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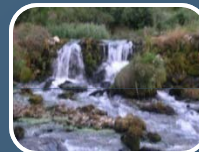
Agriculture and rural development support measures in Bosnia and Herzegovina

APF Jahorina 2009

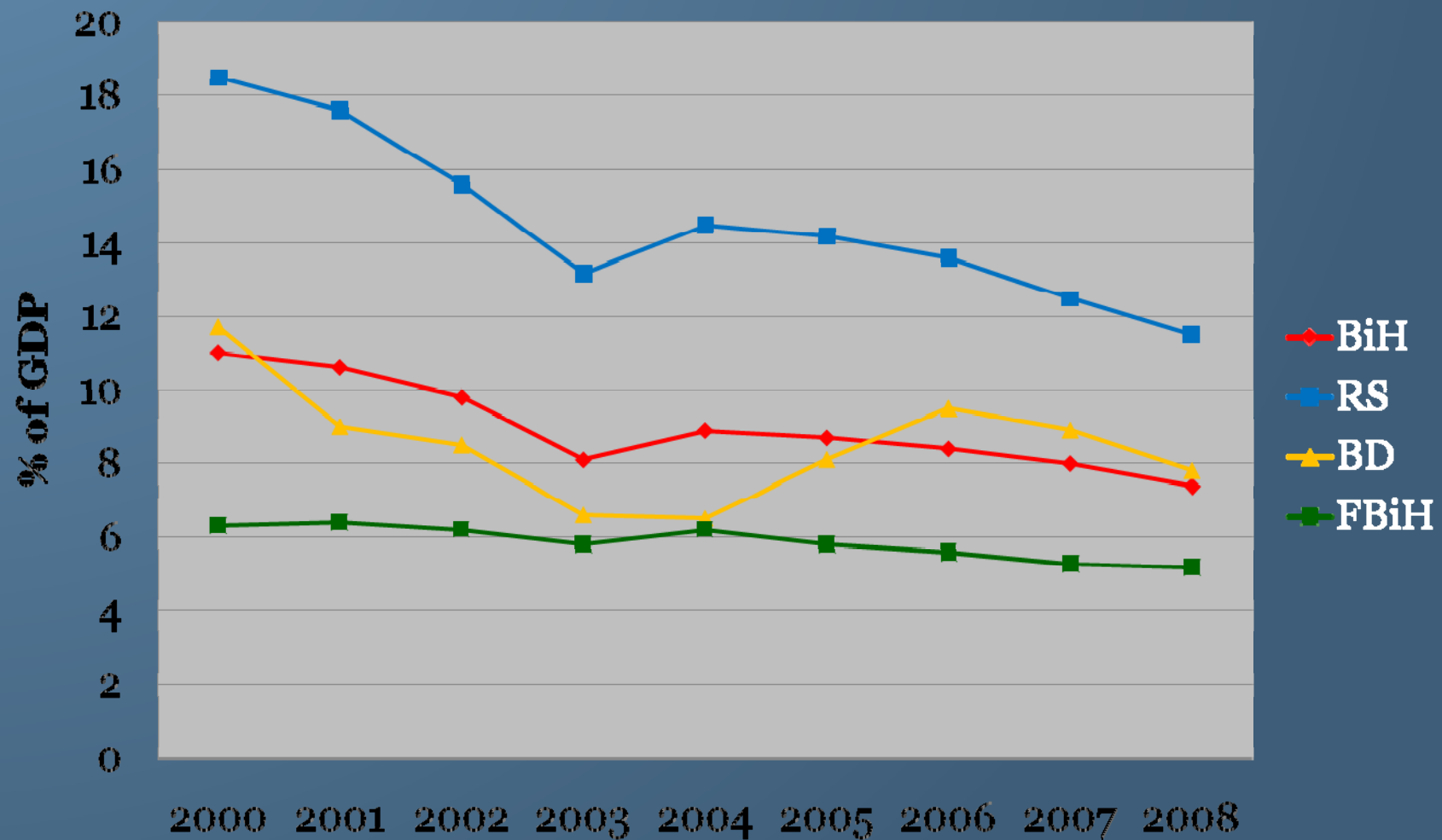


General review

- Bosnia and Herzegovina:
 - surface 51.209 km²,
 - population 3,8 million (estimation),
- 89% of rural territory.
- 515.000 estimated number of farms,
- 2.136.000 ha of agriculture land (41% of total),
- 2.710.000 ha of forest land (53% of total),
- National currency convertible mark
(1 KM=0,51 EUR)



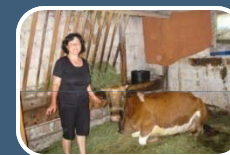
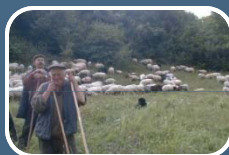
Share of agriculture, hunting and forestry in B&H GDP (*current prices*)



Agriculture employment

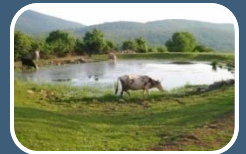
- Official figure of employment in agriculture (2,6%) doesn't show real situation in B&H (employment is much higher).

Labor Force Survey	2006.	2007.	2008.	2009.
Share of agriculture employment in total employment	20,5%	19,8%	20,6%	21,2%



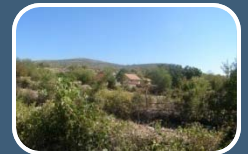
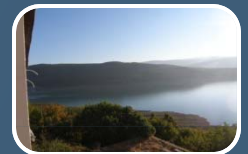
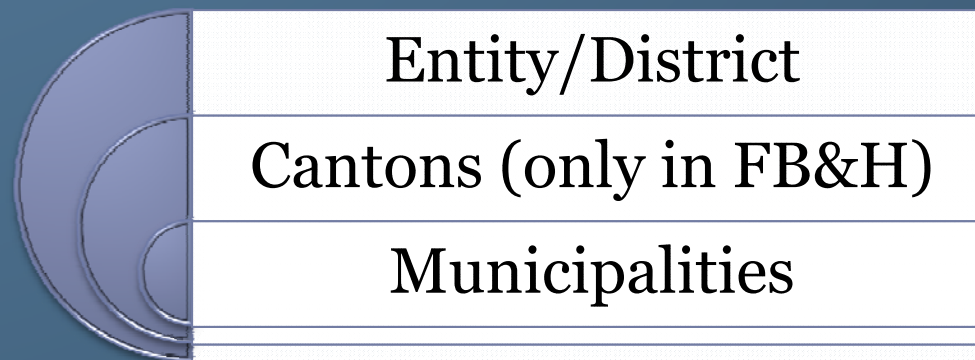
Support measures of agriculture and rural development

- **Nonfinancial support:**
 - Setup legislation,
 - Institutional building,
 - Tax policy,
 - Foreign trade policy,
- **Financial support:**
 - Subsidies.

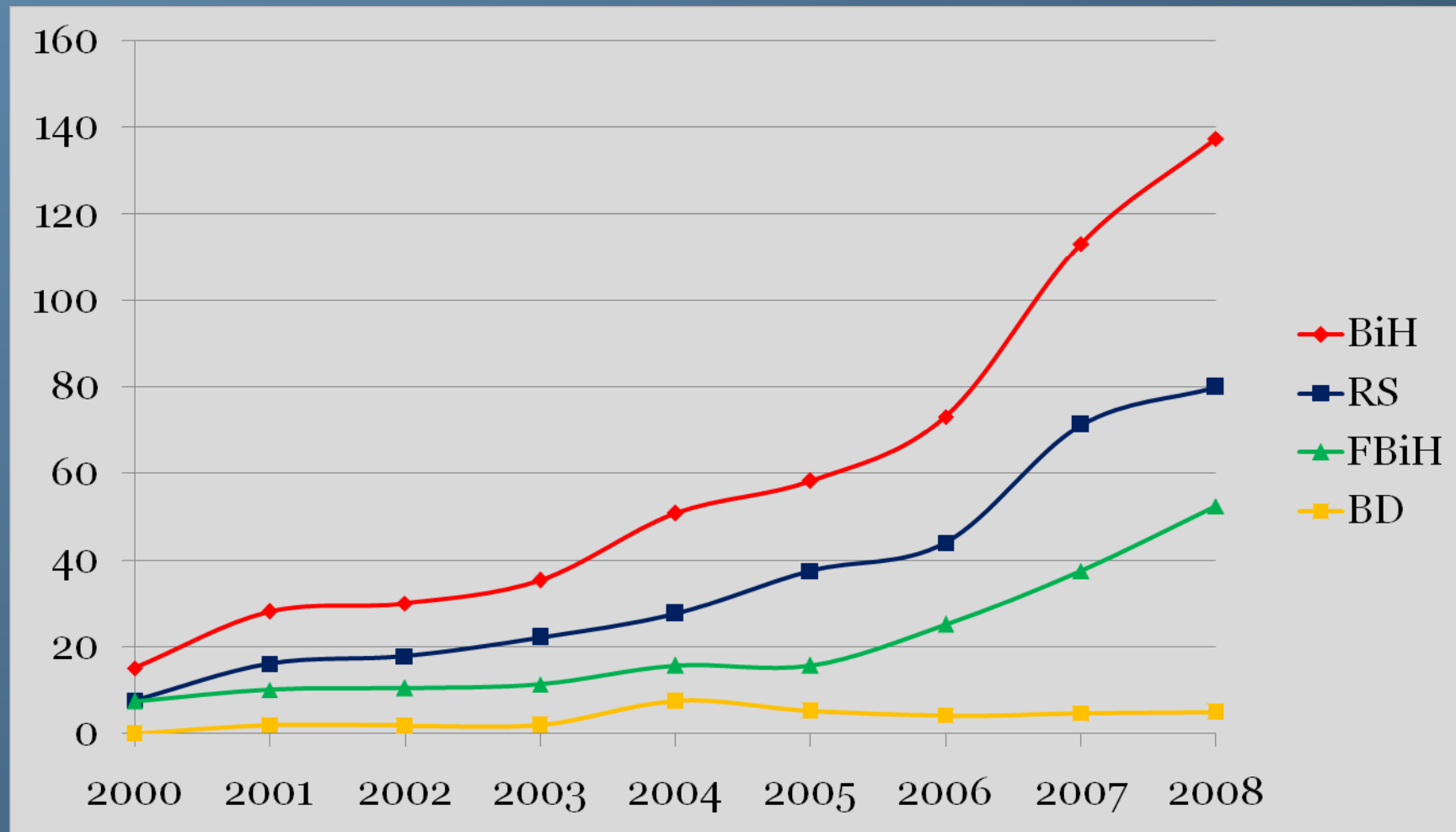


Agriculture and RD incentives

- Financial support to development of agriculture has started in Bosnia and Herzegovina since 2000.
- Financial support to rural development started later and significantly has participated in subsidy schemes since 2005.
- Subsidies are distributing through three administrative levels.



Trend of subsidies allocation



Amount of agriculture and RD subsidies

	million	2000.	2001.	2002.	2003.	2004.	2005.	2006.	2007.	2008.
FBiH	KM	7,5	10,1	10,4	11,3	15,7	15,7	25,0	37,5	52,4
	EUR	3,8	5,1	5,3	5,8	8,0	8,0	12,8	19,2	26,8
RS	KM	7,5	16,1	17,8	22,1	27,6	37,4	44,0	71,2	80,0
	EUR	3,9	8,3	9,1	11,3	14,1	19,1	22,5	36,4	40,9
DB	KM	-	1,9	1,8	2,0	7,5	5,2	4,1	4,6	5,0
	EUR	-	1,0	0,9	1,0	3,8	2,7	2,1	2,4	2,6
Total	KM	15,0	28,1	30,0	35,4	50,8	58,3	73,1	113,3	137,4
	EUR	7,7	14,4	15,3	18,1	25,9	29,8	37,4	58,0	70,3

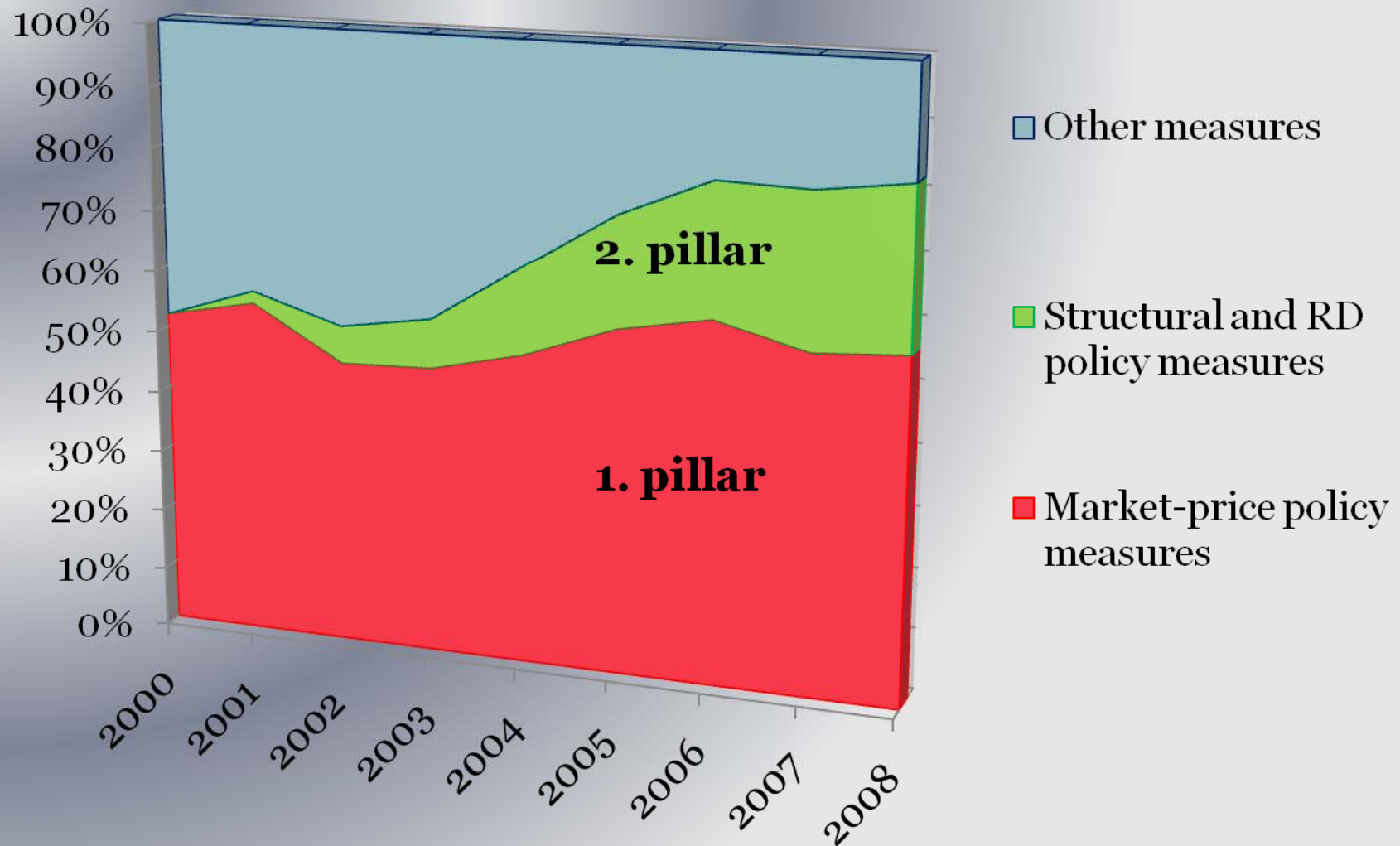
- These figures are underestimated for minimum about 40% because they don't compose incentives paid on the cantonal and municipal level.

Share of agricultural subsidies in agriculture GDP and total budgets

		2000.	2001.	2002.	2003.	2004.	2005.	2006.	2007.	2008.
% of agricultural subsidies in agriculture GDP	BiH	1,3%	2,2%	2,4%	3,0%	3,3%	3,9%	4,5%	6,7%	7,5%
	<i>FBiH</i>	1,4%	1,8%	1,8%	2,0%	2,5%	2,5%	3,7%	5,2%	6,5%
	<i>RS</i>	1,2%	2,5%	2,8%	3,8%	3,8%	4,7%	5,0%	7,8%	8,2%
	<i>BD</i>	-	-	6,5%	5,7%	7,2%	10,1%	8,6%	9,2%	10,5%
% of agricultural subsidies in total budgets	BiH	0,9%	1,4%	1,3%	1,5%	1,9%	2,6%	2,8%	3,7%	4,0%
	<i>FBiH</i>	0,8%	1,0%	1,0%	0,9%	1,4%	1,5%	2,2%	2,6%	3,0%
	<i>RS</i>	1,1%	2,0%	1,6%	2,2%	2,6%	4,0%	3,6%	5,1%	5,3%
	<i>BD</i>	-	-	1,5%	0,9%	1,1%	1,8%	1,8%	2,2%	2,3%



Structure of the subsidies in B&H, 2000-08.



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1. Market-price support measures (2008)

		FB&H	RS	BD
1.1	Market interventions		Publics stocks (wheat and maize)	
1.2	Production and income support			
1.2.1	Milk premium	Per litter	Per litter	Per head
1.2.1	Cereal and oil seeds premium	Per kilo (wheat, rye, oil seeds, tobacco)	Per hectare (cereals, oil seeds, tobacco, forage crops)	Per hectare
1.2.3	Livestock fattening premium	Per head (caw/calf, beef, pigs, fish)	Per head (caw/calf, beef, pigs, poultry, beehive)	Per head (caw/calf, beef, pigs, poultry, beehive)
1.2.4	Breeding animal premium	Per head (heifers, sheep, goats, sows, poultry, beehive)	Per head (heifers, sheep, goats, sows, poultry, beehive)	Per head (heifers, sheep, goats, sows, poultry, behive)

Market-price support measures (2008)

		FBiH	RS	BD
1.2	Production income support			
1.2.5	Premium for fruit production	-	Per kilo (apple, pear, plum, sour cherry)	Per hectare
1.2.6	Premium for vegetable production	Per kilo	Per kilo (potato, tomato, cucumber, peas, paprika, beans, carrot, beet)	Per hectare
1.2.7	Regress for aromatic and medical herbs plantation	Per hectare	Per hectare	Per hectare
1.2.8	Regress for seed and seedlings	Per kilo or per seedlings	Per hectare, seedlings or kilo (potato)	-

2. Structural and RD support measures (2008)

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		FBiH	RS	BD
2.1	On farm investment support / subsidizing purchasing, construction, breeding or growing related subject of investment (with limits of subsidies)			
2.1.1	Agricultural land purchasing	-	Cofinancing (20%, limited)	-
2.1.2	Agricultural mechanization	Cofinancing (25%, limited)	Cofinancing (20%, limited)	Cofinancing (20%, limited)
2.1.3	Milking machines	Cofinancing (25%, limited)	Cofinancing (40%, limited)	Cofinancing (20%, limited)
2.1.4	Livestock herd/flock	Cofinancing (25%, limited)	Cofinancing (20%, limited)	-
2.1.5	Livestock buildings construction (including fish ponds)	Cofinancing (25%, limited)	Cofinancing (20%, limited)	-
2.1.6	Lagoons for manure, silo pits		Cofinancing (20%, limited)	-

2. Structural and RD support measures (2008. conditions)

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		FBiH	RS	BD
2.1	On farm investment support / subsidizing purchasing, construction, breeding or growing related subject of investment (with limits of subsidies)			
2.1.7	Orchards, vineyard, beery fruits plantation	Cofinancing (25%, limited)	Cofinancing (25%, limited)	Cofinancing (per ha)
2.1.8	Greenhouses and glasshouses	Cofinancing (25%, limited)	Cofinancing (25%, limited)	Cofinancing (per m ²)
2.1.9	Processing and storage capacity construction	Cofinancing (25%, limited)	Cofinancing (30%, limited)	-
2.1.10	Interest rate subsidy	2% yearly	3-4% yearly (limited)	-
2.1.11	Insurance cost subsidy	25%	-	-
2.1.12	Irrigations, ameliorations	Coffinancing (up to 20.000 KM)	Cofinancing (30%, limited)	Cofinancing (20%, limitedg)

2. Structural and RD support (2008)

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		FBiH	RS	BD
2.2	Diversification of activates in rural areas			
2.2.1	Support to development of agro and rural tourism	per project (max. 7.000 KM)	Cofinancing (40%, up to limit)	-
2.2.2	Support to development of non agricultural activities	per project (max. 7.000 KM)	Cofinancing (50%, up to limit)	-
2.2.3	Support to cooperative's and PA's activities	Cofinancing (with max. limit)	Cofinancing (25-30%, up to limit)	-
2.2.4	Support of protection of autochthon and for region specific products	per project (max. 7.000 KM)	per project (max. 10.000 KM)	-
2.2.5	Support to introducing new standards of agricultural products	-	Cofinancing (50%, up to limit)	-

2. Structural and RD support (2008)

		FBiH	RS	BD
2.2	Diversification of activities in rural areas			
2.2.6	Support new employment in rural SME's	-	5.000 KM per employees (up to limit)	-
2.2.7	Support to female entrepreneurship	Per project (max. 7.000 KM)	50% per program (up to limit)	-
2.2.8	Support to education of working capable persons from rural areas	-	50% per program (up to limit)	-

2. Structural and RD support (2008)

		FBiH	RS	BD
2.3	Improving quality of life in rural areas			
2.3.1	Construction of water and electricity supply systems, roads, bridges, etc.	Cofinancing (up to 20.000 KM)	Cofinancing (up to 50.000 KM)	
2.3.2	School, health and cultural buildings (re)construction	Cofinancing (up to 10.000 KM)	Cofinancing (up to 50%, up to limit)	
2.3.3	Investment to waste disposal and production of bio energy		Cofinancing (up to 50%, up to limit)	
2.3.4	Support to investments of families with 4 and more children		Up to 20.000 KM	

3. Other measures (2008)

		FBiH	RS	BD
3.	Measures of common interest and interventions			
3.1	Support to organizing fairs, seminars, trainings, researches etc.	Particular minister's decision	Up to 25.000 KM	-
3.2	Projects with common purpose for rural areas	-	Up to 30.000 KM	-
3.3	Preservation of genetic resources	-	Up to 5.000 per programme	-
3.4	Plant health protection	Particular minister's decision	Up to 5.000 per programme	-
3.5	Diagnostic and vaccinating of animals	-	Per animal	-
3.6	Support to veterinary specific programmes	-	Particular minister's decision	-

Aims



- Harmonization agriculture and RD support policy and measures in the country.
- Avoiding overlapping in delivering of subsidies between different administrative levels (entities, cantons and municipalities).
- Finding balance between economical and social goals in process of incentives design.
- Improving procedures for subsidy assigning.
- Increasing eligibility limits for some kind of subsidies.
- Introducing and improving monitoring and evaluation system of achievements and results of general subsidy schemes and specific measures.

Conclusions



- Although the subsidies in B&H are still significant lagging behind their level in EU they have been continuously increasing.
- Significant growth of financial allocation from national budgets isn't realistic in near future.
- B&H intends to follow EU CAP (“two pillar”) model of subsidizing agriculture and RD.
- More and more productions or products became the subject of financial support (lack of priorities).
- Most subsidies are still linked with specific products and they depend on their produced/sold quantities.
- Attention to environmental issues is still weak and decoupled of other measures.
- Further reforms of national subsidies schemes for agriculture and rural development are necessary.



Bosnia and Herzegovina has to revise and harmonize its agriculture and RD support schemes in accordance with main objectives and directions from its key sector strategic documents and following EU CAP reform process and WTO conditions.