

Study on the research, innovation and technology transfer capacities and on the recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries

Task 1: Recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries

BOSNIA AND HERZEGOVINA

Interim report

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JOINT RESEARCH CENTRE

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Introduction remarks

- Due to COVID-19 pandemic - Restricted mobility and closed institutions, so
 - Reduced ability of data collection and reduced response rate
 - Disabled physical presence in meetings (with representatives of FMAWMF and MAFWM of RS)
- Most agricultural statistics data collected, some of the data will be updated in the coming period (data regarding national accounts, estimation of population)
- APM database updated for the period 2018 – 2019
- Excellent cooperation with public institutions especially with entity ministries of agriculture



State of the agri-food sector in BiH (1)

- **Key general statistics data - continuation of the economic growth**
 - Economic growth 3.6% (2018)
 - Total GDP and GVA increase (GDP index $_{2019/2016} = 117$)
 - Inflation rate 1.4% (2018), 1.2% (2019)
 - Growth in the number of employees (830.000; 2019)
 - Reducing the unemployment rate (15.7%; 2019)
- **Key agricultural statistics**
 - Agriculture is important sector of BiH economy
 - 7.4% share in GVA of all activities (2019)
 - 18% in total employments (2019)
 - 7.2% share in exports of all products (2019)
 - 16.3% share in imports of all products (2019)
 - Export/import rate 26.4% (2019)
 - GAO 1.08 billion EUR (2019):
 - Crop production 41%
 - Animal production 59%



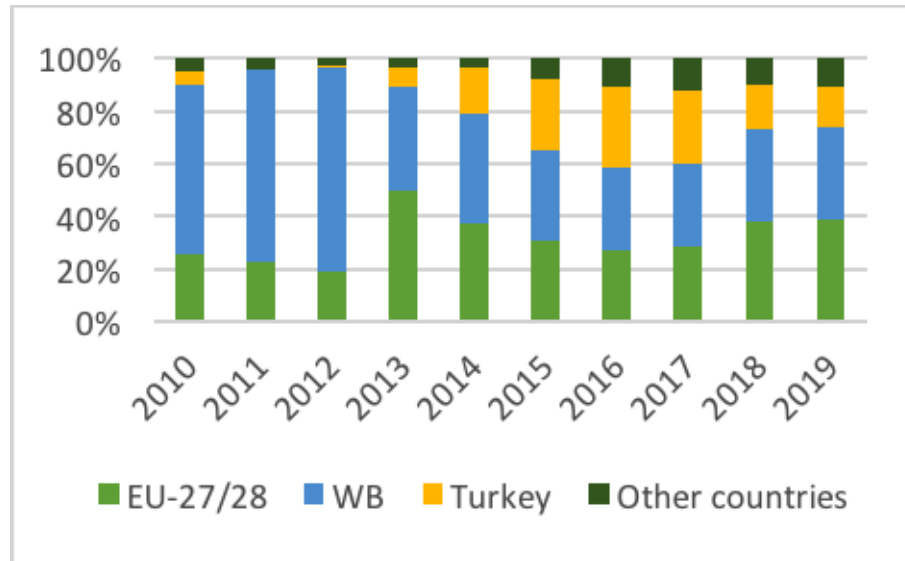
State of the agri-food sector in BiH (2)

- **Organic production in BiH – First SWG public data**
 - Most of organic production is crop production
 - 89 producers (2017)
 - Total area with certified organic production 1,145 ha
 - Which is
 - 0.1% of total arable land or
 - 0.05 % of total agricultural land
 - Number of accredited certification houses in BiH – 9
 - One of them OK – Organic control from BiH
 - Structure of organic production
 - Aromatic and medical herbs – 697 ha (61%)
 - Cereals – 94 ha (8%)
 - Oilseeds – 87 ha (8%)
 - Fodder – 146 ha (13%)
 - Fruit and vegetables - 120 ha (10%)

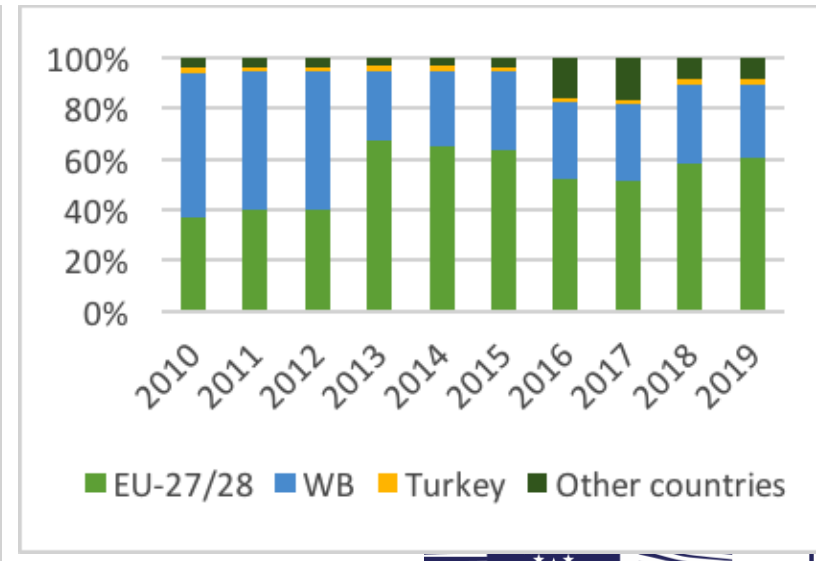


State of the agri-food sector in BiH (3)

- Crop production (production varies from year to year)
- Livestock production (slight decrease in the number of heads)
- Agricultural output prices (from 2014 slight increase)
- Agro-food trade
 - Export-imports of agro-food trade
 - Regional breakdown



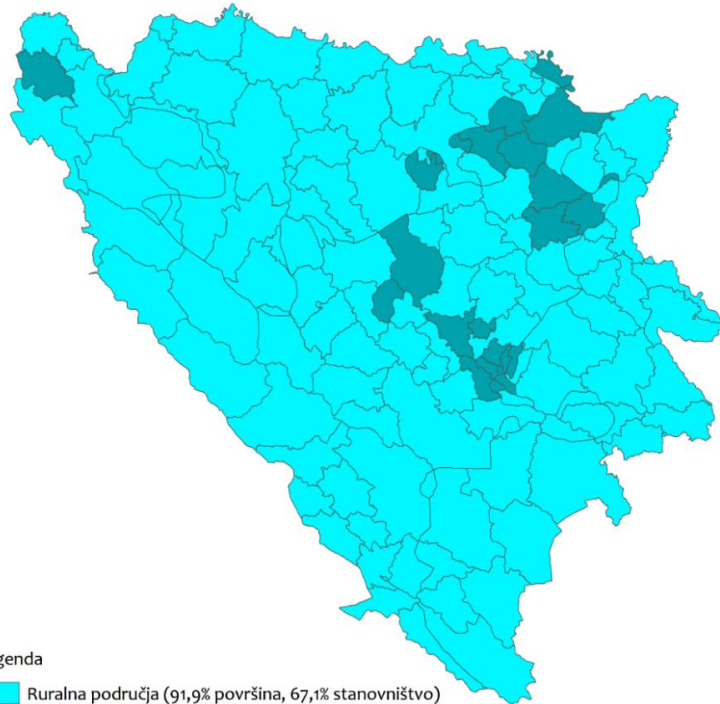
Exports



Imports

Socio-economic issues underlying rural areas (1)

- Official classification of rural areas does not exist in BiH
- Most of requested data regarding socio-economic issues underlying rural areas does not exist
- Rural areas in BiH according to authors calculations (Census 2013)
 - 91.9% of the territory (47.010 km²); 67.1% of population (2,3 million)



Legenda

- Ruralna područja (91,9% površina, 67,1% stanovništvo)
- Urbana područja (8,1% površina, 32,9% stanovništvo)



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National policy framework (1)

The development of the agriculture and rural development sector in BiH in the analysed period was defined by four strategic documents:

1. Rural Development Strategy of BiH (2018-201) - framework document,
2. Strategic plan for the development of agriculture and rural areas of RS for the period 2016-2020,
3. Medium-term strategy for the development of the agricultural sector in FBiH for the period 2015-2019 and
4. Rural Development Program of FBiH for the period 2018-2021.



National policy framework (2)

- The general conclusion regarding these strategic documents is that the adopted objectives are still relevant, but they are not strictly followed, both in terms of the adopted measures and in terms of the scope and structure of financing.
- The system of monitoring and evaluation of the degree of realization of strategic and program documents is weak and unsystematic.
- Both entities have started activities on the preparation of new strategic documents after 2020, as well as the Brcko District BiH, which was without a strategic document for that sector in an period.



Measures and budgetary support of agriculture and rural development

- Strategic documents for sector development in both entities (FBiH and RS) are coming to an end, so main conclusions are:
 - The necessary reform courage of decision makers was lacking as well as the necessary step forward was not made regarding EU CAP approaching
 - Budgetary support has not increased significantly
 - Direct payments based on output are retained (and still the most important support)
 - There was a lack of support for the second pillar and rural development measures (in FBiH until 2018 there was no budgetary support at all – level FMAWMF)
 - Relation Direct payments : Structural and rural development measures
 - FBiH: Planned 55:45%; Implemented (2019) 95:5%
 - RS : Planned 60:40%; Implemented (2019) 88:12%

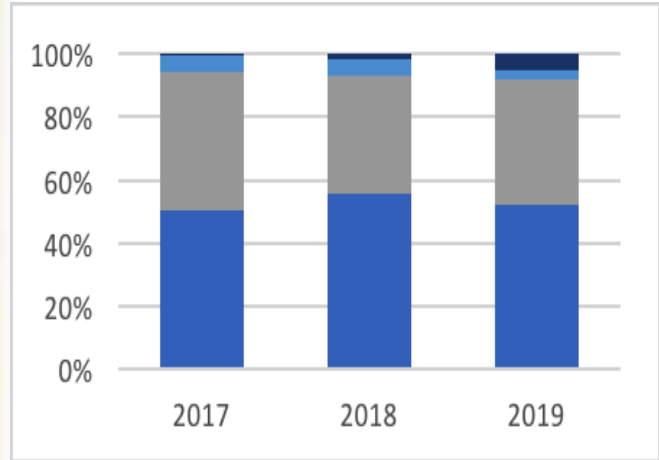


Breakdown of budgetary expenditure for agro-food sector and rural areas, Period 2010-2019, Bosnia and Herzegovina, In mill. EUR

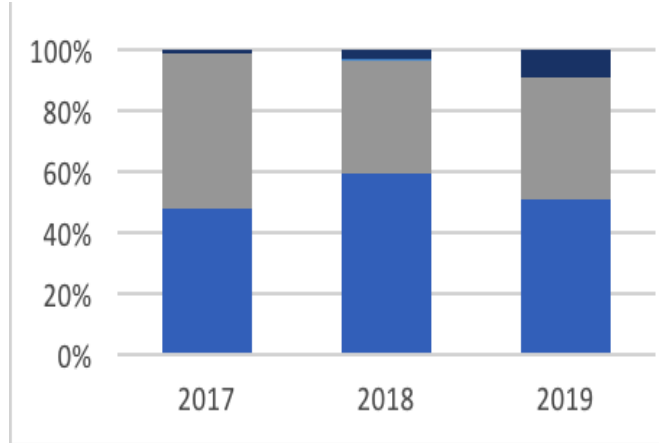
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BOSNIA AND HERZEGOVINA										
Market and direct producer support measures	46,7	60,8	50,1	60,6	55,2	59,6	69,8	73,6	76,2	74,8
Structural and rural development measures	30,4	8,2	29,6	6,8	9,2	5,1	4,4	3,3	5,2	6,7
Other measures related to agriculture	5,1	2,2	3,0	3,6	3,0	3,3	3,4	4,0	4,8	5,2
Total budgetary support to agriculture	82,2	71,2	82,7	71,0	67,4	68,0	77,6	80,9	86,3	86,6
FEDERATION OF BOSNIA AND HERZEGOVINA										
Market and direct producer support measures	28,7	32,4	25,0	35,5	31,1	33,7	40,7	42,9	41,5	41,0
Structural and rural development measures	9,8	4,0	18,1	0,9	5,7	1,2	1,6	1,7	2,0	2,3
Other measures related to agriculture	0,9	0,4	0,5	1,3	0,3	0,2	0,3	0,2	0,3	0,6
Total budgetary support to agriculture	39,4	36,7	43,6	37,7	37,0	35,1	42,6	44,8	43,8	43,9
THE REPUBLIKA SRPSKA										
Market and direct producer support measures	15,6	26,4	22,1	22,1	22,4	23,3	24,8	25,5	28,7	27,5
Structural and rural development measures	20,3	3,9	11,2	5,6	3,4	3,7	2,2	0,8	2,7	3,6
Other measures related to agriculture	4,2	1,8	2,5	2,3	2,7	3,1	3,1	3,8	4,6	4,6
Total budgetary support to agriculture	40,1	32,1	35,8	29,9	28,5	30,1	30,1	30,0	35,9	35,6
BRCKO DISTRICT BIH										
Market and direct producer support measures	2,3	2,0	2,9	3,0	1,7	2,7	4,3	5,2	6,0	6,4
Structural and rural development measures	0,3	0,3	0,4	0,4	0,1	0,2	0,6	0,8	0,6	0,7
Other measures related to agriculture	-	-	-	-	-	-	-	-	-	-
Total budgetary support to agriculture	2,6	2,3	3,3	3,4	1,8	2,8	4,9	6,0	6,5	7,1



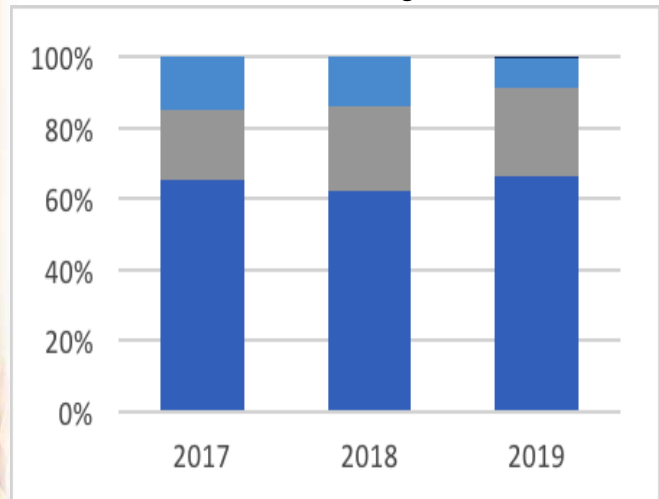
The structure of direct producer support measures, Bosnia and Herzegovina, Period 2017-2019



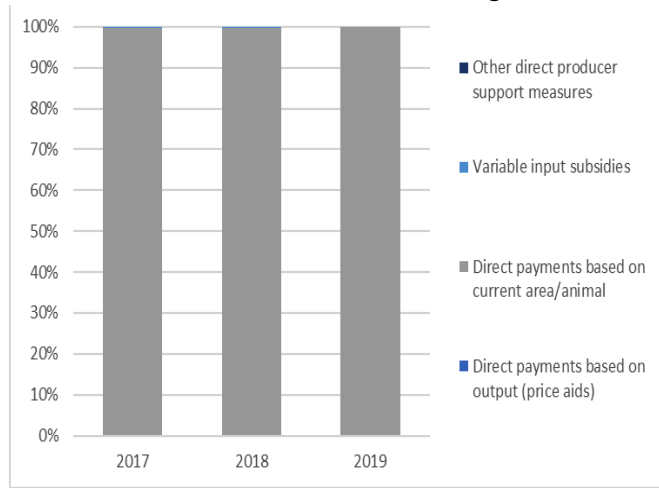
Bosnia and Herzegovina



Federation of Bosnia and Herzegovina



The Republika Srpska

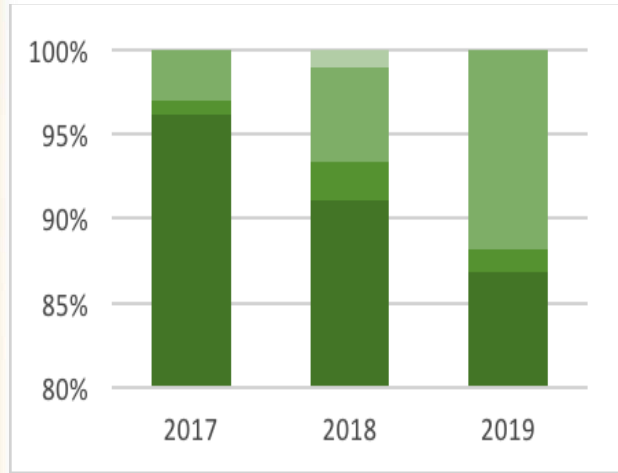


Brčko District BiH

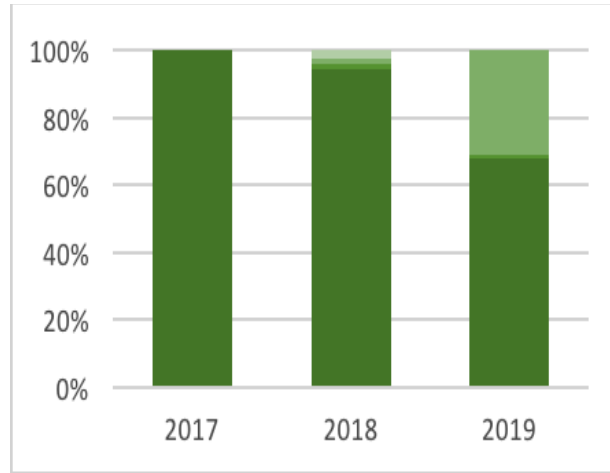
- **Federation of BiH:**
 - DP measures 41-43 mill. EUR
 - Most of DP based on output (milk producers)
 - In period 2017-2019 retained DP schemes, kind of supported production, criteria ...)
- **RS**
 - DP measures 25.5-28.6 mill. EUR
 - 2/3 of DP based on output (milk, fruits, vegetables)
 - Support for variable inputs (2.3-4.0 mill. EUR)
 - In 2019. new DP schemes for production of buckwheat, aromatic and medical herbs, seeds)



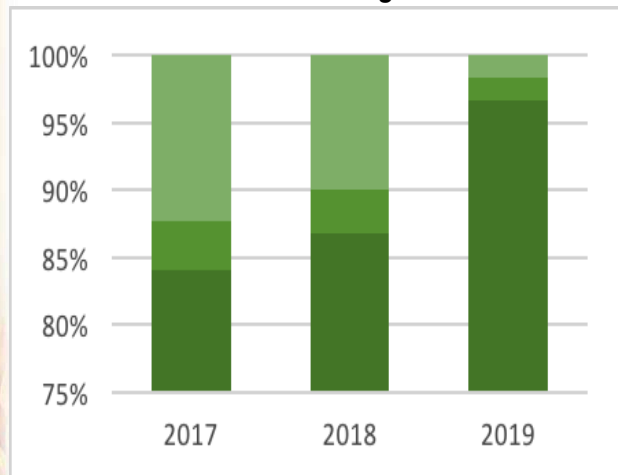
Structural and rural development measures, Bosnia and Herzegovina, Period 2017-2019



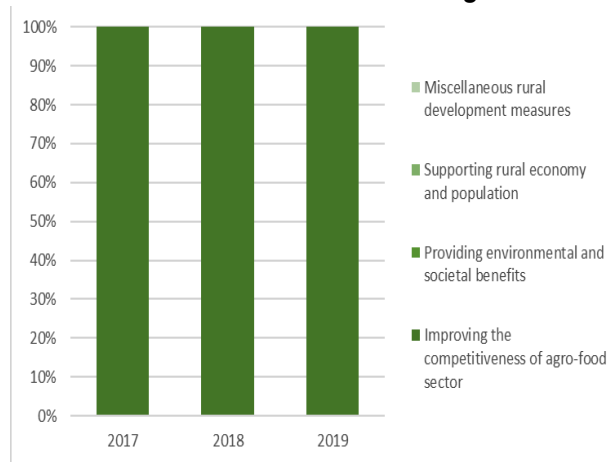
Bosnia and Herzegovina



Federation of Bosnia and Herzegovina



The Republika Srpska



Brcko District BIH

- **Federation of BiH:**
 - Missing planned support
 - Period 2014-2017 no budgetary support (FMAWMF level)
 - In period 2018-2019 0.75 million EUR/year from FMAWMF level
 - Support for competitiveness
 - No support for environment issues
- **RS**
 - SRD measures 0.8-3.6 mill. EUR
 - Great number of SRD measures with small budget
 - Support for competitiveness (capital investments)
 - Modest fund for environment issues



Approximation to the EU policy (1)

- In 2008, Bosnia and Herzegovina signed a Stabilization and Association Agreement with the EU, which entered into force in 2015.
- In 2016, BiH officially applied for EU membership.
- In 2018 BiH submitted answers to the questionnaire of the European Commission, and in 2019 the answers to additional questions.
- BiH receives significant EU assistance for capacity building in agriculture, rural development, food security, veterinary medicine and phytosanitary protection.
- Regarding direct pre-accession assistance for agriculture and rural development (IPARD), this priority sector was not covered by financial assistance from the IPA II program in the period 2014-2020 due to non-fulfillment of political and technical conditions.



Approximation to the EU policy (2)

- In the analytical report of the EC for BiH for 2019, it is stated 15 tasks for BiH regarding chapters 11, 12 and 13. It will remain relevant for a longer period, especially since most of the recommendations were contained in earlier EU reports in this area.
- Concluding statement from the EC report (2019) “Bosnia and Herzegovina is at an **early stage of preparation** in the area of agriculture and rural development and fishery and in **some level of preparation** in in the area of food safety, veterinary and phytosanitary policy”.
- Due to the non-compliance to the EU preconditions for the implementation of the IPARD program and the EU's lack of understanding of the complex institutional and political situation in BiH, BiH will likely lose their right to use the IPARD pre-accession funds and in the next programming period (2021-2027).



Conclusions

- Continuation of economic growth
- Agriculture remains an important sector in BiH economy
- Agricultural policy in both BiH entities is inconsistent with the planned strategic goals (especially in relation to rural development and scope of budgetary support)
- Dominant participation of direct payment measures with modest budget allocations for the II and III pillar of the AP
- Slow approximation to the EU CAP (DP based on output, lack of rural development measures)
- Lack of political will and further absences of using IPARD funds - replacement of EU4 -Agri project not implemented by BiH institutions



Recommendations

- Ensure continuity of strategic documents, by adopting new ones before the expiration of valid strategies/programs.
- Adopt a legal basis for the delimitation of urban and rural areas and establish statistical monitoring of a number of indicators on that basis.
- Improve the capacity of institutions at all levels to monitor and evaluate the performance and impact of agricultural and rural policy.
- Take more seriously the fulfillment of the preconditions for BiH's accession to the EU, especially in the field of agrarian and rural policy.



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THANK YOU FOR YOUR ATTENTION!

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