreign trade deficit in agro-food products;
- c) enable harmonization and integration of the sector in the EU and global market;
- d) encourage the diversification of economic activities, improve employment and general income opportunities and the improvement of the life quality in rural areas;
- e) ensure access to and availability of high-quality, affordable and safe food;
- f) ensure the rational use and protection of natural resources and biodiversity;
- g) enable an adequate standard of living and contribution to the stability of agricultural income and food safety for the population, which are to the maximum extent possible settled with domestic competitive agriculture products.

### 3.2. Specific objectives

Specific objectives of the sector are: creating an efficient, sustainable and innovative agri-food sector that is competitive in the EU market, employment, social inclusion and a better standard of living for farmers and rural populations, as well as upgrading the institutional system and aligning with the EU acquis in sectors and sub-sectors directly related to the EU export requirements (food safety, veterinary and phytosanitary standards).

### 3.3. Priority areas and measures

In order to realize the aforementioned general and specific objectives, derived from previously adopted strategic documents, the activities of institutions and donors need to focus on the six strategic objectives of the Strategic Plan for Rural Development of Bosnia and Herzegovina (2018-2021) - Framework Document (SPRD), while ensuring their complementarity and consistency, as follows:

- I. Ensuring income stability and equalization of business requirements with the environment;
- II. Strengthening the competitiveness of agriculture, forestry and rural areas by increasing investment levels and enhancing knowledge transfer and promoting innovation;
- III. Improving the marketability of agri-food products by increasing value added, improving quality and safety standards, and strengthening links within value chains;
- IV. Sustainable management of natural resources and adaptation to climate change;
- V. Improve the quality of life in rural areas by generating new sources of income and improving physical infrastructure, social inclusion and accessibility of public services;
- VI. Improving institutional systems and capacities and harmonization of the legal framework, in the field of agricultural and rural development, at all levels of government in accordance with the constitutional competencies, towards a gradual approximation to the Common Agriculture Policy of the EU.

The SPRD is based on the strategic documents of the entities, namely: the Medium-Term Strategy for the Development of the Agricultural Sector of the FBiH (2015-2019), the Rural Development Program of the FBiH (2018-2021) and the Strategic Plan for the Development of

Agriculture and Rural Areas of the RS (2016-2020). The RD Strategic Plan was created with a “mid-to-top” approach, in full respect of the constitutionally assigned competencies, promoting practical solutions that will ensure real and measurable progress in the interest of all agricultural and rural stakeholders in the sector.

#### **4. Planning and the coordination of the international assistance in Bosnia and Herzegovina**

Institutional responsibility for donor coordination at the BiH level is split between the Ministry of Finance and Treasury of Bosnia and Herzegovina (MFT) for all donors and international financial institutions and the Directorate for European Integration (DEI) for donors from the EU. Consultations with donors are done at other levels as well.

The international assistance in BiH is coordinated by the MFT, namely the Sector for Coordination of International Economic Aid. It has been planned that the Ministry of Finance and Treasury of BiH through the Sector for the Financing of the EU Assistance Programs and Projects, i.e. Central Financing and Contracting Unit for the EU Assistance Programs and Projects, carries out work related to financing, procurement contracting, payment, monitoring and control of the implementation of the all EU assistance programs and projects in BiH, even those in the field of agriculture. Also, MFT administrates the database on programs and projects of international aid and public investment programs which are available on the MTF’s website.

MFT regularly organizes meetings of the Donor Coordination Forum and publishes annual reports on donations (Donor Mapping Report) which show donors active in Bosnia and Herzegovina and identify their contribution by sectors.

DEI, namely the Office of the BiH IPA Coordinator (DIPAK) as a permanent body of the Council of Ministers of Bosnia and Herzegovina, is the main operational partner to the European Commission in the Stabilization and Accession Process, and it is a coordinator for issues dealing with policy and strategy, the European integration, harmonization of laws and coordination of assistance in all areas, even in the field of agriculture, through the activities of organizational units of the Sector for Coordination of the EU Assistance.

The Office of the Coordinator for Public Administration Reform in Bosnia and Herzegovina also has a significant role in planning and coordinating international assistance, especially in the area of institutional capacity building.

##### **4.1. Planning and Coordinating International Assistance in Agriculture, Food and Rural Development Sector**

###### **4.1.1. Prior information**

The Ministry of Foreign Trade and Economic Relations of BiH ensures the planning and coordination of international assistance at the level of BiH, which implies, on the one hand, the coordination of the interests of relevant stakeholders within the country and, on the other, the coordination of donor activities in this sector. In addition, one of the criteria of the Sectoral Approach under IPA II precisely requires the existence of a sectoral structure for donor coordination and the preparation of an annual Donor Aid Report for a given sector.



In this regard, the Working Group for planning and coordinating international assistance in the agriculture, food and rural development sector (the Working Group) has been established in 2008 with the aim of realizing Measure 1.8. of the First priority area of Bosnia and Herzegovina Operational Program for Agriculture, Food and Rural Development).

In addition to recommendations from the strategic documents, the Working Group is guided by the recommendations of the Commission's Opinion on Bosnia and Herzegovina's application for EU membership along with the Analytic Report, the key principles of the Paris Declaration on Aid Effectiveness<sup>3</sup> endorsed by Bosnia and Herzegovina in 2010, and sector-wide approach principles which are applied to programming within the framework of the EC Instruments for Pre-accession Assistance (IPA).

The working group was formalized in 2012, when its composition, rights and obligations of members were formalized by the Decision of the Minister. The Working group consists of representatives of Entity ministries for agriculture and the Department for Agriculture, Forestry and Water Management of the Government of the Brčko District of BiH, the Ministry of Finance and Treasury of BiH, the Food Safety Agency of BiH, the Plant Health Protection Administration of BiH, the Veterinary Office of BiH, the Office for Harmonization and Coordination of Payment System, the Directorate for European Integration and Foreign Investment Promotion Agency of BiH, and representatives of unions of cooperatives of Bosnia and Herzegovina, the Republika Srpska and the Federation of Bosnia and Herzegovina, in the role of the non-governmental organizations.

The Working group has a task to systematically monitor programming and implementation of the assistance, collect observations on all relevant partners, update database on international assistance and plans donor meetings. Representatives of institutions have an important role in the programming and the implementation of projects and programs of the international assistance. Through active participation in the work of projects management committees they also have a management role.

Members of the Working group participate in updating data on international assistance in the agriculture, food and rural development sector, with the purpose of drafting Annual Report on the International Assistance in the Agriculture, Food and Rural Development Sector in BiH. The previous Report on the International Assistance for Agriculture, Food and Rural Development Sector in BiH for 2018 has been considered and adopted by the Council of Ministers at its 174<sup>th</sup> session held on 2 July 2019.

Working group members also exchange information in fields of agriculture, rural development, food safety, veterinary and phytosanitary field in order to better manage projects, and to avoid their overlap and duplication.

#### 4.1.2. Activities of the Working Group in 2019

In 2019, the Working Group, in cooperation with the TAIEX Coordinator for Agriculture, was particularly active in programming the European Commission's Technical Assistance and Information Exchange Instrument (TAIEX) available within the European Commission's Directorate-General for Neighborhood and Enlargement negotiations (DG NEAR).

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<sup>3</sup> (1)Ownership, (2) Integration, (3) Alignment, (4) Management directed towards results and (5) Mutual accountability

In this regard, representatives of all levels of government institutions of Bosnia and Herzegovina responsible for Chapters 11, 12 and 13 of the acquis, were provided with participation in seven expert missions, nine workshops and five study visits to the European Union countries in 2019 (Annex 9.1. ).

The recommendations of the experts that emerged after these events were formulated in the context of priority activities in the process of harmonization of BH legislation with EU legislation in the aforementioned chapters.

The members of the Working Group were acquainted with the Commission's Opinion on the application of Bosnia and Herzegovina for membership in the European Union along with the Analytical Report published on May 29, 2019 (Avis) in order to be guided in future work by recommendations from Avis.

MoFTER coordinated the preparation of the draft Report on the implementation of IPA II for 2019, which is prepared by the DIPAK Office, and the members of the Working Group contributed to its preparation.

In cooperation with the members of the Working Group, material was prepared for reporting to the 4th IPA Monitoring Committee (MC), which was held on November 6, 2019, and at which a representative of the coordinating institution - MoFTER, as a sectoral coordinator reported on IPA II related activities in the period between the two MCs.

In addition, the members of the Working Group were acquainted with the recommendations from the 4th meeting of the Stabilization and Association Committee held on November 7, 2019, with a proposal to immediately incorporate the recommendations, in the form of activities, into the Work Plan for 2020, which will be systemically reported to the European Commission.

### **Donors, regional initiatives and creditors for Agricultural, Food and rural development Sector in Bosnia and Herzegovina in 2019**

The main donors in this sector in BiH are the European Union, the Kingdom of Sweden, the specialized United Nations Organizations, FAO and UNDP, the Czech Republic, the republic of Italy and the United States of America. International assistance for Bosnia and Herzegovina is also provided through projects implemented through regional initiatives such as the Standing Working Group for Regional Rural Development of Southeast European Countries - SWG RRD. Agricultural development lending services in Bosnia and Herzegovina are provided by international financial institutions such as the International Fund for Agricultural Development - IFAD and the World Bank (with members).

Below is the basic data on the strategic development documents of donors and creditors and their activities, and in Annex 9.3. of this Report there is also the list of projects implemented during 2019.

## **5. Donors**

### **5.1. European Union**

In the second half of 2018, the European Commission adopted the Indicative Strategic Document (ISP) for BiH for Instrument for Pre-Accession Assistance II (IPA II). Among others, the Agriculture and Rural Development Sector was included under the ISP, which meant

that the possibility of using these funds was open. Since the nationwide strategic document - Strategic Plan for Rural Development of Bosnia and Herzegovina for the period (2018-2021) - Framework Document was adopted in February 2018, the programming conditions under this assistance instrument were created in order to strengthen the competitiveness of the agricultural sector.

#### 5.1.1. IPA 2018 - Action for the agriculture and rural development sector

During 2019, preparations were made for the implementation of the IPA 2018 program entitled "EU Support in Agriculture and Rural Development, Food Safety, Veterinary and Phytosanitary Standards" through which the EU will support the implementation of the SAA including through the development of efficient, sustainable and innovative agricultural-food sector, which is competitive in the EU market and offers employment, social inclusion and quality of life of the rural population. Therefore, the focus of this assistance is the modernization of the agri-food sector in BiH as a means to strengthen the rural economy and ensure a better quality of life for the rural population.

Modernization of the agri-food sector is planned to be achieved through two pillars, i.e. two priority areas: through measures to support competitiveness (in accordance with the above strategic objectives I, II, IV and V SPRD) and through alignment with the acquis and capacity building of key sector and subsector areas for implementation of sectoral policy measures.

In this regard, the general objective of the program under the working title "EU4Agri" from IPA 2018 for the whole of BiH, is: Modernization of the agri-food sector and strengthening the rural economy in BiH.

Two specific objectives have been set, i.e. two components:

1. Increase the competitiveness of agricultural production and jobs and services in rural areas and strengthen the capacity of institutions responsible for the agriculture and rural development sector in order to meet the obligations arising from the EU integration process, and
2. Support the alignment of the acquis and the implementation of policy measures in the areas of food safety, veterinary and phytosanitary standards.

The fund allocated by the EC for this project i.e. program is EUR 30 million and this amount will be distributed over a period of 4 years. The financial agreement, between BiH and the EC for the IPA 2018 Action Program, was signed on December 9, 2019.

The activities envisaged by IPA 2018 are harmonized with the priorities from SPRD 2018-2021, i.e. entity strategic documents, which implies budget support at the level of both entities and BD for agriculture and rural development.

During 2019, UNDP BiH and the Czech Development Agency (CzDA) were selected as agencies to implement the first component of this program. Twinning institution/ consortium for the implementation of the second component will be known in the first half of 2020, when the entire implementation of the program is expected to begin.

#### 5.1.2. IPA 2016 - Action for the sector: Competitiveness and innovation - Local development strategies

The project entitled Competitiveness and Innovation - Local Development Strategies or EU for Business (EU4Bussines) was implemented during 2019, within the IPA program 2016. The

project activities are aimed at strengthening the competitiveness of the private sector by supporting export-oriented small and medium-sized enterprises (SMEs), which are partly related to agriculture and focused on innovation.

The total value of the project is EUR 16.1 million, of which EUR 4.4 million will be directly earmarked for the agriculture and food sector, and the development of rural areas. Nearly EUR 3 million will be used to support investments in the form of grants, through three support measures: (i) support for investments in agricultural holdings, intended for agricultural holdings, cooperatives and small and medium-sized enterprises active in primary agricultural production; (ii) support for investments in processing capacities and marketing of food products, intended for cooperatives and small and medium-sized enterprises active in the processing and production of food; (iii) investment support for the implementation of local development strategies with a focus on the diversification of the rural economy, aimed at local governments and local action groups and their partners.

Also, the project actively supports the improvement of the business environment by providing technical assistance to the BiH authorities in developing, managing and monitoring incentives measures for the private sector, and provides grants to small and medium enterprises, with the aim of strengthening their business, better cross-sectoral cooperation and stimulation of entrepreneurial initiatives, which will directly influence the implementation of the priorities of the Strategic Plan for Rural Development of Bosnia and Herzegovina (2018-2021) - Framework Document.

The project is being implemented by the international agencies: German Development Agency (*Deutsche Gesellschaft für Internationale Zusammenarbeit* - GIZ), United Nations Development Program (UNDP) and International Labor Organization (ILO).

The investment projects were implemented within the first measure (development of primary production) and the second measure (development of production capacities and marketing in processing companies) were implemented during 2019.

The realization of 10 investment projects (1.62 million KM) under the first measure aimed at the development of primary production will continue in 2020. Five companies have already completed their investment projects in accordance with the terms of the contract, while five projects are still ongoing.

Progress of the second support measure: The public call was open from July 29 to October 9, 2019. A total of 32 applications were received. Eleven investment projects were selected for funding for a total of 2.5 million KM.

#### 5.1.3. Assistance from EC Technical Assistance and Information Exchange - TAIEX

The European Commission's Technical Assistance and Information Exchange Instrument (TAIEX) is a technical assistance available within the Directorate-General for Neighborhood and Enlargement Negotiations within the European Commission (DG NEAR). The aim of the TAIEX instrument is to provide short-term technical assistance to the new EU Member States, accession countries, candidate countries and the Western Balkans in line with the general policy objectives of the European Commission, in the field of approximation, transposition and introduction of EU legislation.

Representatives of the institutions of Bosnia and Herzegovina, responsible for Chapters 11 and 12 of the acquis, have programmed and ensured the participation of representatives of

competent institutions of all levels in seven expert missions, nine workshops and five study visits to European Union countries during 2019.

The beneficiaries of this instrument are representatives of the Ministry of Foreign Trade and Economic Relations of BiH, the Ministry of Agriculture, Forestry and Water Management of Republika Srpska and the Federal Ministry of Agriculture, Water Management and Forestry, the Department of Agriculture of the Government of Brčko District of BiH, the BiH Food Safety Agency, BiH Plant Health Protection Administration, Veterinary Offices of BiH and representatives of other institutions and organizations whose work is directly related to the field of agriculture, food, forestry and rural development (veterinary inspectors, laboratory staff, etc.). All events are organized by the users and in cooperation with the TAIEX Office in Brussels (Annex 9.1.).

#### 5.1.4. Assistance from the initiative of the European Commission "Better training for safer food " - BTSF

Bosnia and Herzegovina, along with other countries, is a beneficiary of the EC initiative (project) Better Training for Safer Food (BTSF), which aims to organize and develop a training strategy in the EU with a view to:

- 1) Ensure and maintain a high level of consumer protection and animal health, animal welfare and plant health;
- 2) Promote a harmonized approach to the functioning of the EU system and national controls;
- 3) Create the conditions for a level playing field for food businesses;
- 4) Promote safety food trade;
- 5) Ensure fair trade with third countries, especially with developing countries.

BTSF events attended by the representatives of the Food Safety Agency of BiH, the BiH Plant Health Protection Administration of BiH and the BiH Veterinary Office are shown in Annex 9.2.

#### 5.1.5. Assistance from the European Food Safety Authority (EFSA)

The Food Safety Agency of BiH (the Agency) continues its activities on the implementation of the BiH population dietary habits research project, supported by the European Food Safety Agency (EFSA) which provided the necessary financial resources. The new Agreement on mutual cooperation between EFSA and the Agency for the period 2019-2021 was signed in the reporting period. In cooperation with the competent institutions in BiH, data on zoonoses, food-borne epidemics, pesticide residues and residues of veterinary drugs were entered into EFSA DWH. In cooperation with EFSA, the 39th meeting of the EFSA Focal Points Network was held in Sarajevo, where representatives of 28 EU Member States and six pre-accession countries, including Bosnia and Herzegovina, exchanged information on current activities and challenges in the field of food safety in the EU. A B2B workshop featuring programs and projects under EU pre-accession funds and exchanged information on current EU programs and projects at the disposal of food security institutions was held in the framework of the EFSA Focal Points Network meeting. In accordance with pre-accession obligations, experts from Bosnia and Herzegovina regularly participated in the work of EFSA bodies in 2019.

## 5.2. Kingdom of Sweden /Sida

The regional strategic principle was applied in the creation of the strategic document of the Kingdom of Sweden. This document, entitled „*Results strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey for the period 2014–2020*“ focuses on three results:

1. Improving economic integration with the EU and developing a market economy,
2. Strengthening democracy, greater respect for human rights and development the rule of law,
3. Improving the quality of the environment, reducing the impact of climate change and improving resilience to climate change.

The project "Strengthening the export potential and improving the competitiveness of agricultural producers in BiH" is being implemented in BiH from 2018 to 2022, funded by the Kingdom of Sweden, and implemented by SIDA with a focus on continuing vaccination of small ruminants against brucellosis.

In cooperation with USAID, the implementation of the USAID/Sweden FARMA II project, co-financed by the Kingdom of Sweden, has continued in 2019.

The Kingdom of Sweden, through the Challenge to Change (C2C) project, i.e. fund, provides businessmen in BiH with one-off and limited support to overcome uncertainties that limit innovation, research and development, as well as investment in new approaches. Thanks to the C2C project, innovative projects are supported through the introduction of new ideas, products, methods, services or approaches that can lead to significant change, not just marginal improvements. The project is implemented by the Sarajevo Regional Development Agency SERDA and the Republic Agency for Development of Small and Medium Enterprises-RARS. The Ostergotland Region, from eastern Sweden, is also a partner in the project. The main goal of the project is to strengthen economic development in BiH, as well as cooperation between Sweden and BiH.

Innovative projects in the area of food processing and production are supported by this fund in 2019 for: ZZ "Brka" from Brčko, "Vrganj Promet" from Bužim, dairy "Pađeni" from Bileća, the company "Bilje i ljekobilje" from Bjelosavljević near Sokolac, specialized agricultural cooperative "AgroDar" from Cazin, family business for the production of food sprouts "Klicko" from Sarajevo, web platform for direct sales of domestic products [www.farmer.ba](http://www.farmer.ba) and others.

## 5.3. International Food and Agriculture Organization of the United Nations - FAO

As an organization within the UN, the Food and Agriculture Organization of the United Nations - FAO strategic approach is based on the Millennium Development Goals, the Framework Program for the period 2010-2019, and the Country programming framework for Bosnia and Herzegovina – CPF 2018-2021.

Two strategic goals of this framework are:

1. Strengthening the competitiveness of small family farms, value chains and developing rural living conditions for women and men through improved food security, phytosanitary, veterinary and institutional systems; and
2. Sustainable management of natural resources and adaptation and mitigation of climate change.

In accordance with these goals, FAO experts participate in the implementation of projects from the funds of the FAO TCP instrument (Technical Cooperation Program) or from other donors funds.

Two projects were implemented in BiH during the course of 2019 "Support to the improvement of the national pest control system and phytosanitary certification system" for which 388,000 USD were approved and whose activities include phytosanitary laboratories and phytosanitary inspections in the field of plant health, as well as the project "Preparedness to respond in the event of African swine fever in the Balkans", with an allocation of \$ 500,000.

Also, in 2019, the implementation of two new projects began: "Capacity building of the private and public sector in priority value chains" for whose implementation was allocated 153,000 USD and "Disaster risk reduction for sustainable development" for whose implementation was allocated 190,000 USD.

#### 5.3.1. FAO General Fisheries Commission for the Mediterranean - GFCM

FAO The General Fisheries Commission for the Mediterranean (Commission) - (FAO General Fisheries Commission for the Mediterranean - FAO GFCM,) consists of 23 member states, together with the European Union. The goals of GFCM are: promoting development, conservation, rational management and best use of living resources, as well as sustainable aquaculture development in the Mediterranean, the Black Sea and connected waters.

In cooperation with other Regional Fishery Bodies (RFBs), the GFCM is an instrument to coordinate efforts by governments to effectively manage fisheries at the regional level in accordance with the Code of Conduct for Responsible Fisheries (CCRF) and to adopt binding recommendations for the conservation and management of fisheries through the Convention Area and plays a key role in the management of fisheries in the region.

In 2016, Bosnia and Herzegovina became a non-contracting party of the Commission and it uses the technical support of this Project in the process of aligning aquaculture and marine fisheries legislation with the EU Common Fisheries Policy and with the provisions and decisions of GFCM.

#### 5.4. United Nation Development Program- UNDP

The activities of the United Nations Development Program in Bosnia and Herzegovina (UNDP BiH) are based on the United Nations Development Assistance Framework in BiH adopted by the Council of Ministers of BiH and on the Sustainable Development Goals (SDG). Through its activities, UNDP BiH co-finances and implements programs and projects in several sectors, including agriculture, food processing and rural development, thus contributing to the improvement of the living standards of BiH citizens.

In 2019, the following projects contributed to the development of the agricultural and food sectors in BiH:

Project Competitiveness and Innovation - Local Development Strategies (EU4Business) of IPA 2016 described in section 5.1.2. of this Report.

The Local Integrated Development (LID) Project, which aims to contribute to improving the standard of living for more than 100,000 people in BiH, working with domestic authorities to put into place mechanisms and resources needed to drive social and economic development of BiH. The project is worth EUR 6,6 million and is primarily funded by the European Union. During the three-year implementation, the project operates under three interconnected

components: i) improving the capacity of local authorities for better public administration, ii) improving services through building better infrastructure, and iii) creating more opportunities for generating income for citizens.

During 2019, a program of entrepreneurship development in agriculture and food production (Agro-Food Start-up) was implemented under the LID Project. The aim of this activity is especially to motivate young entrepreneurs, create new processing capacities, increase the level of processing of agricultural products and add new value.

In addition to the program of entrepreneurship development in agriculture, the LID project also supported the strengthening of primary agricultural production by supporting the raising of new plantations, raising the level of agro-technical knowledge of agricultural producers through advisory services, and improving agro-technical conditions through investments in anti-hail systems for perennial crops.

### 5.5. Czech Republic/CzDA

The focus of the Czech Development Cooperation Strategy 2018-2030 is to meet selected thematic priorities in the development and humanitarian field that correspond to the key UN Sustainable Development Goals (SDGs). Bosnia and Herzegovina is a priority partner of the Czech Republic's development assistance in the period 2018-2023.

One of the selected thematic priorities for funding is agriculture and rural development, where the Czech development assistance will contribute to the elimination of hunger, nutrition improvement and support for rural development, with a focus on building sustainable, environmentally friendly and profitable agricultural production. At the same time, this assistance will contribute to protecting biodiversity and ecosystems, especially soil and forest restoration, and preventing soil degradation and desertification.

In 2019, the implementation of the Project "Improvement of the Food Safety System in Bosnia and Herzegovina within the Development Cooperation between the Czech Republic and Bosnia and Herzegovina" was continued. Beneficiaries are the Food Safety Agency of Bosnia and Herzegovina, the Veterinary Office of Bosnia and Herzegovina, the Plant Health Protection Administration of Bosnia and Herzegovina, the Ministry of Agriculture, Forestry and Water Management of the Republika Srpska, the Ministry of Agriculture, Water Management and Forestry of the Federation of Bosnia and Herzegovina, the Government of the Brčko District of BiH - Department of Agriculture, Water Management and Forestry, the Administration for Inspection Affairs of the Federation of Bosnia and Herzegovina, the Republic Administration for Inspection Affairs of the Republika Srpska, and the Inspectorate of the Brčko District of Bosnia and Herzegovina. The technical assistance provider within the Czech development assistance is the Central Institute for Supervising and Testing in Agriculture, Brno and the State Veterinary Institute, Prague.

The component "Support to the establishment of a functional control system for pesticides and fertilizers, and integrated plant protection (Integrated Pest Management - IPM) for 36 months duration (2018 - 2021) includes all competent authorities and institutions in the field of plant protection products and mineral fertilizers through the following activities:

- Conducting audits of inspection bodies and laboratories for pesticide analysis, validation of appropriate laboratory methods
- Creating a functional control system for plant protection products and fertilizers
- Development/Design of software for registration of plant protection products and fertilizers



- Establishment of integrated production in the entities, including training of inspectors for inspections, and
- Training of agricultural producers on integrated plant protection procedures (IPM).

For the component "Support to the establishment of a pilot system for food additives control, in accordance with the Memorandum of Understanding signed by the BiH Food Safety Agency and the Czech Development Agency, in 2019 three workshops were held as follows: "Declaration of meat and dairy products, nutritional values and food additives" attended by 75 representatives of relevant institutions in BiH and food business operators. Workshops were held in October 2019 in Sarajevo, Mostar and Laktaši. Upon the proposal of the competent institutions and experts of the Veterinary Institute in Prague, five laboratories from Bosnia and Herzegovina were selected for whose professional staff within the project, was organized training at the Veterinary Institute in Prague, related to the introduction and implementation of laboratory methods for food additive analysis, which were applied in laboratories in BiH. In accordance with the requirements submitted by the selected laboratories, they are equipped with the necessary equipment and laboratory consumables.

As part of the component related to the system of official sampling of poultry farms for salmonella, the following activities were implemented in the previous period:

- Training for the staff of the Veterinary Institute of Republika Srpska "Dr. Vaso Butozan" at the Veterinary Institute in Prague (15 to 20 April 2018)
- Study visit for representatives of the competent authorities to the Veterinary Institute in Prague (4 to 8 September 2018)
- Training for the staff of the Veterinary Institute of Republika Srpska "Dr. Vaso Butozan" as a preparation for PT testing in Bosnia and Herzegovina (2 to 4 October 2018)
- Training for veterinary inspectors for sampling on poultry farms (Sarajevo, 22 to 23 October 2018, and Laktaši 25 to 26 October 2018)
- PT testing for salmonella for all laboratories in BiH authorized and accredited for the feces salmonella control program (17 to 21 June 2019)
- Training of owners for sampling on poultry farms (Laktaši, 20 June 2019, Sarajevo, 26 November 2019, and Srebrenik 27 November 2019).

The holder of all activities was the Veterinary Office of BiH, and all these activities were implemented in cooperation with the competent authorities of the entities and the Brčko District of BiH.

During 2019, activities continued within the project "Support to the traditional production of Livno cheese" funded by the Government of the Czech Republic.

## 5.6. Republic of Italy

The office of the Italian Agency for Development Cooperation (AICS) in Sarajevo contributes to the inclusive and sustainable growth of the country and its path to European integration. The priority areas of AICS intervention in Bosnia and Herzegovina are: environment and local development, agriculture and food safety, civil protection, education and human rights.

AICS in Bosnia and Herzegovina supports the phytosanitary system in the direction of harmonization and implementation of policy measures in the phytosanitary sector, with a focus on plant health, plant health products and food safety control. Activities carried out within the initiative "New activities to support the phytosanitary sector in Bosnia and Herzegovina to

comply with EU standards" (PHYTO-BiH)"aim to consolidate the technical, specialist and organizational capabilities of BiH institutions responsible for phytosanitary analysis through support in the process of accreditation of laboratory methods, adaptation and supply of laboratory equipment and capacity building of laboratory staff.

An allocation of EUR 1,198,400 is planned for this project, with activities lasting 36 months during the implementation period from June 2019 - May 2022.

#### 5.7. United States of America/USAID

The United States of America/USAID has a strategic document called USAID/Bosnia and Herzegovina Development Cooperation Strategy 2012-2020. The activities carried out by USAID as part of its projects are based on the overall goal of making Bosnia and Herzegovina a more stable country moving closer to Euro-Atlantic integration. The development goals of this strategy are focused on economic development, i.e. the development of a competitive, market-oriented economy providing better economic opportunities for all its citizens, and on democracy and governance in order to create functional and responsible institutions and other stakeholders that could meet the needs of citizens.

In 2019, activities continued within the USAID/Sweden FARMA II project, as a confirmation of the vision of USAID and the Government of the Kingdom of Sweden that domestic consumers may and should have confidence of domestic food and agricultural products, which can also be exported to the markets of the European Union.

In the fourth year of the implementation of this project, the provision of technical assistance and training through a program tailored to the needs of its users has continued with the aim of improving the competitiveness of food and agricultural products through the expansion of environmentally sustainable production and processing and by increasing the production of food products of a higher degree of processing. The achievement of success in these fields of action will contribute to the overall economic growth in the agricultural sector and to the reduction of poverty in rural areas.

The USAID/Sweden FARMA II project also includes a program of grant allocation to non-profit, profit, research and academic organizations to support innovative ideas, new technologies, analyzes, conferences, workshops, publications, researches, study visits, trainings and seminars. All grants awarded should directly and significantly contribute to increasing the competitiveness of the agri-food sector, individual subsectors, clusters or value chains, as opposed to generating financial benefits for only one grantee.

Within the USAID/Sweden FARMA II project, the Food Safety Agency marked the International Food Safety Day, while in cooperation with the Czech Development Agency and the USAID/Sida FARMA II project implemented the "Presentation of guidelines for competent institutions in the food safety system in BiH and operators in the food business".

In addition, since 2015, USAID has been financing and implementing a Project entitled "Agri-business Development Partnership" that helps create jobs and increase household income in targeted rural regions of BiH, supporting the development and expansion of the production and sale of gherkins, vegetables and berries for small farmers.

## 6. Regional initiatives

### 6.1. Regional Rural Development Standing Working Group in South Eastern Europe -SWG RRD

The Regional Rural Development Standing Working Group in South Eastern Europe - SWG RRD is a regional international intergovernmental organization whose members are ministries of agriculture of Southeast European countries and represent an important institutional framework for cooperation in the field of agriculture and rural development policy.

The main goal of the SWG Members is to ensure an effective cooperation between the Ministries of Agriculture and other stakeholders in the field of agriculture and rural development and to support EU integration.

In this organization Bosnia and Herzegovina is represented by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, the Ministry of Agriculture, Forestry and Water Management of the Republika Srpska and the Federal Ministry of Agriculture, Water Management and Forestry, i.e. appointed delegates and relevant officials of these institutions, as well as Ministers representing the relevant institutions at ministerial conferences.

The implementation of initiatives and goals in 2018 is based on the SWG Strategic and Operational Plan – SOP for the midterm period 2016-2020).

During 2019 SWG RRD, in cooperation with development partners (GIZ, BMEL JRC-European Commission and CEI) worked on the implementation of the following projects:

- “Support for the Economic Diversification of Rural Areas in South East Europe“ (SEDRA), 2018-2021; GIZ
- “Diversification of Economic Activities in Rural Areas of Southeast Europe: Supporting Value Chain Investment and Capacity Building; 2019-2020; GIZ
- “Facilitation of exchange through advice on harmonized wine regulations in all Western Balkan Countries”, 2018-2021, funded by the Ministry of Food and Agriculture of the Federal Republic of Germany (BMEL)
- “Study of Best Practices and Potential of Participation of Small Owners in Short Value Chains in the Western Balkans Region and Turkey ”; 2019-2020, EC Joint Research Center (JRC, European Commission)
- „Study on Research, Innovation and Technology Transfer Capacities and in Agricultural Policy Development in the Context of the EU Approximation Process in the Pre-Accession Countries (APDAP)”; 2019-2020, EC Joint Research Center (JRC, European Commission)
- “Capacity Building Program for Advisory Services in the Western Balkans to Support Participation in IPARD Calls”, 2019 - 2020.; Central European Initiative (CEI).

## 7. Creditors

### 7.1. World bank

Country Partnership Strategy for Bosnia and Herzegovina for the period 2016-2020 (International Development Association and International Finance Corporation Country Partnership Strategy for Bosnia and Herzegovina for the Period 2016-2020) provides the basis for analysis, advices and funding to speed up the implementation of reforms designed to restore economic growth. In order to prepare this strategy, a systematic diagnostic analysis was carried out to define the challenges BiH faces on the path to growth and prosperity and to identify possible solutions.

The main conclusion is that BiH can achieve sustainable growth that will be beneficial to broad social groups only if decisive steps are taken to regulate the public sector in order to give the chance to grow and exploit the potential of the private sector. Through a strategic framework, the World Bank Group will support reforms in three areas:

- 1) Increasing the efficiency and effectiveness of the public sector
- 2) Creating conditions for the accelerated development of the private sector
- 3) Building Resistance to Natural Disasters.

Implementation of the "Irrigation Development Project" (IDP) whose development goal is to improve the performance of irrigation systems and to support institutions that support agricultural producers in project areas is underway. During 2019, the Project supported better planning and management of water resources and the sustainable use of water resources for irrigation and drainage, as well as mitigation of drought and flood impacts. The funds from this loan are also used for the preparation of a strategy for adapting to climate change.

The Project is implemented by the competent institutions of entities, The Ministry of Agriculture, Forestry and Water Management of the Republika Srpska and the Ministry of Agriculture, Water Management and Forestry of the Federation of BiH, through Project Implementation Units (PCU and APCU).

### 7.2. International Fund for Agricultural Development – IFAD

IFAD (International Fund for Agricultural Development) Strategy entitled "Bosnia and Herzegovina Result Based - Country Strategic Opportunities' Program - RB-COSOP" was approved in 2013 for a six-year duration period, and its duration in 2018 has been extended to 2021. In March 2020, a delegation was planned to visit in order to draft a new COSOP, but due to the situation with COVID-19, it was canceled until further notice.

The overarching development goal of COSOP is to enable rural poor people to improve their food production and generate income through credit. Non-commercial and commercial farmers and agricultural businesses are also supported.

The development orientation of COSOP has three strategic goals:

1. Farmers' organizations (FOs) and their umbrella organizations are effective in supporting farmers in their transition from non-commercial to commercial agriculture;
2. Clusters of small farmers, FOs and small and medium-sized enterprises (SMEs) are able to access technological innovation, business development and financial services to achieve long-term competitiveness; and

3. Access to markets for small farmers and entrepreneurs outside the farm has been improved through developed public and collective market infrastructure.

In addition, gender equality and environmental sustainability would be seen as two important cross-cutting issues.

In the FBiH as well as in the RS, IFAD is currently implementing 2 projects through its two Entity Units (PCU in Sarajevo and APCU in Banja Luka): RBDP and RCDP.

The Rural Business Development Project (RBDP) was completed by the closing date of the project on September 30, 2019 for a part of IFAD's loan, and for a part of OFID's loan (only in FBiH) the project ends on September 30, 2020.

The Rural Competitiveness Development Program (RCDP) is the seventh IFAD project that began at the end of 2017. The realization of the project will take place until 2022. The closing date of that first cycle is September 30, 2022. The originally planned second cycle of 5 years duration (2020-2025) was canceled due to going beyond the time frame.

RCDP is implemented through two components that are complementary to each other:

(i) Facilitating an environment for sub-sector inclusive development, in particular - cluster and sub-sector participant platforms improve value chain coordination and sub-sector governance, direct public policies and investments to guarantee the long-term competitiveness of sub-sectors; these appropriate technical / professional and business development services have been made available at local and entity levels;

(ii) Sustainable involvement of smallholder farmers in successful value chains, namely, business proposals (BPs) allowing business partners (producers and agribusiness) to plan, coordinate and carry out mutually benefiting investments, as the main instrument of BP business partners (small-scale producers and collectors and their organizations, agribusiness companies) for the sustainable development of their joint businesses in the selected sub-sectors and value chains. BPs will also frame partner's needs in terms of capacity development and investments of which part will be addressed by public (project) funds. Very poor and impoverished farmers, women and young people will be successfully incorporated into competitive and profitable value chains.

In 2019, work was underway to establish Cluster Platforms (Component 1) as a forum for lobbying and promoting the position of farmers and the placement of their products on the market, their organizations-associations and cooperatives, as well as market integrators/purchasers in the sub-sectors of fruit and vegetables and medicinal herbs and forest fruits.

The program applies the approach of Business Plans whose implementation takes place from the spring of 2019 (procurement of starter packages for spring sowing and equipment). Given that BPs are the starting point for the inclusion of poor farmers in value chains in order to empower them (generating higher revenues from increased production of agricultural products: fruits and vegetables, as well as medicinal and aromatic herbs), they are designed so that through proposals in BP Leader implements the procurement of resources for the creation and expansion of production capacities, as follows:

- Procurement of **starter packages** for inclusive users (targeted farmers)
- Procurement of **equipment for associations/cooperatives**, necessary for support and capacity expansion
- Investing in **supporting infrastructure** to facilitate market access.

The results of the PCU's activities through coordination activities with all participants in the selected subsectors should result in certain changes in the position of small farmers and other market participants, as well as changes in the system of market activities.

Procurements were made for farmers and members of associations delegated by Leaders as a significant and promising link in successful value chains, and equipment was procured for associations to expand their capacity to include new members - poor farmers.

Rural Enterprise and Agricultural Development Project - READP was designed in 2017 and is currently under negotiation and preparation for signing. It is to be expected that the project will start implementation in 2021 after the completion of the ratification and approval process.

## **8. Recommendations and observations**

A general recommendation for donors focusing on Bosnia and Herzegovina and the agriculture and rural development sector would be to plan their activities in cooperation with the relevant institutions in BiH and direct them, above all, on assistance to meet the priorities set out in the strategic documents in this area (as outlined above) as well as priorities and recommendation of the European Commission, all in the context of meeting the obligations of the Stabilization and Association Agreement between Bosnia and Herzegovina and the European Union.

### **8.1. Recommendations of the European Commission, the Parliamentary Assembly of BiH and the Council of Ministers of BiH**

Implement the recommendations from the Opinion of the Commission on the application of Bosnia and Herzegovina for membership in the European Union and the Analytical Report in the part related to the areas of agriculture, food safety and fisheries<sup>4</sup>.

Also, implement the recommendations of the Parliamentary Assembly of BiH and the Council of Ministers of BiH, subject to political stability in terms of formation of executive bodies at all levels and establishing a functional legislative authority, and reaching a political agreement on key issues in agriculture that have been stalled for many years.

### **8.2. Observations**

Following the adoption of the Strategic Plan for Rural Development (2018-2021) - Framework Document, during 2018, the possibility of programming for agriculture was opened, thus halting the unfavorable trend of losing pre-accession funds for agriculture and rural development, which has lasted since the IPA II package began, i.e., since 2014, actually since the establishment of the fund.

Due to the very demanding commitments awaiting agriculture throughout the pre-accession period, the next steps in coordinating donor support to the agriculture and rural development sector should be directed towards improving administrative capacity and strengthening human resources, in order to be better prepared for a gradual takeover and alignment with the Common Agricultural Policy of the European Union (CAP), including the identification of a model for

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<sup>4</sup> <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-bosnia-and-herzegovina-analytical-report.pdf>

IPARD implementation structure and its establishment to allocate funds from the next IPA III program in the period 2021-2027 to the agriculture and rural development sectors and to implement them through the relevant institutions in BiH. This is very important to highlight, as the lack of use of IPARD funds from the Instrument for Pre-Accession Assistance to the EU in the agricultural sector has already left a visible mark in the pre-accession period related to alignment with the EU regulations and procedures. Due to the lack of technical assistance, institutional capacities in the agricultural sector at all levels of government in BiH are insufficiently built, and in addition to the difficult ability to monitor changes in the EU legislation, and without technical support the network cooperation is lost, both in the EU and countries in the region which are rapidly adopting regulations and establishing the necessary structures for one of the most demanding areas of the European legislation.

The proposal of the Communication from the European Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions on improving the accession process - a credible EU perspective for the Western Balkans prepared in 2019<sup>5</sup> states that the focus will be on defined processes, which are at the same time areas where donor activities are to be coordinated and directed, namely:

- **A more credible process:** The accession process needs to build on trust, mutual confidence and clear commitments by the European Union and the Western Balkans. Credibility should be reinforced through an even stronger focus on fundamental reforms, starting with the rule of law, the functioning of democratic institutions and public administration as well as the economy of the candidate countries. When partner countries meet the objective criteria, the Member States shall agree to move forward to the next stage of the process, respecting the merits-based approach.
- **A stronger political steer:** The political nature of the accession process requires a stronger political steer and engagement at the highest levels. The Commission proposes to increase the opportunities for high level political and policy dialogue, through regular EU-Western Balkans summits and intensified ministerial contacts. Moreover, Member States should be involved more systematically in monitoring and reviewing the process. All bodies under Stabilization and Association Agreement will focus much more on the key political issues and reforms, while Inter-Governmental Conferences will provide stronger political steering for the negotiations.
- **A more dynamic process:** To inject further dynamism into the negotiating process, the Commission proposes to group the negotiating chapters in six thematic clusters: fundamentals; internal market; competitiveness and inclusive growth; green agenda and sustainable connectivity; resources, agriculture and cohesion; external relations. Negotiations on each cluster will be open as a whole – after fulfilling the opening benchmarks – rather than on an individual chapter basis;
- **A more predictable process:** The Commission will provide greater clarity on what the EU expects of enlargement countries at the different stages of the process. It will make clearer what the positive consequences progress on reforms can bring, and what the negative consequences will be when there is no progress.

To encourage demanding reforms, the Commission will better define the conditions for candidates to progress and will provide clear and tangible incentives of direct interest to

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<sup>5</sup> [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/enlargement-methodology\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/enlargement-methodology_en.pdf)

citizens. Incentives could include accelerated integration and involvement in individual EU policies, markets and programs, while ensuring a level playing field for all stakeholders, and increasing funding and investment. The more candidates advance in reforms, the more they will advance in the process.

On the other hand, it is especially important for BiH that the Commission proposes more decisive measures proportionally sanctioning any serious or prolonged stagnation or backsliding in reform implementation and meeting the requirements of accession process. Benefits of closer integration, like access to EU programs, could be paused or withdrawn, and the scope and intensity of EU funding could be adjusted downward.

With the implementation of the Common Agricultural Policy measures in the EU countries, particular attention is paid to the regeneration and development of rural areas, the preservation of cultural treasures and traditional values. Significant funds have been earmarked for support to rural development, including support to rural tourism development, restoration of traditional crafts, improvement of infrastructure, and promotion of indigenous agricultural products. Failure to meet the requirements for the use of the European Union technical assistance in the agricultural sector and processing of agricultural products results in a decrease in the competitiveness of the agricultural sector and hindered the export of agricultural products.

Bearing in mind that the nationwide strategic document for the agriculture and rural development sector was adopted, and on this basis IPA II was programmed, and that the key actors are aware of the need to prepare and develop new strategic documents for the agriculture and rural development sector, in order for the funds from the next IPA III program in the period 2021-2027 would be available to this sector, there is a real hope that Bosnia and Herzegovina will be able to meet the challenges and implement the necessary reforms, establishing and strengthening the necessary institutional structures in the coming period, and adapt its agriculture to the EU market requirements.



## **9. Annexes**

### **9.1. USE OF THE TECHNICAL ASSISTANCE INSTRUMENT (TAIEX) OF THE EUROPEAN UNION IN BOSNIA AND HERZEGOVINA IN 2019**

During 2019, Bosnia and Herzegovina also used the Technical Assistance of the European Commission within the framework of Technical Assistance and Information Exchange (TAIEX) which was available and financially supported within the Directorate General for Neighborhood and Enlargement of the European Commission (DG NEAR). Representatives of the institutions of Bosnia and Herzegovina responsible for Chapters 11, 12 and 13 of the acquis, in 2019, programmed and ensured the participation of representatives of competent institutions of all levels in seven expert missions, nine workshops and five study visits to European Union countries.

#### **• Agriculture, Rural Development and Fisheries**

1. Workshop on Production and Placing the Certified Organic Products on the Market, October 24 to 25, 2019, Sarajevo, BiH.
2. Workshop on the Preservation of Domestic Indigenous Breeds of Animals, October 15 to 16, 2019, Banja Luka, BiH.
3. Expert Mission on Traceability in the Wine Sector, Official Control and Mandatory Documentation, with a Focus on Geographical Indications, June 4 to 6, 2019, Čitluk and Mostar, BiH.
4. Expert Mission for Establishing Marketing Standards for Fruits and Vegetables, May 27 to 31, 2019, Banja Luka, Gradiška and Sarajevo, BiH.
5. Workshop on Monitoring and Evaluation of Rural Development Strategy, May 20 to 21, 2019, BiH.
6. Study Visit in the Field of Sheep and Goat Production, May 20-23, 2019, Cagliari, Sassari, Republic of Italy.
7. Workshop on Transposition of Legislation Related to the Beekeeping and Bee Products, May 15 to 16, 2019, Banja Luka, BiH
8. Study Visit to the Land Parcel Identification System (LPIS) in a Centralized Environment, March 26 to 29, 2019, Madrid and Toledo, Spain.
9. Workshop on the European Approach to Surface Frame Surveys, March 18-19, 2019, Doboj BiH
10. Expert Mission for the Establishment of a System for Agriculture Data Collecting, February 11 to 15, 2019, Banja Luka, BiH.

#### **• Food safety and phytosanitary policy**

1. Workshop on Raising Awareness on the Protection of the Rights of Plant Cultivators - Fruits and Ornamental Plants, December 10 to 11, 2019, Sarajevo, BiH
2. Expert Mission for Harmonization of GMO Legislation with the EU Acquis, December 2 to 6, 2019, Mostar, BiH

3. Workshop on the Preservation of Domestic Indigenous Breeds of Animals, October 15 to 16, 2019, Banja Luka, BiH
4. Expert Mission for Performance of Veterinary Inspections on Animals in Cross-border Traffic, September 17 to 20, 2019, Sarajevo, BiH
5. Study Visit on the Seed Certification Scheme; June 17 to 21, 2019, Prague, Czech Republic
6. Expert Mission for Identification, Registration and Control of Equidae, May 20-22, 2019, Hadžići, Sarajevo, BiH
7. Workshop on Animal Diseases and Disease Epidemics Notification, May 7 to 8, 2019, Sarajevo, BiH
8. Expert Mission to Establish a Strategy for Laboratory Testing of Samples and Support for Accredited Methods, April 15 to 19, 2019, Banja Luka and Sarajevo, BiH
9. Study Visit on the Treatment of Wooden Packaging, April 8 to 12, 2019, Budapest, Roszke and Sopron, Hungary
10. Study visit on Plant Health Assessment and Management of Harmful Organisms in Forests; April 1 to 5, 2019, Abbiate Grasso, Boves, Manta, Milan, Parabiago, Somma Lombardo, Turin and Vertemate Con Minoprio, Republic of Italy
11. Workshop on the Certification Scheme for Vegetables, Crops and Seed Mixtures, February 19 to 20, 2019, Sarajevo, BiH.

## 9.2. BTSF 2019 - BOSNIA AND HERCEGOVINA

Within the framework of the Better Training for Safer Food (BTSF) organized by the European Commission, the representatives of Bosnia and Herzegovina participated in the following events:

- **Food Safety**

1. “Protected Geographical Indication”, February, 12 to 15, 2019 Prague, and November 5 to 8, 2019, Roma, Republic of Italy
2. „Antimicrobial resistance“, February, 18 to 21, 2019, Sofia, Bulgaria
3. “Audit of General Hygiene Requirements and Control Procedures in Accordance with HACCP Principles”, Paris, February 18 to 22, 2019
4. “Schemes for Organic Agriculture”, Zagreb, February, 19 to 22, 2019
5. „Microbiological Criteria“, Riga, September, 24 to 27, 2019; Venice, November 19 to 22, 2019 and Paris, December 10 to 13, 2019
6. „Food Improvement Agents (FIAP)“, Amsterdam, October 7 to 11, 2019
7. „Microbiological Criteria“, Riga, October 22 to 25, 2019
8. “Regional Training on Prevention and Control of Antimicrobial Resistance“, Podgorica, October 22 to 25, 2019
9. “Food Hygiene and Flexibility”, Zagreb, November 11 to 15, 2019
10. “Animal Nutrition”, Bologna, December 2 to 6, 2019
11. „Microbiological Criteria“,
12. „TRACES“, Athena, December 3 to 6, 2019
13. “Audit of General Hygiene Requirements and Control Procedures in Accordance with HACCP Principles”, Lisbon, December 9 to 13, 2019.

- **Veterinary**

14. „Audit and Internal Audit Systems“, November, 25 to 29, 2019, Lisbon, Portugal
15. „Non-commercial movement of dogs and cats“ Athena, Greece, November 2019
16. „Non-commercial movement of dogs and cats“, Malaga, Spain, December 2019
17. „African Swine Fever Surveillance and Wildlife Management“, November, 12 to 14, 2019, Zagreb, Republic of Croatia

- **Phytosanitary**

18. „Plant Health Surveys“, February 19 to 22, 2019, Porto, Portugal
19. TRACES, May 7 to 10, 2019 Kiev, Ukraine
20. „Audit“, June 24 to 28, 2019 Prague, Czech Republic
21. „Plant Health Surveys“, November 4 to 7, 2019, Bari, Republic of Italy
22. „Food hygiene in primary production“, November, 18 to 22, 2019, Valencia, Spain
23. „Training for Inspection Activities and Calibration of Plant Protection Products“, November 26 to 29, 2019, Montpellier, Republic of France
24. „Plant Health Surveys 8“, December 9 to 12, 2019, Bucharest, Romania.

**9.3. LIST OF PROJECTS IN THE FIELD OF AGRICULTURE, FOOD  
AND RURAL DEVELOPMENT IN BOSNIA AND HERZEGOVINA IN 2019**

|     | Project title   | Financing/Co-financing   | Period                 | Value (EUR) |
|-----|---|--------------------------|------------------------|-------------|
| 1.  | Rural Competitiveness Development Project (RCDP)  | IFAD, loan               | 2017-2022<br>2020-2025 | 54.290.000  |
| 2.  | Irrigation Development Project (IDP)  | WB, loan                 | 2013-2019              | 28.620.000  |
| 3.  | Rural Business Development Project (RBDP)   | IFAD, loan               | 2014-2019              | 26.700.000  |
| 4.  | Competitiveness and Innovation - Local Development Strategies IPA 2016  | EU/GIZ                   | 2018-2022              | 16.100.000  |
| 5.  | USAID/Sweden FARMA II   | USAID/Sweden             | 2016-2021              | 15.973.000  |
| 6.  | Local Integrated Development (LID)  | EU/UNDP                  | 2016-2019              | 6.600.000   |
| 7.  | Improvement of the food safety system in Bosnia and Herzegovina with components:<br>- Support for the establishment of a functional pesticide and fertilizer control system and integral plant protection<br>- Support for the establishment of official Salmonella sampling system<br>- Support for the establishment of a pilot control system for food additives control | The Czech Republic /CzDA | 2017-2019              | 2.000.000   |
| 8.  | New activities to support the phytosanitary sector in Bosnia and Herzegovina in order to harmonize with EU standards (PHYTO-BiH)  | Republic of Italy        | 2019-2022              | 1.198.400   |
| 9.  | Strengthening export potential and improving the competitiveness of agricultural producers in BiH - Vaccination of small ruminants against brucellosis  | Kingdom of Sweden /SIDA  | 2016-2020              | 922.232     |
| 10. | Technical Assistance in Coordinating Animal Disease Control and Eradication Programs in BiH - Phase III   | EU                       | 2017-2019              | 590.000     |
| 11. | Preparedness to respond in the case of African Swine Fever in the Balkans   | FAO                      | 2019-2020              | 460.100     |
| 12. | Support to the traditional production of Livno cheese   | The Czech Republic /CzDA | 2015-2020              | 396.667     |
| 13. | Agribusiness Development Partnership  | USAID/private sector     | 2015-2020              | 373.190     |
| 14. | Support to the improvement of the national pest control system and phytosanitary certification system   | FAO                      | 2019-2020              | 357.000     |
| 15. | Disaster risk reduction for sustainable development   | FAO                      | 2019-2021              | 173.000     |
| 16. | Capacity building of the private and public sector in priority value chains   | FAO                      | 2019-2021              | 139.400     |