REPORT

ON THE

INTERNATIONAL ASSISTANCE FOR THE AGRICULTURE, FOOD, AND RURAL DEVELOPMENT SECTOR 2015

IN

BOSNIA AND HERZEGOVINA

Sarajevo, April 2016
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Introduction

The Report on the international assistance for agriculture, food and rural development 2015 to Bosnia and Herzegovina made in accordance with Article 17 of the Law on Council of Ministers of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina 30/03, 42/03, 81/06, 76/07, 81/07, 94/07, and 24/08), and based on gathered data, monitoring activities and exchanging information with donors and beneficiaries of the international assistance funds.

This Report contains data which enable stakeholders a better insight into activities of the institutions of Bosnia and Herzegovina, and activities of the international donors, as well as intent to help in identifying the needs of the agricultural sector in achieving planned sector objectives. In addition, the Report aims at aiding potential donors in creating their plans and defining priorities for assistance and investments in the Agriculture, Food, Forestry and Rural Development Sector in accordance with strategic priorities in Bosnia and Herzegovina.

The Report was made based on available information and in cooperation with participants in the process of planning and coordination of the international assistance in the Agriculture, Food, Forestry and Rural Development Sector who have delivered material for its drafting.

The Report is structured in a way that it contains the following: 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 programmes and projects, observations and recommendations.

1. INSTITUTIONAL FRAMEWORK FOR THE AGRICULTURE, FOOD, FORESTRY AND RURAL DEVELOPMENT SECTOR IN BOSNIA AND HERZEGOVINA

In order to present the mechanisms and the responsibilities for planning and coordination of the international assistance in the Agriculture, Food and Rural Development Sector it is important to know the description, scope of work and the organizational structure of key institutions. On the basis of the constitutional order of Bosnia and Herzegovina authorities at all levels, starting from the state to the municipality 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 national 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.

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

1 The Law on ministries and other bodies of administration of Bosnia and Herzegovina (Official Gazette Bosnia and Herzegovina, 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 and 103/09)
In addition, the Sector has a significant role in planning and coordinating international assistance in the field of agriculture, food and rural development.

**Veterinary Office of Bosnia and Herzegovina, Plant Health Protection Administration of Bosnia and Herzegovina and Food Safety Agency of Bosnia and Herzegovina** (hereinafter referred to as the Office for Harmonization and Coordination of Payments) 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 support of policy measures and the gradual adjustment of the payment system in Bosnia and Herzegovina with the payment system of the European Union.

Veterinary Office of Bosnia and Herzegovina, 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 for their work respond directly to the Minister, while the Food Safety Agency of Bosnia and Herzegovina is independent administrative organisation, which responds to the Council of Ministers of Bosnia and Herzegovina (CM BiH), and cooperates with the Ministry in activities related to the aspect of food safety.

At the level of Bosnia and Herzegovina there are other agencies, institutes and directorates whose activity is directly or indirectly related to the domain of agriculture, namely: Market Surveillance Agency (responsible for reporting on risks and dangerous products), Agency for Statistics (gathering statistical data), Institute for Intellectual Property (responsible for conducting administrative procedure related to industrial property rights, such as patents, geographical indications etc.), 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 given to the **Ministry of Agriculture, Forestry and Ministry of Agriculture of the Republika Srpska, Ministry of Agriculture, Ministry of Agriculture and Forestry of the Federation of BiH**, and in the Government of Brčko Distrikt of Bosnia and Herzegovina to the Department for Agriculture, Forestry and Water Management.

In the Federation of Bosnia and Herzegovina competences in the field of agriculture have been additionally distributed, so that all 10 cantons have established institutions/departments that are competent for agriculture, veterinary, forestry and water management issues.

Competence of the Entity ministries in the field of agriculture refers to execution of policies and enforcement of laws which were adopted by competent Entity authorities, control over the implementation of regulations and the adoption of implementing decisions. Entity ministries of agriculture are competent and responsible for natural resources management for agriculture development, food industry and follow-up activities in the field of plant production, livestock farming, rural development, fishery and hunting, use and protection of agricultural land, development of food industry, animal feed production, activities in the field of water management, veterinary and phytosanitary protection, public health protection, management, protection and use of forest resources, the activity of advisory and selection service, incentive policy and others.

Competences of the Department for Agriculture, Forestry and Water Management of the Government of Brčko Distrikt 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 of illegal wood cutting, maintaining structures for water management.
Additionally, in accordance with 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 execution of international obligations, as well as in accordance with Article 8 of the Law on Agriculture, Food and Rural Development support development of all key institutions and other bodies to ensure execution of international obligations and trade standards in those related to agriculture, food and rural development sector and their harmonisation and integration to EU.

2. 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, it is necessary to emphasize in this Report the strategic commitment of Bosnia and Herzegovina (BiH) and the sector priorities defined by the Legislation and the strategic documents.

The Copenhagen Agreement, which lays down the criteria for membership which BiH must meet, including economic criteria, which say that producers must be able to cope with the pressure of the competition and market forces within the Union. These requirements are 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 agricultural industry in BiH, especially in terms of meeting the veterinary and phytosanitary requirements of the Community and approximation of the laws of Bosnia and Herzegovina to rules and standards of the Community.

BiH has committed to implement the Reform Agenda BiH which has been adopted by Entity level governments and the Council of Ministers, and which lists priority measures whose goal is to boost economy, open workplaces, and enable EU approximation. EU has closely cooperated in identifying priority measures in a way that the objectives are closely linked with objectives of the new EU approach on economic governance in Western Balkans and is in line with Economic Reforms Programme, as well as the main element which should encourage a comprehensive structural reform to maintain macroeconomic stability and foster growth and competitiveness.

Strategic framework for Bosnia and Herzegovina, prepared by the Directorate for Economic Planning Bosnia and Herzegovina, which was adopted at the 19th session of the Council of Ministers of Bosnia and Herzegovina, held on August 20, 2015. The document has been drafted in accordance with the Decision on the procedure of the medium-term planning, monitoring and reporting in the institutions of Bosnia and Herzegovina, and will serve as a guiding portfolio of the strategic objectives for the preparation of the Mid-term Work Programme of the Council of Ministers for the period 2016-2018.

When it comes to the role and the responsibility of the institutions involved in the field of agriculture at all levels, they have been defined by the Law on Agriculture, Food and Rural Development in Bosnia and Herzegovina. This Law is framework 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, this Regulation should facilitate progress towards European integrations, and the coordination of preparation activities in order to create conditions and opportunities to use the pre-accession assistance.

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2 The Law on agriculture, food and rural development in Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 50/08)
2.1. General objectives

According to Article 4 of the Law, sector 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 demands of population with own food and to substitute imported food with domestic production for which natural and other conditions for foreign trade deficit in agro-food products exists;

c) Ensure harmonization and integration of the Sector in the EU and global market;

d) Encourage the diversification of economic activity, improve employment and general income opportunities and the improvement of the life quality in rural areas;

e) Ensure access and availability of high-quality, affordable and safe food;

f) Ensure the rational use and protection of natural resources and biodiversity;

g) Enable appropriate life standard and contribution to stability of agricultural income and food safety for the population, which are to the maximum extent possible, settled with domestic competitive agriculture products.

2.2. Specific objectives

Gradual harmonization of policies and implementation mechanism of agricultural policies, within Bosnia and Herzegovina and with the common agricultural policy of the European Union (EU).


Establishing coordination mechanism and relevant institutional structures, capacities, systems, procedures in the framework of the assigned competences in order to manage pre-accession preparations of the harmonisation and gradual takeover, and adoption of the acquis communautaire in agriculture.

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3 Strategic plan of Bosnia and Herzegovina for the harmonisation of agriculture, food and rural development (2008-2011)
Joint framework of priority areas and measures

In order to realise the above mentioned general and specific objectives, derived from previously adopted strategic documents, activities of the institutions and donors should be focused to six priority areas, ensuring thus their mutual complementarity and consistency, namely:

- Establish functional institutional capacity, coordination and implementation mechanisms at all levels
- Raise the quality and safety of domestic products with competitive advantage in production, processing and trade
- Support primary production with measures of direct support to agricultural estates with the aim of their gradual equalisation between the Entities and with the EU mechanisms
- To increase the competitiveness of the agriculture-food sector in BiH through indirect support measures for production, processing and trade
- To support agro-environmental programs in order to protect the rural environment of BiH
- To branch rural activities in order to improve life quality in rural areas.

3. PLANNING AND THE COORDINATION OF THE INTERNATIONAL ASSISTANCE IN BOSNIA AND HERZEGOVINA

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

Coordination of the international assistance in BiH is done 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 Programmes and Projects, i.e. Central financing and contracting unit for the EU assistance programmes and projects, carries out work related to financing, procurement contracting, payment, monitoring and control of the implementation of all EU assistance programmes and projects in BiH, even those in the field of agriculture.

MFT regularly organizes meetings of the Donor Coordination Forum and publishes annual reports on donations, which show donors that are active in Bosnia and Herzegovina, and determine their contribution by sectors.

DEI, as a permanent body of the Council of Ministers of Bosnia and Herzegovina, is the main operational partner to the European Commission in the Stabilisation and Accession Process, it is a coordinator for issues dealing with policy and strategy, European integration, harmonisation of laws and coordination of assistance in all areas, even in the field of agriculture, through the activities of organisational units of the Sector for Coordination of the EU Assistance.

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.
3.1. Planning and Coordinating International Assistance in Agriculture, Food and Rural Development Sector

Coordination meetings of donors in the agricultural sector are organized and chaired by the Ministry.

**Working Group for planning and coordinating international assistance in the agriculture, food and rural development sector** has been established with the aim of realising Measure 1.8. of the First priority area of Bosnia and Herzegovina Operational Programme for agriculture, food and rural development.

The Working Group is guided by the recommendations from the Annual Progress Report of Bosnia and Herzegovina prepared by the European Commission (EC), key principles of the Paris Declaration on Aid Effectiveness, which has been endorsed by Bosnia and Herzegovina in 2010, strategic documents of Bosnia and Herzegovina and the principles of sector-wide approach applied to programming within the framework of EC Instruments for Pre-accession Assistance (IPA II).

The Working group consists of representatives of Entity ministries for agriculture and the Department for Agriculture, Forestry and Water Management of the Brčko District BiH government, the Ministry of Finance and Treasury BiH, Food Safety Agency BiH, BiH Plant Health Protection Administration, BiH Veterinary Office, Office for Harmonization and Coordination of Payment System, Directorate for European Integration and Foreign Investment Promotion Agency BiH, and representatives of joint associations of Bosnia and Herzegovina, Republika Srpska, Federation of Bosnia and Herzegovina, as well as non-governmental organisations.

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 plan donor meetings. Representatives of institutions have an important role in the programming and the implementation of projects and programmes of the international assistance. Through active participation in the work of projects management committees they have a managing function.

Rights and obligations of its members are established by the Decision on Establishing Working Group which has been adopted by the Minister of Foreign Trade and Economic Relations.

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 International Assistance in the Agriculture, Food and Rural Development Sector in BiH. Working group members also mutually exchange information in fields of agriculture, rural development, food safety, veterinary and phytosanitary field for better management of projects, and to avoid their overlapping and duplication. In 2015, the Working group has held three meetings, organized by the Ministry.

One of the criteria of the Sector approach within the IPA II requires the existence of a sectoral structure for donor coordination and drafting of the Annual Sector Report.

The Report on International Assistance for Agriculture, Food and Rural Development Sector in BiH for 2014 has been deliberated and adopted by the Council of Ministers at its 9th meeting held on 6 June 2015.

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4. Ownerships, (2) Integration, (3) Alignment, (4) Management directed towards results and (5) Mutual accountability
The main donors in this sector in Bosnia and Herzegovina are the European Union, Japan, Netherlands, Sweden, Czech Republic, Germany, the United States of America, Italy, Switzerland and the United Nations organizations: UNDP and FAO. Many EU Member States provide targeted assistance in individual sectors. International financial institutions such as IFAD and the World Bank with its members - provide loans for agricultural development of Bosnia and Herzegovina.

Below is the basic information on strategic development documents of donors and their activities during 2015.

4.1. **The European Union** – Strategic documents: European Partnership and IPA II Indicative Strategic Document for Bosnia and Herzegovina (2014-2017) adopted on 15 December 2014. Agricultural sector **is not** included in priority areas for financing from the IPA II Programme due to failure to comply with requirements for obtaining such assistance.

Preparations for the use of European Commission Funds - IPA II for the period 2016-2017 have started in 2015. With the Ministry as the leading institution at the head, with help from the Directorate for European Integration and the EC Project, and in cooperation with competent authorities, preparation of the Sector's Planning Document for the field of Competitiveness and Innovation has started at the end of 2015. This area is atypical and encompasses several subsectors: small and medium enterprises, tourism, agriculture and rural development, and innovations. **Activity 1.4** – Economic development of underdeveloped municipalities with focus on agro-rural development from the IPA II 2017 Programme has been planned for agriculture and rural development.

Veterinary Office of Bosnia and Herzegovina is a participant in the implementation of the project “Strengthening Capacities for Aquaculture Production and Surveillance in Adriatic Sea countries–CAPS2”, IPA Adriatic Cross-border Cooperation.

From the IPA Programme 2012 a Programme for Animal Disease Control and Eradication is being implemented since 2014 - 2016 and the **IPA 2012 – Programme of oral vaccinations of foxes against rabies**.

In addition, from the IPA 2012 the Administration for Plant Health Protection of Bosnia and Herzegovina has been a user of the Twinning project "Further strengthening of capacities of phytosanitary sector in the field of phyto-pharmaceutical products, plant health, seeds and planting material", including phytosanitary laboratories and phytosanitary inspections.

The objective of this project is to strengthen phytosanitary system in Bosnia and Herzegovina in accordance with the European Union standards, and in that way help making plant products from Bosnia and Herzegovina more competitive at the European Union market as well as international markets, what will increase the conditions and the opportunities for their export.

During 2015 implementation of projects from the IPA I Programme has continued. Through cross-border cooperation programmes and the European Commission programme in 2015 the implementation of projects has continued: Environment Friendly, New and Organic Approach to Agriculture - ENO – Agri, Beekeeping - Activity for Future BAF and Project Let Europeans enjoy in Wines of Herzegovina and Pljevlja Cheese - WINE and CHEESE.

With the multi-beneficiary IPA Programme, through Strengthening European Integration Project, the European Commission has supported activities of the Standing Working Group for Regional Rural Development of the South Eastern Europe countries – SWG RRD on the implementation of the Project "Preparation for Implementation of the Area Based Development Approach in the Western Balkans - II Phase". The main objective of this grant scheme is to strengthen integrated economic development in "Drina - Tara" and "Drina - Sava" regions through support to entrepreneurial initiatives, focusing on improvement of the tourism offer in the region and improving production chains of agricultural and food
products, improvement of tourism services through integrated projects for encouraging cooperation among participants in the value chain.

In the framework of the IPA II instrument, Bosnia and Herzegovina will participate in activities of the project carried out by the SWG RRD Support for SWG RRD – ABD (Support to the Regional Rural Development Standing Working Group) AD 12 Multi-beneficiary IPA II 2014 and Support for SWG RRD – IPARD (Regional cooperation and networking in the field of agriculture, rural and economic development of cross-border areas) AD 8 Multi-beneficiary IPA II 2016.

In 2015 the Center for Agriculture and rural Development (CARD) in the partnership with Citizens association Nešto Više has realised the project “Organic Farming Production Policy Improvement and Harmonisation with EU standards”. The project is supported by the European Fund for the Balkans (Regional Policy Programme “Think and Link”). Objective of the project is to create a proposal for the adoption of national policies in the field of organic farming, which would be in line with the European Union standards. The proposals will be submitted to relevant institutions on the basis of comprehensive analysis of domestic and European policies.

During 2015 the European Commission has been providing Bosnia and Herzegovina short-term technical assistance in the framework of the Technical Assistance and Information Exchange Instrument (TAIEX) for agriculture and rural development policies, food safety, veterinary and phytosanitary policy. Implemented activities realized under this instrument for pre-accession assistance are shown in Table 1 of the Report.

4.2. Japan/JICA - Japan, together with other donors and international organizations, provides support to Bosnia and Herzegovina in order to promote ethnic reconciliation and economic stabilization, which represents a basis for reinforcement of peace in Bosnia and Herzegovina. Priority sectors for the Japanese development assistance: (1) Market economy promotion (2) Environment and (3) Peace contribution.

The Project for Building Trust through Rural Development (2014-2017), financed by the Government of Japan, consists of smaller projects aimed at development of the agricultural production and the processing agricultural products. These projects contribute economic growth and employment of the population. In general, the project encourages networking and cooperation among different stakeholders in the value chain.

4.3. Kingdom of the Netherlands - In addition to other countries it helps, the Netherlands continuously has a bilateral development program for BiH. This assistance is mainly focused on creating a sustainable, transparent and accountable administrative structure in the country in accordance with the process of EU integration, with special attention on improving the business climate for private sector development and direct foreign investments. Since 2012, bilateral development assistance of the Netherlands to Bosnia and Herzegovina has been transformed from the traditional development relationship to a relationship oriented towards EU accession. The bilateral approach of the Netherlands to countries of the region is gradually moving towards a regional strategic approach.

The Kingdom of the Netherlands to the greatest extent finances the implementation of the Srebrenica Regional Recovery Programme (SRRP IV) and the Birač Region Development and Cooperation Project (BIRAČ). These programmes are financially supported by the UNDP and the Municipalities.

4.4. The Kingdom of Sweden / Sida - Regional Strategic principle is applied when creating a 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:

- Enhanced economic integration with the EU and development of market economy
- Strengthened democracy, greater respect for human rights and a more fully developed state under the rule of law
- A better environment, reduced climate impact and enhanced resilience to environmental impact and climate change
The Kingdom of Sweden is a co-founder of projects: Agriculture and Rural Development (grant) with the World Bank. During 2015 preparations were made for FARMA 2 with USA/USAID.

4.5. Czech Republic/CzDA. The Strategy for Development and Cooperation of the Czech Republic 2010-2017, among others, includes the agricultural sector in BiH as a target sector for funding. The Czech Republic funding is based on the "Program of cooperation between Bosnia and Herzegovina and the Czech Republic for the period 2011 -2017." During 2015, the Czech Republic participated in the implementation of a part of FARMA (with USAID and Sida) for the Administration of Bosnia and Herzegovina for Plant Health Protection: "Institutional Support for the certification and control of planting material". Also, the Czech Republic funded major independent projects implemented by bodies selected by CzDA and small-scale projects implemented by local organizations, selected by the Embassy of the Czech Republic in Bosnia and Herzegovina.

4.6. Republic of Italy - At the end of 2014, the Republic of Italy created a new strategic approach to development aid, which has a different approach to stakeholders and instruments, and a new way of acting in accordance with the standard principles which have since developed in the international community. On the other hand, this approach aims to make the Italian development aid system in accordance with the models in the EU partner countries. This approach defines a new system of development cooperation, whose coherence and coordination of policies will be monitored by the Inter-ministerial Committee for Development and Cooperation (CICS), a working group made up of the ministries responsible for development cooperation activities led by the Ministry of Foreign Affairs. The new approach has the following objectives of development cooperation: poverty eradication, reduction of inequalities, the promotion of human rights and individual dignity - including gender equality and equal opportunities - to prevent conflict and to support the peace process. In BiH in 2015, further implementation of the Pilot action project for integrated rural development and revitalization of the territory of Bosnia and Herzegovina is on-going. Also, during 2015, the Italian development aid was focused on reconstruction and rehabilitation of flood damage that occurred in 2014.

4.7. The Federal Republic of Germany/GIZ - Germany is committed to help BiH in the development of a functioning market economy in the process of harmonization of the legal system with the EU acquis communautaire, as well as for overcoming the consequences of war and the recent floods. During 2015, the Agricultural sector was represented in the structure of the "Programme for local self-government and economic development" (ProLocal program) which is being implemented by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), funded by the Government of the Republic of Germany. Activities have been initiated in all three target regions of this Program. The implementation was on-going of the "non-GMO soybeans quality of the Danube region - Bosnia and Herzegovina and Serbia" during 2015. This project provides a solid basis for the production of high-quality food for people and animals without genetically modified organisms (GMOs) and having a safe, controlled origin, and it is intended for the Danube region and the Western European market.

4.8. USA/USAID Strategic document is: USAID/Development strategy for Bosnia and Herzegovina 2012-2016 (USAID/Bosnia and Herzegovina Country Development Cooperation Strategy 2012-2016). Activities implemented by USAID as part of their projects are based on the development objectives of this strategy, and primarily focused on economic development in order to strengthen the competitiveness of the BiH market economy, and to provide better economic opportunities for all citizens.

The implementation of the project which is partially funded by diaspora "Partnership for development of agribusiness" started in 2015, helped by USAID, and the implementation of the project "Support to the development of agriculture in Herzegovina" continued.

FARMA project, funded by the Governments of the US, Sweden and Czech Republic (USA/USAID, Sweden/SIDA, Czech Republic/CzDA) concluded its work in May 2015.
4.9. **Switzerland**, in accordance with its strategy of cooperation with Bosnia and Herzegovina 2013-2016 (Swiss Cooperation Strategy Bosnia and Herzegovina 2013-2016), has the overall objective to contribute to the transition of Bosnia and Herzegovina towards socially inclusive market economy and decentralized, democratically oriented political system, with a long-term perspective for the accession process to the EU. Switzerland is financing, among others, the Integrated Local Development Project (ILDP), whose activities support various projects in agriculture and rural development at the community level. This project is being implemented and co-funded by UNDP.

In addition, Switzerland is financing projects that indirectly strengthen the competitiveness of the agricultural sector: "Skills for Jobs" implemented by the Agency for Development of Small and Medium Enterprises of RS (RARS), Project "MarketMakers" as well as the Swiss Import Promotion Programme - SIPPO.

4.10. **The Republic of Croatia** has become a new member of the donor community in BiH through sustainable return projects related to agriculture: "Job creation for the returnees and the local population in agricultural production" and "Support for sustainable return in Bosnian Posavina".


The implementation of the Project Agriculture and Rural Development (ARDP) and Irrigation Development Project (IDP) continued during 2015 from loan funds. After the devastating floods in May 2014, a project for emergency recovery from floods - FERPA was created and approved on an expedited basis, in whose financial construction agriculture accounts for about 25%. Projects are implemented at the entity level through the Project Implementation Units (PCU and APCU).

4.12. **Food and Agriculture Organisation of the United Nation - UN FAO**

As an organization within the UN, FAO strategic approach is based on the Millennium Development Goals, the Framework Programme for the period 2010-2019, and the Medium-Term Plan for the period 2014-2017. Five strategic objectives of this plan are: (1) To contribute to the eradication of hunger, insecurity in securing sufficient quantities of food, and malnutrition; (2) To increase and improve the provision of products and services from agriculture, forestry and fishing in a sustainable manner; (3) Reduce rural poverty; (4) To enable efficient agricultural and food systems at the local, national and international levels, involving all stakeholders, and (5) Increase the resilience of livelihood threats and crises.

In accordance with these objectives, FAO experts participate in the implementation of projects from the funds of the FAO TCP instrument (Technical Cooperation Programme) or from funds from other donors. Through this instrument, and with financial support from the European Commission, a review of the forestry and fisheries in Bosnia and Herzegovina was finalized in preparation for IPARD.

The implementation of the FAO TCP project “Emergency support to vulnerable livestock holders affected by floods and resilience-building – TCP/BIH/3401”, worth 476,000 USD, has been concluded. The project has distributed 749.5 tons of locally produced feed for 3,058 small cattle breeders (245 kg per household) in the flood affected areas. In addition, the project has provided technical assistance to 531 in order to improve preparedness to deal with the animals in the event of flooding. The final statement of the project with recommendations was submitted to the competent authorities in Bosnia and Herzegovina.

In 2016, after the completion of the procedure for the conclusion of the Agreement on implementation in accordance with the Law, it is expected that Bosnia and Herzegovina will participate in the regional project entitled "Enhancement of Disaster Risk Reduction and Management (DRRM) capacities and mainstreaming Climate Change Adaptation (CCA) practices into the Agricultural sector in the Western Balkans". The amount of $ 485,000 has been approved for this Project.
The implementation is on-going of the regional project: "Technical support for the use of wood energy in order to improve economically sustainable rural development and to meet the objectives of renewable energy sources 2020 for the Western Balkans" TCP/RER/3502.

4.13. International Fund for Agricultural Development – IFAD Strategy: Bosnia and Herzegovina Result Based - Country Strategic Opportunities Programme - RB-COSOP for 2013-2018 was adopted in 2013. The aim of RB-COSOP is to contribute to poverty reduction in a way that allows sustainable and efficient use of natural resources, diversification of activities and improving life in the countryside, and to help mitigate risks arising from climate change - particularly in the most vulnerable categories of the population.

The Project called The Rural Livelihoods Development Project - RLDP was implemented during 2015, and its implementation has been extended to 2016. At the same time, there was an on-going process on designing the next IFAD project entitled: The Rural Development Competitiveness Project - RCDP.

The Rural Business Development Project - RBDP was approved in December 2011 and became operational in early 2015 due to a long process of ratification of the financing agreement. This project will complement efforts and introduce a similar strategic approach provided by RB-COSOP and will serve as a transition from the RLDP approach to a new model of approach developed by RCDP.

4.14. United Nation Development Programme - UNDP - The strategic commitment for Bosnia and Herzegovina is based on the Global Millennium Development Goals - GMDP. Together with Switzerland and the Netherlands, UNDP co-finances and implements programs and projects related to several sectors, thereby affecting the development of agriculture in BiH.
5. RECOMMENDATIONS AND OBSERVATIONS

5.1. The European Commission Recommendations

The Progress Report on Bosnia and Herzegovina for 2015 prepared by the European Commission (EC) states that "preparations in this area are at an early stage. There has been some progress in the area of food safety and veterinary policy. In the coming year, Bosnia and Herzegovina, in particular, should:

→ harmonize the system of official veterinary and phytosanitary control to European standards,

→ strengthen its administrative capacity in particular in terms of inspection services and laboratories,

→ develop a strategic plan for rural development at national level and the establishment of national structures for Pre agricultural sector through the Instrument for Pre-Accession Assistance for Rural Development.

It is stated in detail that "In the field of agricultural policy and rural development policy, the sectoral analysis in the forestry and aquaculture were completed in January. The framework of policies in the Entities was enhanced by the adoption of the Mid-term development strategy of the agricultural sector in the Federation of BiH for the period 2015 - 2019 in June, and the Strategic Plan of development of agriculture and rural areas of the Republic of Srpska for the period 2016 - 2020 in May. Progress is needed in establishing the necessary institutional structures for the use of the Instrument for Pre-Accession Assistance for Rural Development (IPARD). Bosnia and Herzegovina has still not developed a strategic plan for rural development at the national level. It is still necessary to adopt a revised plan for harmonization of agriculture, food and rural development, as well as laws on wine and organic production at national level. It is necessary to strengthen the administrative capacity and structure of the general coordination of the sector of agriculture and rural development, including support measures.

The absence of an efficient administration and effective credit schemes for rural areas continues to hinder efforts to improve productivity and competitiveness. We are still waiting for the adoption of a an information strategy on agriculture in BiH. An agricultural census has not yet been conducted because the legal framework is not harmonized. It is necessary to improve agricultural statistics and information system for agriculture. It is necessary to harmonize the system of land registration throughout the country, and improve land management.

In terms of food safety, following the recommendations of the EU, the competent authorities of BiH have drafted an Action Plan for production and processing of dairy products for export to the EU. The Plan was adopted in June 2015. In July 2015, Bosnia and Herzegovina recommended to the European Commission a list of manufacturers which can be granted export to the EU, and four dairy plants were approved for export of heat treated milk and milk products to the EU in September 2015.

However, it is necessary to further improve supply chain management and the system of official controls of food for people and animals to it to become more efficient, since the country is still not allowed to export most of the products of animal origin to the EU market. It is necessary to change the legislation in the field of veterinary, food safety, agriculture and rural development in order to create a system of official controls of food for humans and animals, which is aligned with the EU. It is necessary to further strengthen the institutional and administrative capacities, including inspections, especially at certain border inspection points, so that the competent authorities can carry out the tasks that such a system requires. This includes performing control of genetically modified food for humans and animals, and in particular the implementation of the system of import controls and controls of the internal market in line with EU legislation. A complete and uniform implementation of the hygiene package across the country is still pending.

The administrative capacities in the food safety have been improved through additional training. Bosnia and Herzegovina continues to fully perform its role as the early warning system for food and feed of the European Commission. A total of eight notices have been received through the system. Inspections
followed and results were then communicated to the European Commission. None of the reported cases did pose a risk to the health and safety of consumers. However, it is necessary to continue with training, especially for the inspection services and food producers. The central database for the system of official control is not yet fully operational. At the state level, it is necessary to develop a strategy for laboratory testing of samples, which is a requirement under the official control of the food chain and animal feed.

In July the authorities in Bosnia and Herzegovina introduced the practice of stopping trucks carrying bottled drinks from the EU Member States at the borders, in order to take samples for testing. This caused unduly delays and loss for EU producers. After complaints from the EU, this practice was stopped in mid-August.

In terms of veterinary, Bosnia and Herzegovina has adopted additional regulations on inspection, prevention and eradication of transmissible animal diseases. The implementation of measures for animal control, including those for the detection of brucellosis and bovine tuberculosis has continued. The immunization against brucellosis and rabies, as well as related supervision and coordination have continued as well. In order for it to become fully functional it is necessary to further strengthen the System for the management of processes related to the occurrence of suspected animal disease which began with its operation in 2014. Strengthening of the laboratory capacities is continued. Bosnia and Herzegovina has continued to implement the residue monitoring plan. The legal framework on animal health should be additionally strengthened. The strategic framework for the entire country for the animal by-products management should be established in accordance with the acquis. It is still necessary to improve Animal Identification and Movement Control Systems.

Additional regulations in the Phytosanitary sector have been adopted. In July, Bosnia and Herzegovina has been given status of the state where there is no potato ring rot, and is allowed to export potatoes to the EU. Further strengthening of institutional capacities is necessary, and a network of regional BiH Plant Health Administration offices is yet to become fully operational. The work of the official diagnostic laboratories and border control is mostly in line with the EU acquis. The activities related to supervision and quarantine of harmful organisms are continued across the country. Registration of the appropriate producers, importers, exporters and distributors in a unified phytosanitary register registration is being done continuously.

It is necessary to further harmonize regulations on genetically modified organisms to ensure common operational procedures in the entire country.

In terms of fishery, aquaculture sector analysis in Bosnia and Herzegovina has contributed to the improvement of policies in this area. It is necessary to harmonize the legislation in this at the level of the entire country, and further efforts are needed to support fish and fish products export to the EU. “

It is important to emphasize that, since 2008, Bosnia and Herzegovina has been made aware of the criteria which must be met in order to use the pre-accession assistance in agriculture and rural development area, that is the request for the establishment of the IPARD operational structure.

Technical assistance in order to meet these criteria has been available for Bosnia and Herzegovina, through seminars, workshops, study tours, written interpretation of the existing acquis, and the preparation of proposals for the establishment of a structure in accordance with the internal structure of Bosnia and Herzegovina through projects from the IPA I Programme (3 PBHRD, SAPIC and PSIPARD). However, since agreement regarding the establishment of the structure has not been reached, the EC has canceled projects from IPA 2008 and IPA 2010, and has suspended further assistance for agriculture and rural development area.

As a result, in the IPA II Indicative Strategy Paper for Bosnia and Herzegovina (2014-2017), which has been adopted on 15 December 2014, agriculture and rural development have not been stipulated as priority areas for which the European Commission will donate funds. Lessons learned from the programming and realisation of previous and current EU assistance are that the political commitment and ownership of the reform process are an essential prerequisite for success. In the view of these experiences, and in accordance with the Paris Declaration on Aid Effectiveness, assistance will be based on Bosnia and Herzegovina’s own sector strategies. Where there are no such strategies, IPA II Programme will support
drafting, adoption and the implementation of those strategies. Funds for development of strategies on the level of entire country will be made available under the Instrument for European integration stipulated in each annual IPA program 2014-2017. It will continue to provide short-term technical assistance in the framework of the Instrument for Technical Assistance and Information Exchange (TAIEX) in all sectors.³

The European Commission is ready to initiate the inclusion of additional sectors for support from the IPA in this Strategy Paper, including, where it is justified, the allocation of the additional funds, once when Bosnia and Herzegovina adopts the relevant strategic documents on the level of the entire country.

At the end of 2015 Directorate for European Integration has launched the programming procedure in the framework of the IPA II (Instrument for Pre-accession assistance EC). As it was stated, in the IPA II Indicative Strategy Paper for Bosnia and Herzegovina four sectors that will be funded under this program for the period 2014-2017 were listed and, based on that the programming for funding applications is made.

Leading institutions, i.e. the competent coordinating institution for the preparation of the Strategy Planning Document (SPD) for the third sector: Competitiveness and Innovation - Local Development Strategy 2016 - 2017, is the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina. The sector is focused at promoting the competitiveness and socio-economic development at the local level, and sub-sectors that have been identified within the Indicative Strategy Paper: small and medium enterprises, tourism and agriculture, should be considered in this regard.

SPD is a comprehensive multi-year plan that serves as a basis for drafting Action documents aimed at this sector. SPD covers IPA II intervention in a given time period, and it assesses and describes the sector, that is assess its readiness for a sectoral approach in the context of the IPA II (Sector Wide Approach – SWAp). It is a Working Document drafted by the beneficiary country and is regularly updated.

Sector’s Working group for this field has been formed, and it consists of representatives of relevant institutions, representatives of the civil society organizations (CSOs) and donors who are active in mentioned subsectors.

### 5.2. Observations

In the agriculture sector in general, the consequences of the lack of donor funds are felt, especially those from the European Union. Insufficiently built institutional capacities at all levels of government in BiH are additionally weakened due to lack of technical assistance, and in addition to somewhat difficult possibilities for following changes in EU legislation, without technical support the cooperation network with the EU countries is being lost, as well as with countries from the region which are at an accelerated pace adopting knowledge and regulations in one of the most challenging areas of European legislation (Chapter 11).

All of this, of course, as a consequence has a decrease in competitiveness of the agricultural sector and a difficult export of agricultural products especially those of animal origin, due to failure to adopt standards and modernize the sector in line with European standards. There is a possibility that the case of the Croatian accession to the EU is repeated with other countries prior to their accession to the EU and that in terms of achieving the standards of the EU ahead of BiH that if it continues at this pace will not be able to meet the requirements of export. There is a possibility that the case of the Croatian accession to the EU is repeated with other countries prior to their accession to the EU and which are in terms of achieving the standards of the EU ahead of BiH, which if continues at this pace will not be able to meet the requirements for the export.

Having in mind the abovementioned, and in accordance with the Work Programme of the Council of Ministers of BiH, and in accordance with the recommendations from the EC Progress Report, the conclusions of the Working Group, various studies and recommendations of the non-government sector, a priority is placed on achieving political agreement on the IPARD structure as well as the adoption of the Strategic Plan for Rural Development for BiH in order to make available the funds from the IPA II programming period after 2017 to the Agriculture and Rural Development Sector of BiH. Additional

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priority in meeting the criteria for the EU membership that can be implemented with technical support from the IPA II is the development of agricultural information system.

The need to innovate and review the existing documents prepared with the help of projects funded by international donors has also been emphasized, namely:


- Road Map aimed at Creating Conditions for the Export of Products of Animal and Plant Origin (2010), Project FARMA - USAID/SIDA.
Agriculture and rural development

1. Workshop on organic production, (Banja Luka, 30.03.2015)
2. Multiuser workshop on publicity of the Rural Development Programme (IPARD), (Zagreb, Croatia, 27.04.2015)
3. Expert mission on general overview of the situation in BiH regarding the establishment of the information system Land Parcels Identification System LPIS (02. - 06.11.2015)
4. Multiuser workshop on tasks of the Managing Authority under the Instrument for Pre-accession Assistance for Rural Development (IPARD) – (Tirana, Albania, 13.11.2015)
5. Workshop on advisory services (Sarajevo, 10.12.2015)

Food safety, veterinary and phytosanitary policy

6. Workshop on "Control of genetically modified organisms", (Sarajevo, 22.01.2015)
7. Workshop on the classification of facilities (Sarajevo, 21.-22.01.2015)
8. Workshop "Implementation of the Food Additives Legislation" (Mostar, 30.09.2015)
9. Workshop "Informing consumers about food" (Sarajevo, 22.10.2015)
10. Workshop on audit system for food safety, animal health and welfare and plant health (Sarajevo, 27.-28.01.2016)
11. Expert mission on certification procedures for export of milk, milk products and poultry meat and poultry meat products in the EU (Sarajevo, Banja Luka, Orašje, 14.09.-18.09.2015)
12. Expert Mission on the categorization of facilities for products of animal origin (Sarajevo, Bileća, Brod, Vogošća, Visoko, 05.10.-09.10.2015)
13. Workshop on the implementation of TRACES (Trade Control and Expert System) (Sarajevo, 26.10.2015)
14. Workshop on the Standards of stray dogs population control in accordance with the OIE (Sarajevo, 22.10.2015)
15. Training for GVI for the TRACES system model for the export use (border veterinary inspection, October 2015)
16. Multiuser workshop "Residues of veterinary medicines and antimicrobial resistance" “(Zagreb, Croatia, 09.02.-10. 02. 2015)
18. Workshop on: Seminar on sampling and testing seed for the certification purpose (Sarajevo, 28.10.2015)
19. Study visit on IPM in the Member States (Athens, 02. – 06. 11. 2015)
20. Workshop on: Seminar on health checks of plants and measures that need to be implemented for the WPM (wood packaging material) – (Banja Luka, 17. i 18.12.2015)

In addition, in the framework of the BTSF training organized by the European Commission (Better Training for Safer Food) the following trainings have been held:

21. BTSF training on TRACES for the period 29.09.-02.10.2015 (Budapest, Hungary)
22. BTSF Conference on Animal Health System (Ispra, Italy, 23.09.-25.09. 2015.)
23. BTSF training in the field of plant health, phyto-pharmaceutical products and devices for phyto-pharmaceutical application.
Table 2

A list of projects in the field of agriculture, food and rural development in BiH in 2015

<table>
<thead>
<tr>
<th>Project name</th>
<th>Financing/Mode of Financing/Co-financing</th>
<th>Time Period</th>
<th>Value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rural Life Development Programme (RLDP)</td>
<td>IFAD, loan</td>
<td>2010-2016</td>
<td>18,702,347</td>
</tr>
<tr>
<td>2. Rural Business Development Project (RBDP)</td>
<td>IFAD, loan</td>
<td>2015-2020</td>
<td>25,000,000</td>
</tr>
<tr>
<td>3. Agricultural and Rural Development Programme (ARDP)</td>
<td>SB, loan /SIDA grant</td>
<td>2007-2016</td>
<td>19,416,544</td>
</tr>
<tr>
<td>4. Irrigation Development Project (IDP)</td>
<td>SB, loan</td>
<td>2013-2017</td>
<td>35,333,000</td>
</tr>
<tr>
<td>5. Floods Emergency Recovery Project (FERP)</td>
<td>SB, loan</td>
<td>2014-2018</td>
<td>88,327,000</td>
</tr>
<tr>
<td>7. Overview of the forestry and fishery sector in Bosnia and Herzegovina in preparation for the IPARD</td>
<td>European Commission</td>
<td>2014-2015</td>
<td>235,000</td>
</tr>
<tr>
<td>8. Further strengthening of the phytosanitary sector capacities in the field of phyto-pharmaceutical products, plant health, seed and planting material, including phytosanitary laboratories and phytosanitary controls</td>
<td>European Commission Twinning Project IPA 2012</td>
<td>2015-2017</td>
<td>1,500,000</td>
</tr>
<tr>
<td>10. BEE Promoted – Promotion of beekeeping IPA CBC</td>
<td>European Commission</td>
<td>2014-2016</td>
<td>351,000</td>
</tr>
<tr>
<td>12. Improving policies for organic agriculture production CARD and Nešto Više</td>
<td>European Fund for the Balkans</td>
<td>2015</td>
<td>25,000</td>
</tr>
<tr>
<td>13. Pilot of the action for agricultural development and revitalization of territory in BiH</td>
<td>Italy/CI</td>
<td>2008-2016</td>
<td>949,000</td>
</tr>
<tr>
<td>14. Job creation in agricultural production for returnees and local population in agricultural production</td>
<td>The Republic of Croatia</td>
<td>2015</td>
<td>39,413</td>
</tr>
<tr>
<td>15. Support for the sustainable return to Bosanska Posavina</td>
<td>The Republic of Croatia</td>
<td>2015</td>
<td>5,255</td>
</tr>
<tr>
<td>17. Project Genetically Modified Soya from the Danube Region (Dunav Soja)</td>
<td>Germany /GIZ; Austria/ADA</td>
<td>2014-2016</td>
<td>1,250,000</td>
</tr>
<tr>
<td>18. The project for trust building through rural development</td>
<td>Japan/JICA</td>
<td>2014-2017</td>
<td>700,000</td>
</tr>
<tr>
<td>19. Support for agriculture development in Herzegovina</td>
<td>USAID/partners</td>
<td>2013-2016</td>
<td>877,300</td>
</tr>
<tr>
<td>24. Development of a system for cattle breeding in Bosnia and Herzegovina</td>
<td>Czech Republic/CzDA</td>
<td>2013-2016</td>
<td>600,000</td>
</tr>
<tr>
<td>25. Institutional support for certification and control of planting material</td>
<td>Czech Republic/CzDA/FARMA</td>
<td>2013-2016</td>
<td>660,000</td>
</tr>
</tbody>
</table>