

*“National policy instruments and EU approximation process: Effects on farm holdings in the Western Balkan countries (EUEWB)”*

**2<sup>nd</sup> Interim Meeting**

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# **Bosnia and Herzegovina: Agricultural Policy Development and Assessment**

**Interim report**

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# Content

- Introduction remarks and approach
- Strategies and programming documents of agricultural policy (AP)
- AP development in the country (entities and Brcko District)
- Direct payments
- Assessment of implementation of AP documents
- Some conclusions and recommendations

SEERUR  
SVM

## *Introduction remarks*

- Agriculture in BH is both economically and politically important sector
- BiH has not made necessary progress regarding EU integration
- Finally approved necessary coordination mechanism for utilizing IPARD funds and adjusted SAA
- New frameworks of action in the agricultural sector and rural areas (new strategies in both entities) with clear determination for EU integration
- APM data base

## *Strategies and programming document of AP The Republika Srpska (1)*

- Strategic plan for the development of agriculture and rural areas in RS 2016–2020
- Unlike the previous period, document covers both areas – agriculture and rural development
- The plan contains 6 strategic goals, 16 specific goals, and 52 measures for their implementation
- The projected agricultural budget funds from the RS Government range from EUR 48.4 mil. (2016) to EUR 58.6 mil. (2020)
- Ratio between direct payments and support to rural development is 60%:40%.

# *Strategies and programming document of AP The Republika Srpska (2)*

- What is new?
  - Transparency – defined measures for mid-term period with budget for all years of implementation
  - The plan predicts a partial reform of the current direct payments policy, aiming to harmonize it with the current policy in the EU - transition to direct payments per area/animal
  - Expressed the importance of rural development and structural measures
  - Importance of general support to agriculture measures (extension services)<sup>5</sup>

SWG  
SRPD

# *Strategies and programming document of AP The Republika Srpska (3)*

## Implementation?

- In 2016, the first year of implementing the new strategy in RS, the old model of financial support is kept, and the transition to the new model is postponed.
  - For efficient implementation is necessary some precondition: the establishment of LPIS and updated Register of Livestock
  - Psychological and unpreparedness for changes both in agricultural producers and the civil servants

SRPSKA  
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## *Strategies and programming document of AP Federation of BiH (1)*

- Mid-term development strategy for agricultural sector in FBiH 2015–2019
- Strategic plan for rural development for period 2015-2020 made (2014), but not adopted yet
- Clearly states the need to harmonize the institutional and legal framework and AP of FBiH with the EU CAP
- The plan contains 4 strategic goals, and 37 measures distributed within three pillars
- The projected agricultural budget funds from the FBiH Government range from EUR 34.9 mil. (2015) to EUR 47.4 mil. (2019)
- Ratio between direct payments and support to rural development is 67%:33%. (2016) and 45%:55% (2019)

# Strategies and programming document of AP Federation of BiH (2)

- What is new?
  - The first time based on the principles and elements of modern public policies (analysis of the situation, goals, action mechanisms, implementation program, financial framework, monitoring and evaluation)
  - A unique payments per area for all crops
  - DP for milk production – gradual transition to payments per head
  - There are not support for poultry and pig production
  - Expressed the importance of rural development and structural measures
  - Expressed importance of general support to agriculture measures (10 measures e.g. risk management, extension services)

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# *Strategies and programming document of AP Federation of BiH (3)*

## Implementation?

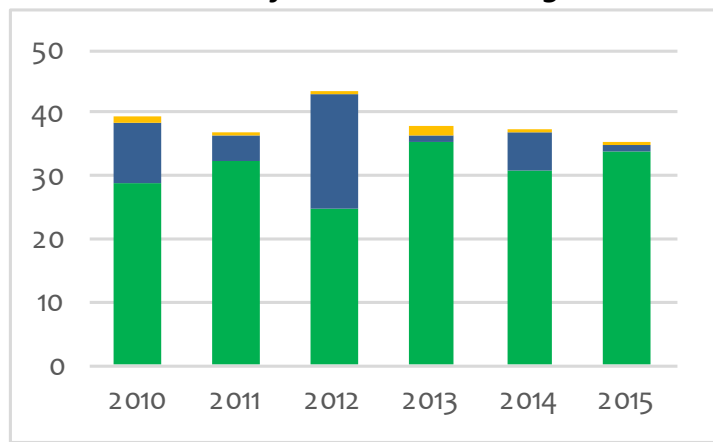
- has not actually started yet, although this is the second year of its planned implementation.
- the old model of financial support with some technical but not essential changes (the amount of support per unit is changed for some support schemes)
- the lack of courage of the decision makers to begin serious reforms.

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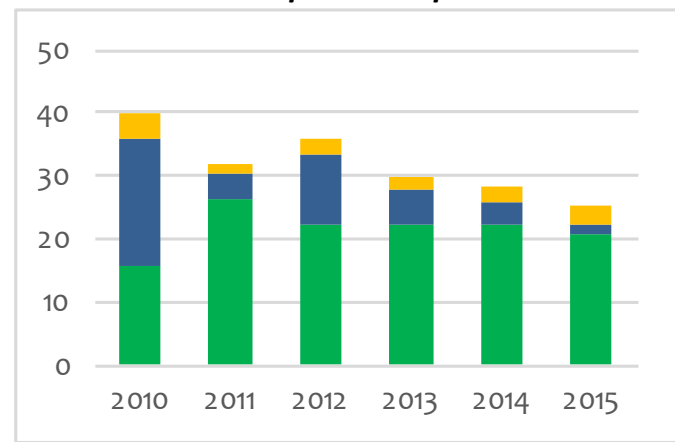
Breakdown of budgetary expenditure for agri-food sector and rural areas, Bosnia and Herzegovina, its entities and Brcko District, 2010-2015, In million EUR

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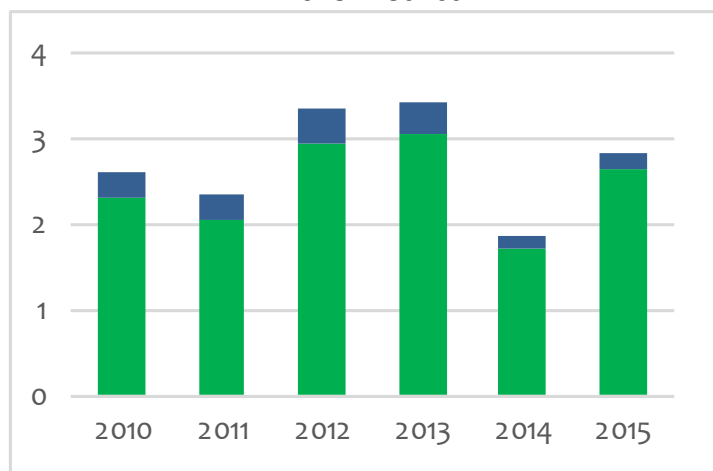
**Federation of Bosnia and Herzegovina**



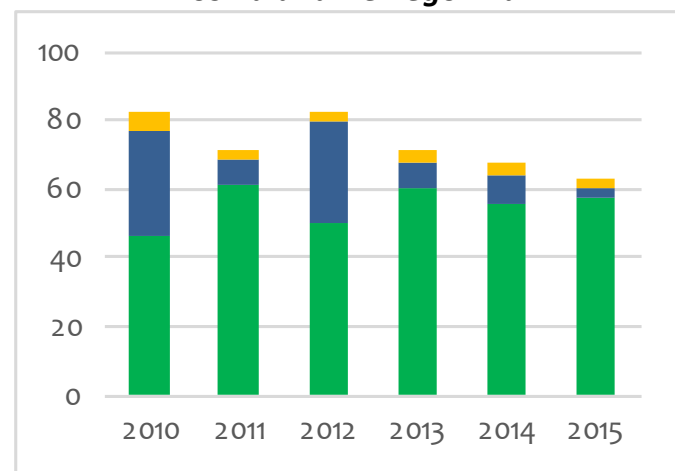
**The Republika Srpska**



**Brcko District**



**Bosnia and Herzegovina**

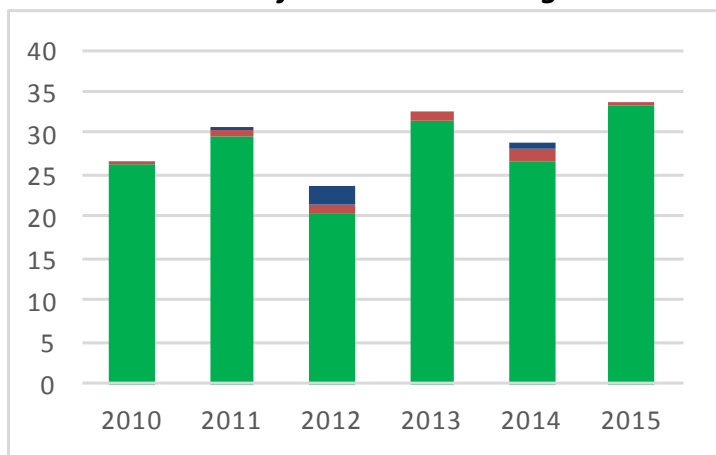


■ I Market and direct producer support measures ■ II Structural and rural development measures ■ III General measures related to agriculture

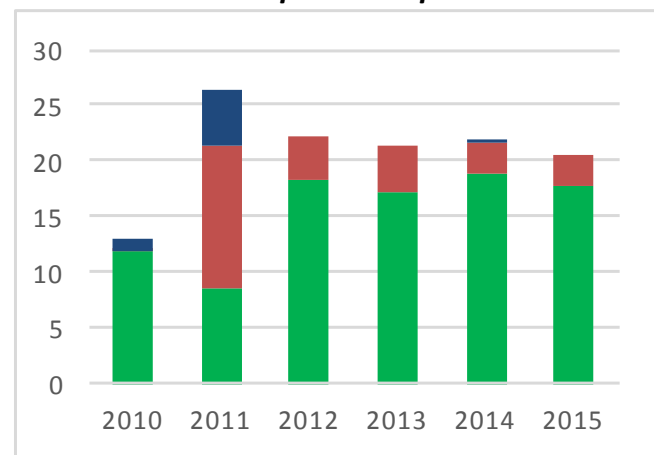
# Overview of direct producer support measures, Bosnia and Herzegovina, its entities and Brcko District, 2010-2015, In million EUR

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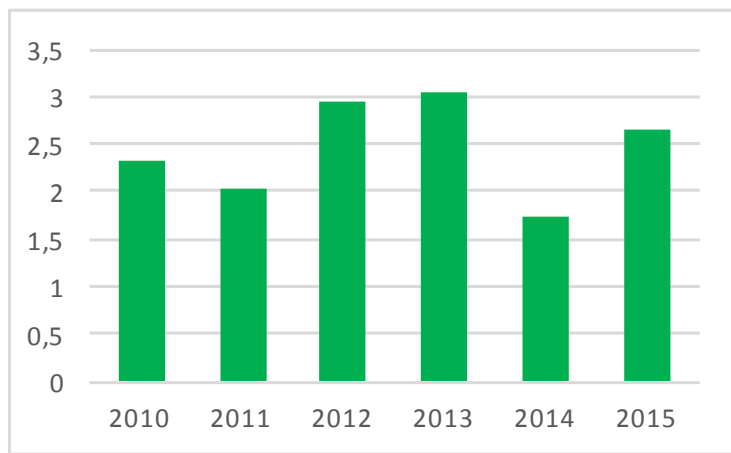
**Federation of Bosnia and Herzegovina**



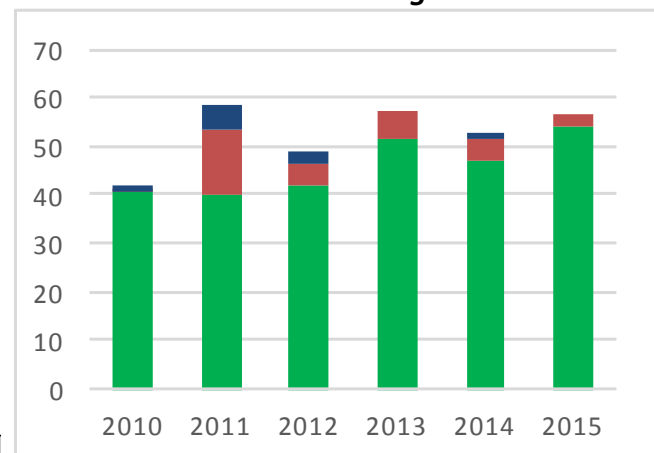
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**Brcko District**



**Bosnia and Herzegovina**



■ Direct payments

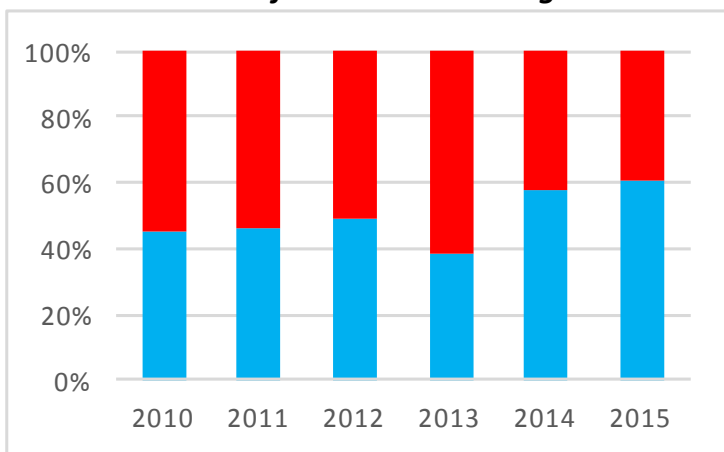
■ Input subsidies

■ Miscell. direct producer support measures

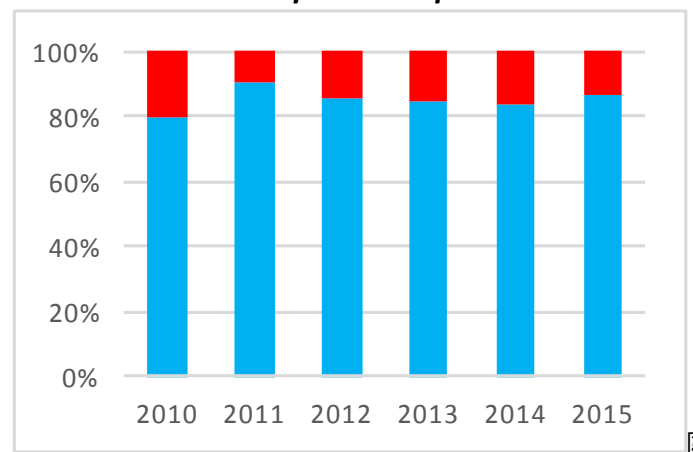
# Breakdown of direct payments to producers, Bosnia and Herzegovina, its entities and Brcko District, Period 2010-2015, In %

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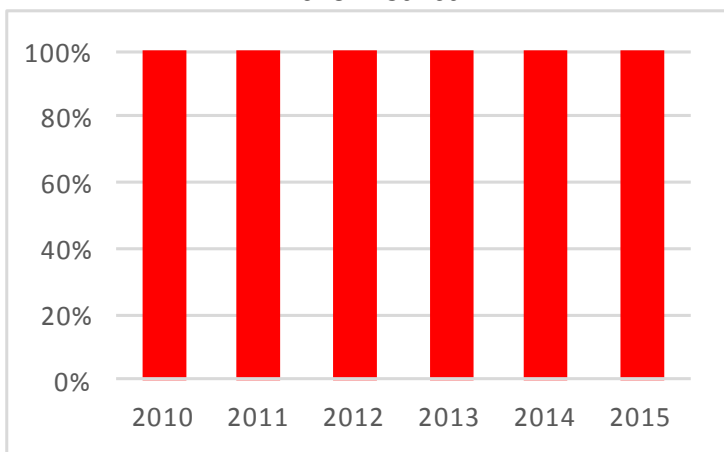
**Federation of Bosnia and Herzegovina**



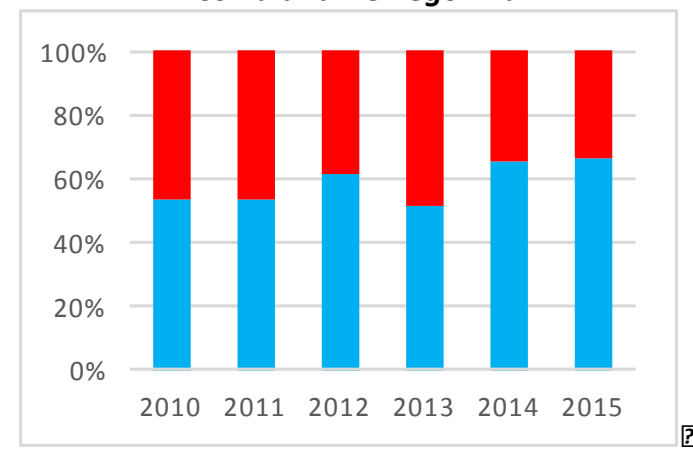
**The Republika Srpska**



**Brcko District**



**Bosnia and Herzegovina**



■ Direct payments based on output

■ Direct payments based on area/animal

*Number of implemented direct farm support schemes by type of payment in Bosnia and Herzegovina entities and Brcko District in 2010 and 2015*

Type of payment	Federation of BiH		The Republika Srpska		Brcko District	
	2010	2015	2010	2015	2010	2015
Output payments	9	2	7	7	0	0
Area payments	3	12	1	1	6	8
Payments per animal	8	8	9	10	10	11
Input subsidies	0	1	0	1	0	1
Direct payments (total)	21	23	17	19	16	20

The total number of direct payments schemes increased on all analyzed levels of government in 2015

FBiH - A considerable number (7) of output-based payments schemes were replaced with payments per area, so practically the whole plant production in this entity is supported per hectare .

RS - still has a considerable number (7) of direct payments schemes based on output, and somewhat more payments schemes based on animal (10 schemes, 2015)

## Direct payment schemes implemented in Federation of Bosnia and Herzegovina in 2015

DP schemes	Product	Limits	Unit value
<b>Output payments</b>	Milk	Min 500 l/month (300 l sheep and goat milk)	0.153 €/l
	Seedlings	Max no (220,000-grape to 1 mill.- berry fruit)	0.18-0.23 €/p
<b>Area payments</b>	Wheat	Min 1 ha; min 3.5 t/ha; paid for max 200 ha	256 €/ha
	Maize	Min 2 ha; paid for max 400 ha	153€/ha
	Barley	Min 1 ha; min 3 t/ha; paid for max 100 ha	179 €/ha
	Oilseeds	Min 1 ha; min 2 t/ha; paid for max 250 ha	205 €/ha
	Seed (cereals, oilseeds)	Min t/ha; max ha	409 €/ha
	Seed potato	Paid for max 50 ha	665; 869 €/ha
	Tobacco	Min 0.5 ha; paid for max 50 ha	767 €/ha
	Medical plants	Min 1 ha (for market); paid for max 50 ha	205 €/ha
	Vegetables	Min 0.5 ha; min t/ha; paid for max 20 ha	1,023 €/ha
	Fruits	Min 2 ha; min 5 t/ha; paid for max 250 ha	460 €/ha
<b>Payments per animal</b>	Grapes	Min 1 ha; min 8 t/ha; paid for max 250 ha	460 €/ha
	Olives	Min 1 ha; min 2 t/ha; paid for max 250 ha	460 €/ha
	System cow-calf	Min 15; paid for max 1,000	230 €/head
	Breeding heifers	Min 2; paid for max 20	230 €/head
	Fattening cattle	Min 3; paid for max 1,000	230 €/head
	Breeding sheep and goats	Min 50 sheep (25 goats); paid for max 750	18 €/head
	Breeding sows and boars	Min 5; paid for max 150	77 €/head
	Fattening pig	Min 10; paid for max 8,700	31 €/head
<b>Input subsidies</b>	Breeding poultry	Min 10,000; paid for max 50,000	0.61 €/head
	Beehives	Min 20 and 10 kg honey/hive; paid for max 550 kg	7.67 €/hive
<b>Input subsidies</b>	Insurance	Paid as % of the insurance premium	Max 50%

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## Direct payment schemes implemented in the Republika Srpska in 2015

DP schemes	Product	Limits	Unit value
<b>Output payments</b>	Milk	No limits	0.153 €/l
	Wheat (spring)	Max 6 t/ha	0.026 €/kg
	Rape, soya, sunflower	Min 0.5 ha; max 5,000 €/beneficiary	15%
	Tobacco	Max 12,500 €/beneficiary	20%
	Medical plants	Min 0.3 ha; max 5,000 €/beneficiary	15%
	Seeds	Registered producers	15; 50%
	Fruits	Min 500 kg per variety for sale	15%
<b>Area payments</b>	Wheat	Autumn sowing; min 1.5 ha; min 4 t/ha	128 €/ha
<b>Payments per animal</b>	System cow-calf	Min 5; max 15,000 €/beneficiary	118 €/head
	Breeding heifers	No limits; max 12,500 €/beneficiary	102 €/head
	Fattening cattle	Min 4; max 50,000 €/beneficiary	61 €/head
	Breeding sheep and goats	Min 100 (50 goats); max 12,500 €/beneficiary	4.60 €/head
	Breeding sows and boars	Min 20; max 12,500 €/beneficiary	20 €/head
	Fattening pig	Min 60; max 50,000 €/beneficiary	7.70 €/head
	Breeding poultry	Min 2,000; max 25,000 €/beneficiary	0.36 €/beak
	Broilers	Min 5,000/turnus; max 50,000 €/beneficiary	0.03 €/beak
	Breeding fillies	Pure breed	205 €/head
Beehives	Min 50; max 2,500 €/beneficiary	2.30 €/hive	
<b>Input subsidies</b>	Fuel	Max 100 l/ha	0.31 €/l

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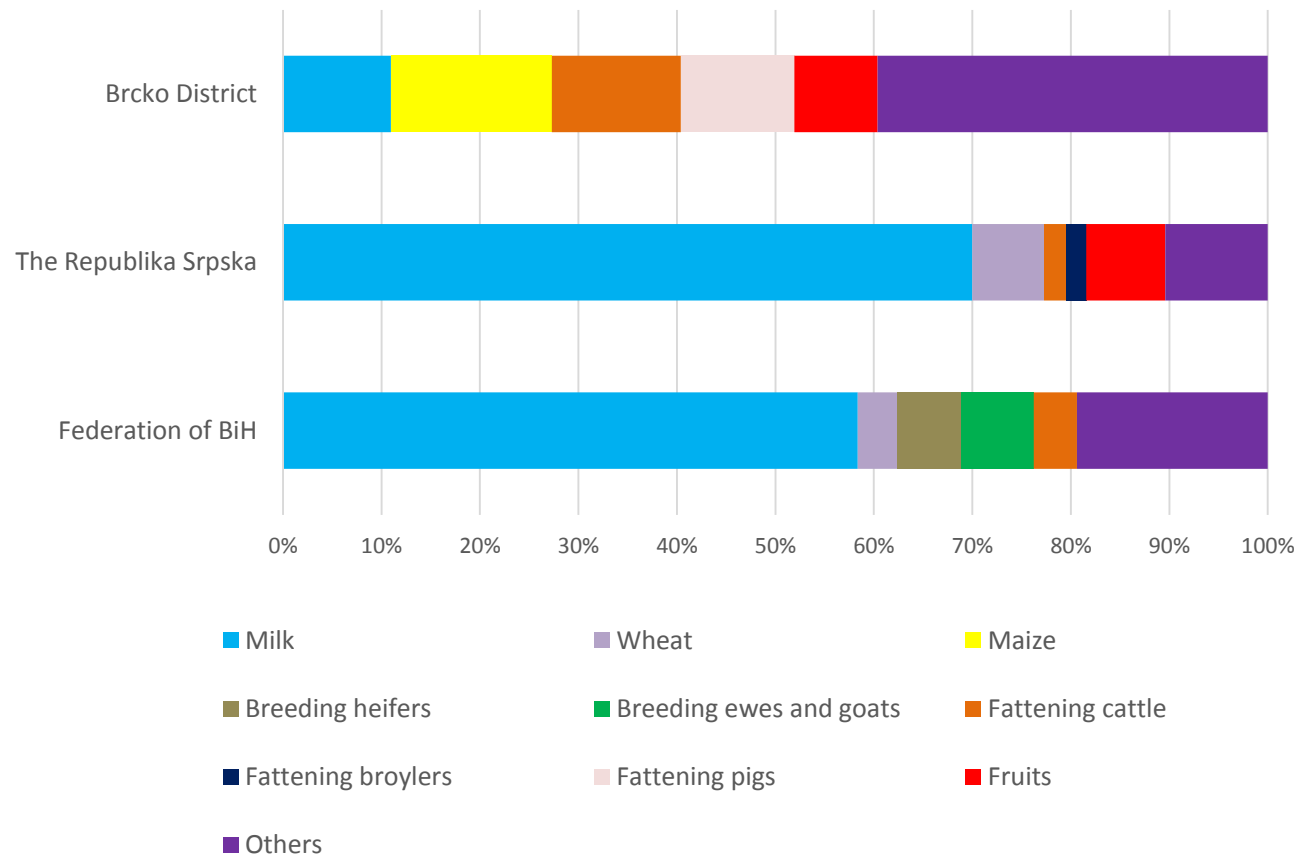
## Direct payment schemes implemented in Brcko District in 2015

DP schemes	Product	Limits	Unit value
<b>Area payments</b>	Wheat	Min 1.5 ha	153 €/ha
	Maize	Min 1.5 ha	128 €/ha
	Barley	Min 1.5 ha	128 €/ha
	Oilseeds	Min 1.5 ha	205 €/ha
	Fodder sown in autumn	Min 1.5 ha	250 €/ha
	Tobacco	Min 1.5 ha	511 €/ha
	Vegetables	Min 0.3 ha (0.02 ha greenhouse)	358 – 7.669 €/ha
	Fruits	Min 1 ha (0.2 ha soft fruit)	256-409 €/ha
<b>Payments per animal</b>	Dairy cows	Min 2; min 2,000 l/cow	205 €/head
	System cow-calf	No limits	102 €/head
	Breeding heifers	Min 2	153 €/head
	Fattening cattle	Min 5	153 €/head
	Breeding sheep and goats	Min 20 sheep (10 goats)	26 €/head
	Fattening sheep and goats	Min 20 sheep (10 goats)	15 €/head
	Breeding sows and boars	Min 5	51 €/head
	Fattening pig	Min 20	26 €/head
	Laying hens	Min 1,500	0.77 €/beak
	Broilers	Min 5,000	0.10 €/beak
Beehives	Min 30	10.23 €/hive	
<b>Input subsidies</b>	Insurance	Paid as % of the insurance premium	Max 70%





## Main direct supported commodities in Bosnia and Herzegovina entities and Brcko District, 2015, In %



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## *Some conclusions and recommendations (1)*

- AP in both BiH entities and BD shows instability, insufficient consistency, and pronounced political pragmatism
- The total budget support varies year by year and depends on the determination of the governing political structures and lobbying influence of some production (interest) groups.
- Dominant place in the total budget allocations belonged to direct payments whose extent and structure depend on the entity (including BD)
- Output-based payments dominated in RS (85% of direct payments on average), and the most supported product was milk (70% of DP)
- FBiH has somewhat more equal ratio of direct payments based on output and payments based on area/animal

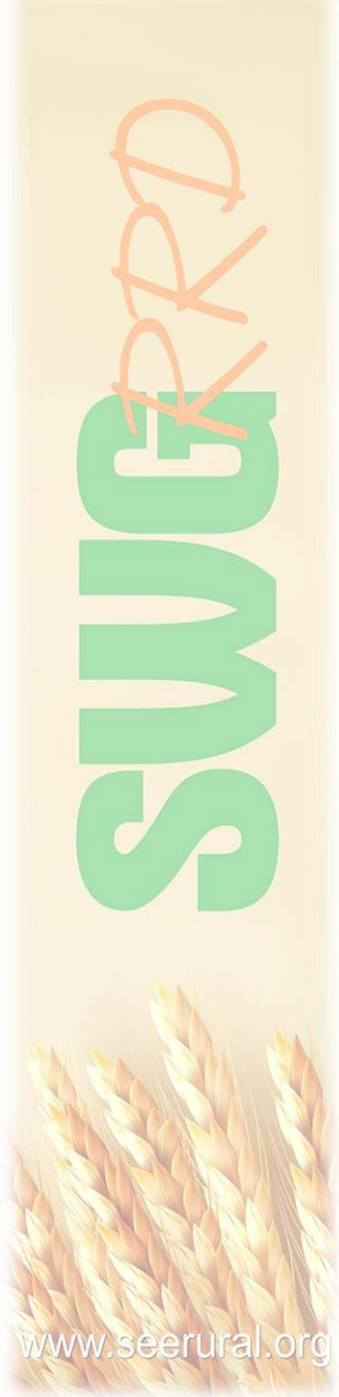
## *Some conclusions and recommendations (2)*

- Both FBiH and RS have adopted new strategic frameworks for action based on the principles and elements of modern public policies
- Both documents have undoubtedly emphasized the determination for European integrations and have accepted gradual and rational adaptation to CAP through the proposed measures
- Unfortunately, the first years of implementation of the adopted strategic documents have shown that the governing political structures in both BiH entities have not shown enough courage for major reforms, and instead of the proposed strategic and program solutions, the practice of political pragmatism has continued.

## Some conclusions and recommendations (3)

- But,  
*BiH road toward the EU has no alternative!*
- The European integrations have remained the main goal and harmonization with the EU CAP is the greatest challenge facing the decision makers in the BiH entities
- So, BiH politicians have to begin with the necessary agricultural policy reforms more decisively and begin to implement otherwise quite correct and adopted strategic documents more consistently.





Thank you for your attention!