

RURAL DEVELOPMENT

According to Law on Agriculture, Food and Rural development of BiH, the rural development means set of policies, measures and activities with the objective of overall economic, cultural and social development of rural population. All of that needs to be implemented and planned following the principles of sustainable development and environment friendly practices.

There is an active rural development policy of the EU. Basic rules and measures regulating the policy of rural development that are available for member countries and regions have been determined by the Directive of the EC number 1698/2005.

The EU Policy criteria are as follows:

1. Coherent state strategy of rural development;
2. State strategy plans in line with strategic guidelines of EU;
3. Recognising those areas where EU rural development would create value added support;
4. Establish and determine linkages with other programmes and priorities;
5. Ensure consistency with other EU policies (economic and social cohesion – including regional development and environment).

The objective of Rural Development component of IPA (IPA-RD) is to provide assistance to candidate states to prepare rural development programs which will be financed by the EU after accession, by implementing pre-accession assistance. However, this pre accession assistance needs to be done through the systems which are similar to those ones needed after the accession, in the context of pre accession. Therefore, these conditions and criteria widely reflect the ones that are applicable in member states rural development.

The field of interventions of IPA Component V – Rural development (*Implementation of Directive No. 718/2007 (article 171), the EC Directive No. 1085/2005 of IPA, which requests establishment of the bodies and institutions which are manage the component V under decentralised management system*) are as follows:

- Increase competitiveness of agricultural-food sector (improved market efficiency and EU standards implementation);
 - investments into agricultural farms for reorganisation and standard improvement,
 - support to development of group of farmers (producers' association),
 - investments to processing and marketing of agricultural products,
- preparatory activities for implementation of rural environment protection;
- improvement of rural livelihoods, diversification and development of rural economic initiatives.

As far as BiH legislative is concerned, there is great inconsistency of present laws and current EU acquis for rural development, and institutional capacities of BiH.

Main gaps are as follows:

1. BiH does not have an overall strategy with framework, objectives and approach to rural Development;
2. There is no policy or legal regulation for different regional rural development;

3. There are no long term and annual documents for rural development programming, and there are very few or almost no communication with rural communities and NGOs relating to priorities selected by Governments for support in the infrastructure and social conditions of rural development;
4. Implementation mechanisms have not been fully developed. Moreover, there is no adequate and transparent criteria on the project acceptable for financial support under governmental programs;
5. No capacities and implementation agencies for data collection, monitoring and evaluation of the programmes and projects with the objective of evaluation of the efficiency, effectiveness, impact and sustainability;
6. No adequate state frameworks for more efficient international support through coordination and integration of programming and planning. Moreover, there are no such implementation projects that would enable testing of different models suitable for the BiH rural development.

The objectives of the BiH agricultural, food and rural development policy have been defined by the BiH Law on Agriculture, Food and Rural Development covering the following:

1. Promote development of diversified, sustainable, competitive sectors of agriculture, food and rural development,
2. Ensure integration and harmonisation processes with the EU,
3. Encourage diversification of economic activities, improve employment opportunities and income generating activities and quality living conditions in rural areas,
4. Ensure access and availability of food of highest quality,
5. Ensure rational use and protection of natural resources and biodiversity.

Rural development, i.e. specific objectives have been defined by the Strategic Plan of BiH for Harmonization of Agriculture, Food and Rural Development 2008-2011:

1. Gradually harmonise policies and mechanisms at state, entity and cantonal levels, both within BiH and EU. moreover, ensure gradual harmonisation with EC Decree of IPA-Rural development No. 1085/2006 and its implementation Decree No. 718/2007;
2. Progressive establishment of adequate institutional structures, capacities and procedures at state and entity levels in order to secure management of pre accession preparations for harmonisation and gradually adoption of Agriculture Acquis Communautaire.

This Strategic plan defines the goals of rural development, identifies programmes, measures and other elements for achieving these goals. It sets up monitoring and evaluation mechanisms and makes a framework estimates for financial support they need as well as procedures for use of them. Strategic plan is the one that creates the basis for all the other plans and programs relating to rural development at all levels of BiH authorities.

The implementation of the Strategic plan of BiH is planned for the period of next three years, according to timeframes adopted under the 2008-2011 Operational Program. Strategic Plan and Operational Program provide all necessary steps for the preparation of the sector at all administrative levels for application and use of EU IPA Rural Development funds until 2011.

BiH must develop the Strategy that will enable the sector to be ready to receive IPA-RD funds. It requests the following:

- Establishment of National Strategic Plan for Agriculture and Rural Development of BiH;
- Introduction of favourable institutional framework for efficient implementation covering the following:
 - Agriculture and rural development Management/Coordination body;
 - Sector Monitoring Committee;
 - Sector Payment Agency in compliance with EU;
 - Use of national funds for development of pilot measures and monitoring and evaluations at all levels.

There is the opportunity for great support in implementation of aforementioned objectives through the *Strengthening Rural Development Programming Capacities of BiH*, which will be financed by IPA 2007.

General objective of the project is a sustainable, competitive and dynamic agricultural sector, including food and forestry in BiH through strengthening management structures, harmonisation and bringing in sectors of EU through increased economic and social development of rural communities.

The purpose of this project is to strengthen rural capacities for rural programming including rural payments in BiH by promoting participative bottom-up approaches in managing rural development measures through demonstration of pilot activities.

The Project would provide support to respective Ministries to implement regional and local approaches in rural development programming, reflecting, in that way, the needs of different administrative regions rural development plans which need to be included into national rural development program. The content of this program should be in compliance with acquis and approved by BiH stakeholders. The Project would support respective Ministries in preparation of rural development plans based on involvement of interest groups. Moreover, it would support MoFTER in development of further steps for present and future measures of rural development in order to make them implemented within the timeframe (selected, contracted, paid) in order to avoid facing the situation of having budgetary funds unused. The Project will develop general approach of planning for all rural municipalities in BiH making them playing significant role in integrated rural development actions for which there are budgetary funds available.

In order to ensure efficiently financial management of budgetary funds and increase transparency and responsibility of entire program, the Project would provide support in updating and strengthening financial management of agricultural subsidies and rural development strengthening. The training will be provided to respective Ministries for preparation and implementation of the procedure and the system.

Moreover, the Project will certainly review the application procedures and information flows at local and regional levels relating to payments in agricultural subsidies and rural development. This will be followed by detailed action plan for adaptation of these programmes, procedures, communication, and public relations. Moreover, there would be programmes for public relations in order to improve information dissemination and increased participation and created awareness of the new scheme.

Creating awareness amongst potential beneficiaries should be dealt with special attention. They should be fully aware of the future IPA-RD programme in order to be ready when it comes. It includes environment protection, food security according to cross-compliance criteria and other real issues that need to be fulfilled for use of future IPA funds.

Entity Ministries of Agriculture and BD BiH supported Rural Development according to their capacities and deigned measures.

As far as F BiH is concerned, under their 2008 Subsidy program they included – project designs, designed proposals of measures for *Rural Development strategy* of F BiH. Further activates have not been anticipated under the 2009 subsidy program.

The Strategic Plan of BiH for Harmonization of Agriculture, Food and Rural Development 2008-2011 led to Operational Program of F BiH covers six priority fields, i.e. the fourth, fifths and sixths relate to measures for rural development:

- Priority field 4: *Increase competitiveness of agro food sector of F BiH through indirect measures for production, processing and trade (no link to production);*
- Priority field 5: *protect rural environment of F BiH through support to agricultural environmental project support;*
- Priority field 6: *Diversify activities in rural economy and improve rural living conditions in F BiH.*

Under the 2008 Subsidy Program, the MAWMF F BiH initiated shifting direct support to products into indirect financial support to *Capital Investments and Farming Households Investments* - Rural development. Increase competitiveness also was implemented through the measure called *Support to young farmers*.

Under priority field 4 the following pilot measures are to be introduced:

1. *Investments into dairy farms,*
2. *Investments into meat farms,*
3. *Investments fruit and vegetable farms,*
4. *Investments into crop farms,*
5. *Investments into processing,*
6. *Investments into producers' associations,*
7. *Investments into land consolidation.*

Aforementioned measures have not been individually mentioned under 2008 Subsidy Program, but they have been included under the measure of *Investments into farming households*, thus making them available for applications for subsidies.

Measures for Investments into producers' associations and Investments into land consolidation have been introduced in 2008 Subsidy program independently from rural development measures.

By the FBiH Operating plan for agriculture, food and rural development under priority field 5, the following measures have been laid down:

1. *Pilot measure on investments into introduction of ecologically acceptable organic agriculture,*
2. *Support to autochthon and traditional plants and animals as well as many other measures in sector of forests and timber industry and waters.*

Under priority field 5 and 2008 Subsidy program of the MAWMF FBiH, there are two support measures, such as:

1. *Support to rural areas with more difficult economy position,*
2. *Support to organic agriculture.*

Measures of support to autochthon and traditional plant products have been included under *Additional activates*.

Measures from the fields of forestry, timber industry and water shave not been included under rural development measures.

By the FBiH Operating plan for agriculture, food and rural development under priority field 6, the following measures have been laid down:

1. *Rural diversification and generating employment opportunities,*
2. *Investments into local infrastructure,*
3. *Investments to support rural tourism,*
4. *Promoting the approach and availability of consulting and advisory services.*

Under priority field 6 and 2008 Subsidy program of the MAWMF FBiH, there are two support measures, such as:

1. *Additional activates,*
2. *Rural infrastructure.*

These two measures enabled applicants to apply for all four measures planned by Operating Plan for agriculture, food, and rural development of FBiH. Field visits of beneficiaries has been planned, but still not implemented due to some technical reasons in 2008.

RS has designed Strategic plan of rural areas development and submitted it to the RS Government for the adoption in 2008.

By research program and Strategic plan for rural development, the RS gets scientific and professional support and preconditions for practical implementation of long term rural development. These documents have been the basis for permanent development orientation. Strategic plan of rural development, and rural communities through its model and modern structure of development have been based on the following:

- Creating conditions for restructuring and sustainable development of rural activities, by increasing competitiveness of farmers,
- Development of economy, services and other activities which are in compliance with environment protection, protecting cultural and historical and traditional values, etc.,

- Improvement of the accessibility of public goods in rural areas in order to increase rural living conditions as well as prevention of negative demographic movements, and
- Harmonisations needed for BiH accession to EU.

The overall objective of the RS Rural development strategy is, on the basis of socio economic survey and analysis, define the key problems and obstacles in rural development of the RS areas and propose measures for resolving them.

The specific objective of the RS Rural development program is to direct the rural development towards the MAFWM and the RS Government through practical capacity building of the administration, which needs to be in compliance with RS requests and EU practice.

Strategic objectives of the RS rural development for the period until 2015 are as follows:

1. *Improve competitiveness of agriculture and forestry,*
2. *Natural conservation and rational management of natural resources,*
3. *Improvement of rural living conditions and introduction of greater diversification in income generating activities in rural economy.*

Implementation on the overall Strategy Plan of rural development of RS anticipates three strategic goals, 16 specific objectives, 54 measures and 161 sub measures. In order to implement this scope of activity objectives, measures and sub measures of the Strategic Plan, in the period from 2009-2015, detailed analysis anticipates the amount of 1,7 milliards KM, i.e. more precisely the amount of 1.716.867.500 KM. Dynamics for this period includes investment of 190 million KM in 2009, and in the last year, 2015 it would be in the amount of 287 million KM, with average annual growth rate of 6,2%.

As far as BD BiH is concerned, they prepared the *Strategy for development of agriculture, food and rural development of Brčko District BiH for the period of 2008-2013.*

Until now, the rural development policy of BD has not had any clear vision, with no overall objective and precisely determined strategic directions.

New rural development policy of the BD BiH has been seen in ways of accessing EU coming closer with harmonisation of policies of rural development to EU, in their context by having included principles, approaches and visions of the overall development of rural areas in the EU countries. Since BiH, including BD as its integral part, is committed to become integrated into EU, their ways include harmonisation of policies such as rural development policy. After designing strategy objectives of rural development of BD BiH, this was a leading point in defining the goals and measures.

Rural development of BD BiH, defined by the Strategy goal number 3: *promote rural development and provide conditions for good living conditions of rural population with protection of traditional values of rural areas, as well as environment protection. Under this strategic goal, there are some specific objectives that have to be achieved in order to achieve the general strategic objective (3.1. build physical and social rural infrastructure, 3.2. support diversification of economic activities in rural areas, 3.3. protect tradition, customs, culture and environment of rural areas, 3.4. develop private public partnership for planning and applying for rural development programmes).*

In developing BD BiH Rural development Program and defining project activities, one of the main presumptions for rural development is construction of rural infrastructure. Further on, as far as other types of support are concerned, they relate to physical and social infrastructure, aiming to create more favourable condition for rural living conditions. Sustainable management of the resources and protection of the environment play significant role in future policy of rural development of BD BiH.

The BD BiH Rural development covers thirteen planned projects.

Entity Ministries and BD BiH have allocated significant funds for support to rural development in 2008.

The rural development support in FBiH amounted to 6.512.000 KM which is 12,37% of total allocated agricultural budget. Rural development support in 2007 amounted to 3.338.000 KM. Rural development committee processed 1.891 applications for 2008, for eight measures, excluding the measure *Increase the size of farm*. However, this measure was included into subsidy program of 2007, but due to lack of funds for this type of support (*based n the FBiH Government decision of December 2007.*), it was included and paid out if the subsidy program of 2008.

Review the FBiH Rural Development Measures (2007-2008)

	2007	2008
	Amount (KM)	
Investments into farming households	-	1.000.000
Support to young farmers	-	500.000
Increase of farm size (from 2007)	0	1.100.000
Support to areas with more difficult economy conditions	-	1.000.000
Organic agriculture	372.500	300.000
Additional activities	200.000	312.000
Rural infrastructure investment	-	1.200.000
Protecting and handling of farm land	-	1.100.000
Modernisation of farm households	955.500	-
Less favourable areas	1.386.000	-
Rural inheritance	174.000	-
Autochthon plants and animals	300.000	-
Total	3.388.000	6.512.000

Source: MAWMF FBiH

Support to the RS rural development amounted to 9.385.386,77 KM, which is 9,02% of total agricultural budget. The 2007 rural support amounted to 6,069,518 KM. Out of total number of applications for subsidies, (14.478), and 610 were for rural development.

Review of the Rural Development Measures (2007-2008)

	2007	2008
	Amount (KM)	
Farm registration	265.782,00	1.131.456
Improvement of agricultural production competitiveness	579.685,60	480.120
Economic, social revitalisation of rural areas	595.971,60	2.162.166
Support to revitalisation of rural infrastructure	3.050.128,93	3.663.395
Support to professional programs, trainings and education	181.363,00	530.717
General funds for rural development	1.166.239,20	600,808,85
Milk quality control program	21.594,92	386.343.85
Protection of autochthon genetically resources	60.000,00	4.800,00
Designing strategy documents of rural development	148.753,00	191.000
Total	6.069.518,25	9.385.386.77

Source: MAFWM RS

Overall BD BiH rural support amounted to 1.313.467 KM, and in the year of 2008. It was implemented through Subsidy Plan for agricultural development, and through different projects.

Out of this subsidy plan, there have been measures that are significantly contributing to product competitiveness such as:

- Investments into new sowings – 20.479 KM;
- Investments into farm mechanisation and equipment - 226.161 KM;
- Global gap - 39.821 KM;

While the projects covered:

- Rehabilitation of rural roads and agricultural channels in 2008 (out of total amount, 118.385,18 KM relates to 2007 projects that have been paid in 2008 266.297 KM)
- Maintenance of water facilities and water flows, followed by channel network amounts to 760.707 KM.

Support to rural development

