

**“NATIONAL POLICY INSTRUMENTS AND EU APPROXIMATION PROCESS: EFFECTS ON FARM HOLDINGS IN THE WESTERN BALKAN COUNTRIES (EUEWB)”**

**1<sup>st</sup> Interim Meeting**  
21<sup>th</sup>-23<sup>rd</sup> April 2016, Andrevlje, Serbia

**Direct Support Scheme – State of Art  
Bosnia and Herzegovina**

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**JOINT RESEARCH CENTRE**

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# Content

- Overview of completed tasks regarding Direct (income) Support Schemes (DSS) inventory
- Introduction remarks regarding DSS in BiH
  - Legal and institutional framework
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- Some results of DSS in BiH on state and entity (DB) level

SRPD  
SWS

SVGG  
RRD

# Overview of completed tasks



## Completed tasks (1)

- DSS data for 2014 and 2015
- Federation of BiH: Due to important support from cantons, DSS amounts are given separately (support from Federal Ministry of agriculture, Forestry and Water Management and support from cantons (all), explanation and description of DP measures only on entity level
  - Dilemma: What is about cantonal level – 10 cantons – two years – too many explanations
- All measures and budgetary transfers related to DSS for 2014 checked (implemented not planned amounts)

## Completed tasks (2)

- Up-dating for 2015
  - There were problems with data collection on time (more difficult than earlier)
  - FBiH: Missing data for one canton (West Herzegovina canton)
  - RS: Data are still incomplete (implemented support 50-60% of planned one)
- Cross-checking of consistency with allocation in APM database (some dilemmas that should be solved during the meeting)

# DP – Example of measure description

## Milk

Short name of measure

Description/Specific requirements

Support for milk production

RS: The right for payments have producers for sold milk to registered buyer (dairy). Amount of premium per liter depends on the quality. Standard quality (up to 400,000 somatic cells and up to 100,000 microorganisms in ml of milk) premium is 0.30 KM/liter and out of the standards quality is 0.10 KM/liter of cows milk. For sheep and goat milk standard quality allows up to 1 mill. microorganisms/ml of milk.

FBiH: The rights for payment have producers who produce and sell to registered buyer min. 500 liters of cow milk, 3.2 % of milk fat; for sheep milk min. 300 liters and 5% milk fat, goat milk min. 300 liters and 3.2% milk fat. The amount of premium is 0,30 KM/liter

BD: The right for payments have producers who have min. 2 heads with min. 2,000 lit milk per cow production. Subsidy is 400 KM/cow (guaranteed amount 320 KM/cow).

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# DP – Example of measure description

## Wheat

Short name of measure

Description/Specific requirements

Support for wheat production

RS: The right for payments have autumn sowing producers with min. 1.5 ha of sown area and produce min. 4 t/ha. Max. support is 250 KM/ha. Also, the right for payments have producers who sow wheat in spring and produce average yield max. up to 6 t/ha and sell to registered mill. Amount of premium is 0.05 KM/kg.

FBiH: The rights for payment have producers who have min. 1 ha and max. 200 ha, produce and sell min. 3.5 tons. Subsidy in 2014 was 700 KM/ha, and 500 KM/ha in 2015.

BD: The rights have producers who have min. 1.5 ha of sown area, and subsidy is 300 KM/ha (guaranteed amount is 240 KM/ha).

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# Legal and institutional framework of Direct Support Scheme



## Federation of BiH (1)

- DSS as part of AP is generally defined in the Law on Agriculture in the FBiH (Official Gazete of FBiH 08/07, 04/10,27/12, 07/13)
- The main law in the filed of direct support in FBiH is the Law on Financial Support to Agriculture and Rural Development (OG FBiH 42/10)
  - This law was followed by the regulations on the conditions and ways of obtaining the right to financial support, payment schedules, implementation of the agricultural and structural policy measures.
  - By this law it is defined the obligation of cooperation in the process of adopting the Program of support with the cantonal ministries, associations of farmers, the Agriculture Committee and with all other interest groups.

## Federation of BiH (2)

- By-law: Regulation ("*Pravilnik*") on the ways and conditions of obtaining financial support – model production support (OG FBiH 60/14)
  - Plant production
  - Animal production
- Legal document for implementation of DS (AP) is Program of financial support in agriculture and rural development (yearly) – ways, conditions, criteria, amount and distribution of support and Medium-term strategy of agricultural sector development in FBiH for period 2015-2019 (adopted)?
- The major problems in the implementation of DS measures in FBiH is the character of funding. It is very unstable, payment schedule is not defined including often late payments, and unfair because the requirements change quite often, which beneficiaries "don't like." (important differences within 2014 and 2015)

## Federation of BiH – Cantonal level

- Important part of budgetary support of agricultural producers is coming from cantons (not all)
- Legal framework:
  - Law on agriculture, food and rural development of BiH
  - Law on Budget Execution of the canton (proposal by Ministry of agriculture or Ministry of economy)
  - The program on the cantonal spending budget for support to agriculture
  - Direction for use budgetary transfer for agriculture support
- Support from cantons should not be in conflict with Federal Program of financial support
- Cantonal support to producers mainly with social characteristic (eg. support up to 2 cows, 3 sheep)

## The Republika Srpska (RS) (1)

- Legal framework for the implementation of DSS (AP) in RS consists of laws, regulations and strategic documents relating to the development of the agriculture sector of this BiH entity
- DSS as part of AP is generally defined in the Law on Agriculture of the RS (Official Gazete of RS 70/06, 71/09)
- Law on Provision and Allocation of Funds for Agriculture and Rural Development Support (OG RS No 43/02 and 106/09)
  - Key features: The document establishes the methods and sources of the use of funds aimed to support agricultural and rural development.

## The Republika Srpska (2)

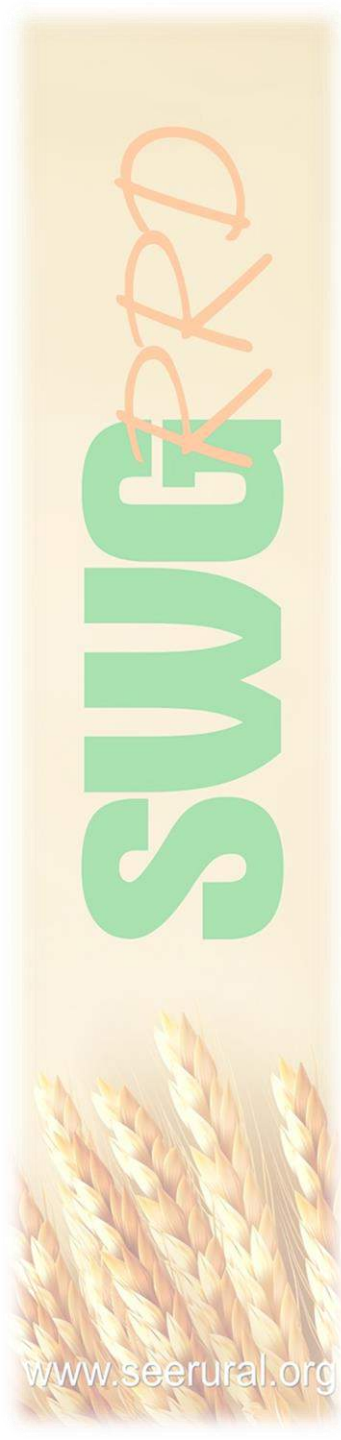
- By-law: Regulation ("*Pravilnik*") on the conditions and ways of obtaining financial support for development of agriculture and village (each year)
  - Direct support for Plant production
  - Direct support for Animal production
  - The document for implementation of DS and contains ways, conditions, criteria, amount and distribution of support
- Strategical plan of development of agriculture and rural areas of the Republika Srpska 2015-202 (adopted)
- The amounts of incentives and subsidies depended much more on the situation in the region and negotiations with representatives of various producer associations and much less on a developed system of monitoring and evaluation and expert analysis in general.
- The major problems in the implementation of DS measures in RS often late payments and requirements change are quite often.

## Brcko District

- Brcko District has a most simple model of support of agricultural producers
- The model has been developing since 2002 up to now and it was mostly under more or less influence of international factors that considerably shape overall economic policy of this region in BiH
- DSS as part of AP is generally based on legislative framework consisting of:
  - The Law on Agriculture, Food and Rural Development of BiH," and
  - The Law on Support for Agricultural Production in the Brcko District of BiH
- Implementation legal instrument is Regulation on the ways and conditions of obtaining financial support in agricultural production (each year)

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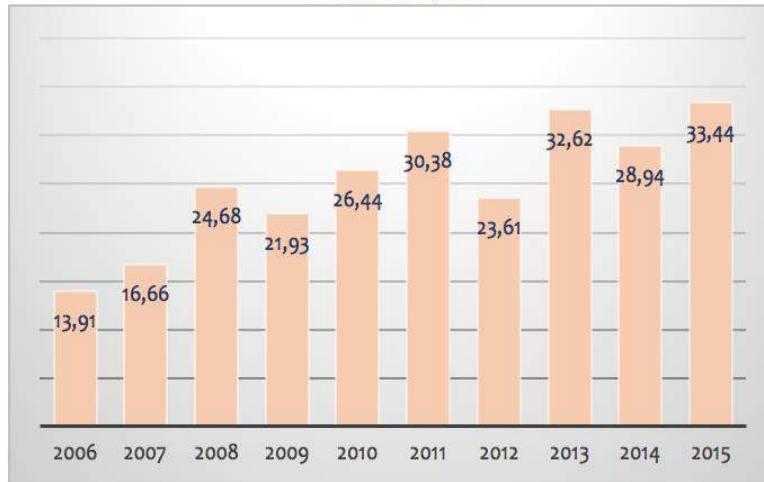


## Some results

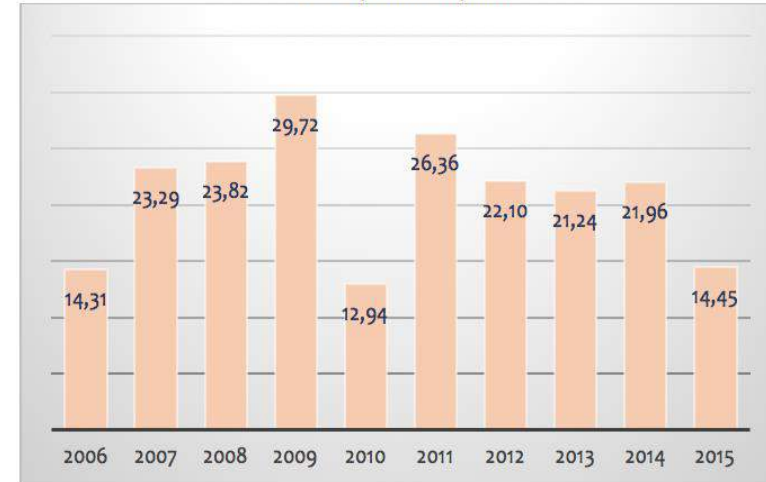
# Direct producers support on state and entity (BD) level; Period 2006 – 2015; In mill. EUR

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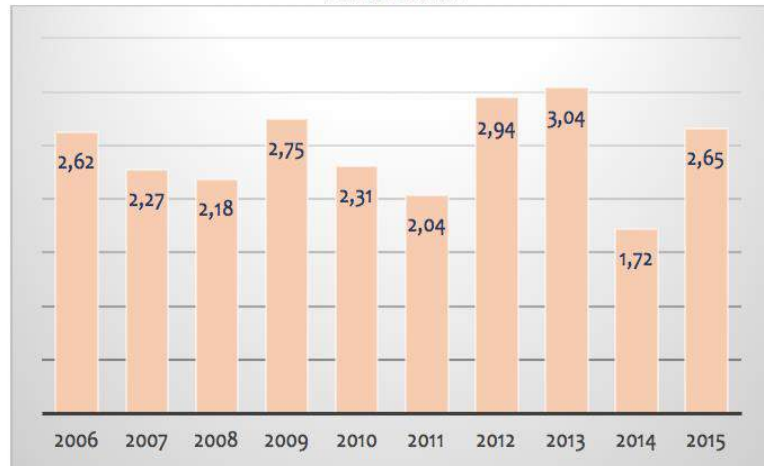
**Federation of BiH**



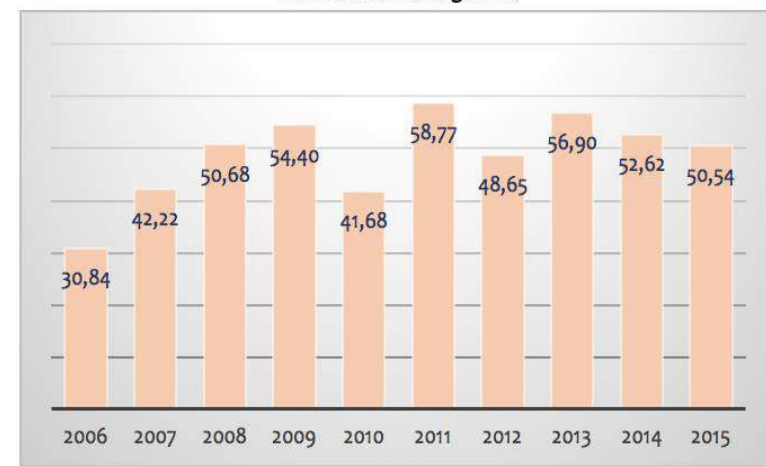
**The Republika Srpska**



**Brčko District**



**Bosnia and Herzegovina**





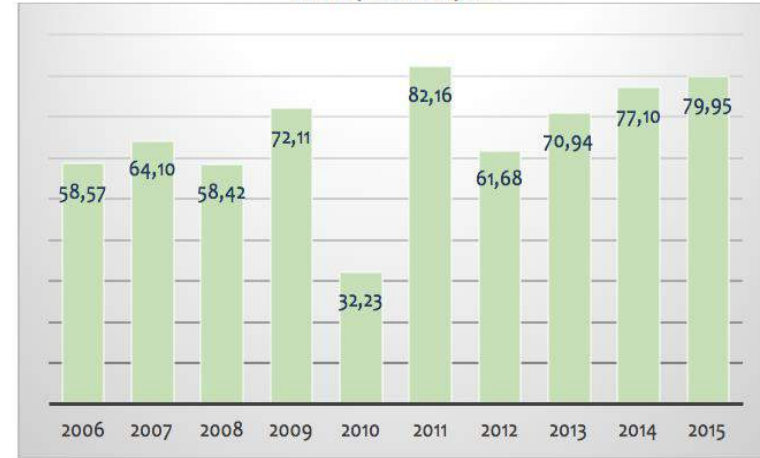
# Share of direct producers support in total budgetary support to agriculture on state and entity (BD) level; Period 2006 – 2015; In %

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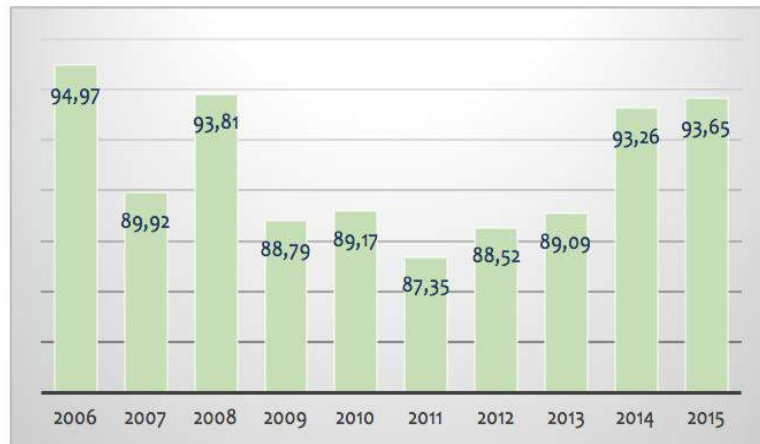
**Federation of BiH**



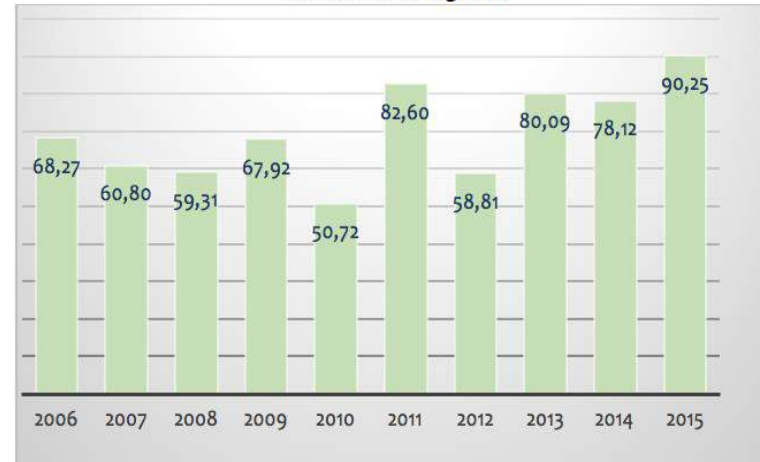
**The Republika Srpska**



**Brčko District**



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# Direct payments on state and entity (BD) level; Period 2006 – 2015; In mill. EUR

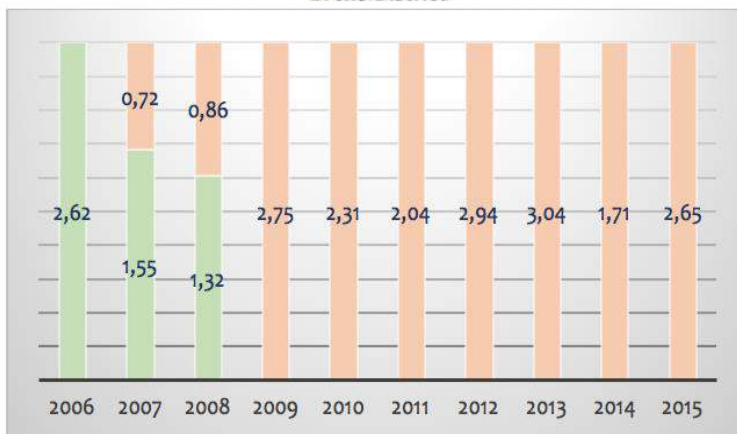
**Federation of BiH**



**The Republika Srpska**



**Brčko District**

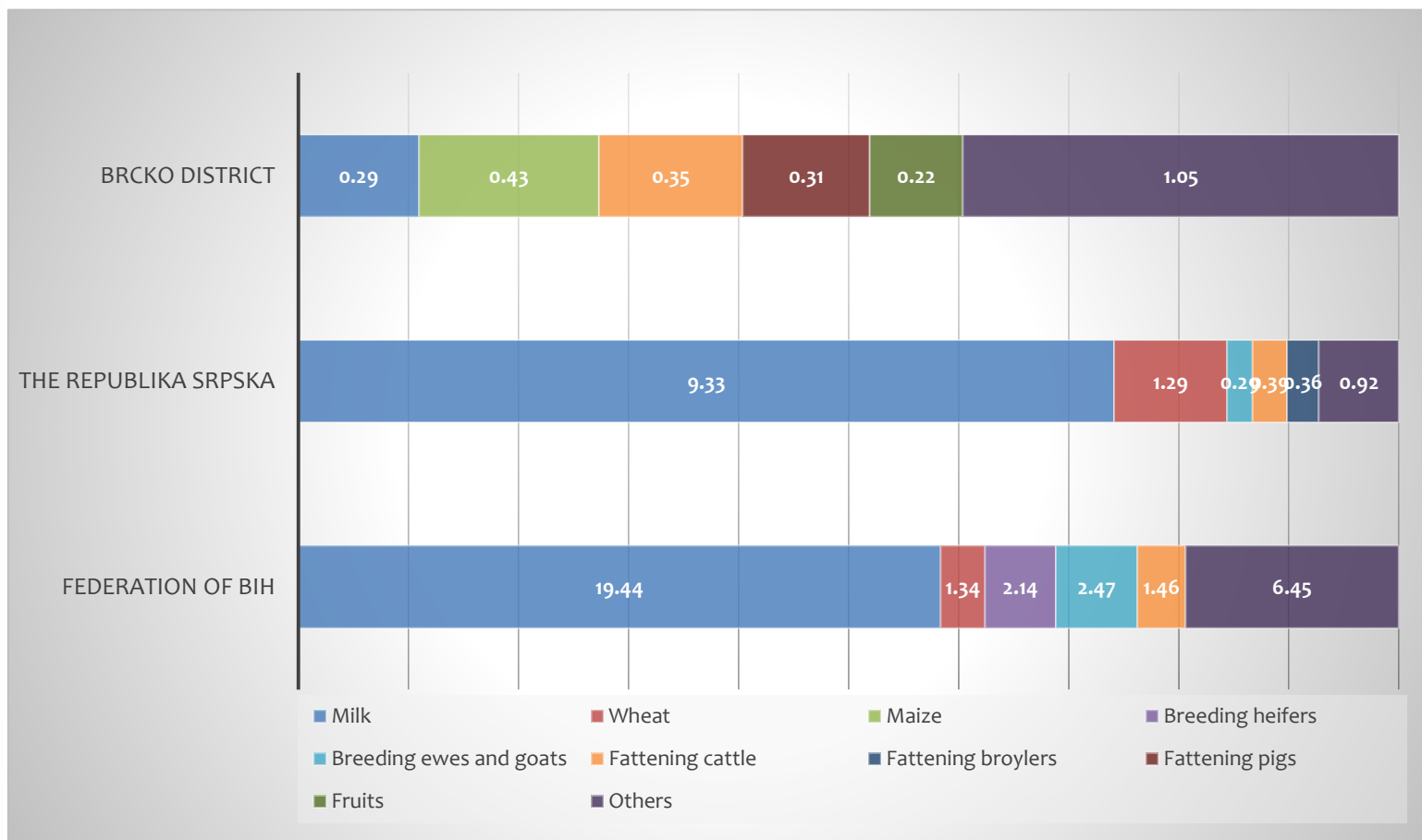


**Bosnia and Herzegovina**



■ Direct payments based on output
 ■ Direct payments based on current area/animal

## Top 5 of supported production on entity (BD) level; 2015; In mill. EUR



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**Thank you for your attention!**