

AGRICULTURAL AND RURAL DEVELOPMENT GOVERNANCE IN BOSNIA AND HERZEGOVINA: POLICIES, INSTITUTIONS AND PROCESSES

Hamid El Bilali^{1*}, *Matteo Vittuari*², *Sinisa Berjan*³

Abstract

Rural economy in Bosnia & Herzegovina (BiH) is increasingly diversified but agriculture is still an important component of the rural livelihood portfolio. The paper aims at providing an overview of agricultural and rural development (ARD) in BiH. The work is based on an extended literature review and on primary data collected by questionnaires and semi-structured interviews carried out in summer 2010 with representatives of relevant public and civil society organisations. The paper focuses on ARD governance especially policies, strategies and plans; stakeholders; approaches and paradigms; and projects. It identifies the main State- and Entity-level institutions dealing with ARD policies in BiH (e.g. Law, Strategic Plan and Operational Programme on Agriculture, Food and Rural Development) and analyzes relationships and linkages between them. It also provides an overview of the main internationally- (e.g. European Commission, USAID, SIDA, JICA, GTZ, World Bank) and nationally-funded ARD projects. The evolution of ARD philosophy and practice in the post-war period has been analysed as well as the main constraints impeding a good coordination between actors involved in the design and implementation of ARD policies. A comparison has been made between ARD programmes in BiH with European Union's RD policy. A SWOT analysis of the Strategic Plan for Rural Development 2009-2015 in the Republika Srpska has been performed. All in all, effective, efficient and sustainable ARD policies in BiH should be place-based, multi-sectoral, synergistic and designed and implemented through a good coordination between multilevel governance public and civil institutions (international, national, and sub-national: entities, cantons, regions, municipalities).

Key words: rural development, Bosnia, governance, policies, actors.

Introduction

Bosnia and Herzegovina (BiH) consists of two governing entities, namely the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), with a third region *i.e.* Brčko District (BD), that is administered by both entities. This institutional and political setting influences also design, implementation, and, in short, governance of agricultural and rural development (ARD) policies.

The State population is around 3.85 million and the total area of the country is 51,209 km². In 2010, the Gross Domestic Product (GDP) was €12.5 million while GDP per capita was €3258. Rural economy in BiH is increasingly diversified but agriculture is still an important

^{1*}Mediterranean Agronomic Institute of Bari (CIHEAM/IAMB), Department of Sustainable Agriculture and Rural Development, Italy; e-mail: elbilali@iamb.it

²University of Bologna, Faculty of Agriculture, Department of Agricultural Economics and Engineering, Italy

³University of East Sarajevo, Faculty of Agriculture, Republic of Srpska (BiH)

component of the rural livelihood portfolio for a significant part of rural population. Agriculture share in GDP was 8.60% in 2010 (EC, 2011). According to the Labour Force Survey for 2010, the agricultural sector employs 166,000 persons *i.e.* 19.7% of the total labour force (ASBiH, 2010). Agricultural land covers 50% of the total area of BiH. The average size of farms is 2.6 ha (MoFTER, 2009). Rural areas in BiH (81%) lag behind in terms of socio-economic development and still face many problems. Around 61% of the total population can be classified as rural. In particular, Republika Srpska is mainly rural (about 95% of the territory is rural according to OECD criteria), where live 83% of the population. Agricultural and rural development can not be achieved without improving governance in Bosnian rural areas. Rural governance comprises mechanisms, institutions and processes of decisions making and implementation through which persons and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences in rural areas (Cheema, 2005). Governance analysis focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and to implement decisions (Sheng *et al.*, 2007). In order to contribute to good rural governance, institutions and organisations should be participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law (cfr. Sheng *et al.*, 2007). Civil society organisations in BiH are about 2,000 regional NGOs. Rural development programming is largely dominated by an elite core of foreign-supported NGOs. In rural areas and small towns, CBOs (Community-Based Organisations) are characterized by a small size, and, often, by a low capacity and the lack of a long-term vision and a specific mission (Sterland, 2004). There is a growing body of evidence from many European countries suggesting that there is a strong relationship between governance and rural development policy impact on rural population's livelihoods. In fact, there are strong correlations between institutions efficacy and effectiveness and rural development policies outcomes. The aim of the paper is to provide an overview of ARD governance in BiH with a focus policies, institutions and design and implementation processes and mechanisms.

Materials and methods

The work is based on an extended literature review and on primary data collected by questionnaires carried out in summer 2010 with representatives of relevant public and civil society institutions. A considerable number of highly reliable secondary data from available reports, research papers and statistical databases have been consulted. All collected data have been analysed, cross-checked and validated.

The paper focuses on policies, strategies and plans, stakeholders, approaches and paradigms, and projects. It identifies the main actors dealing with ARD in BiH and analyzes relationships between them. It provides as well an overview of the main ARD projects during last years. The evolution of ARD philosophy and practice in the post-war period has been analysed as well as the main constraints impeding a good coordination between actors dealing with ARD policy. A comparison has been made between ARD programmes in BiH with EU RD policy 2007-13 especially in terms of objectives and priorities. Strengths, weaknesses, opportunities and threats analysis of rural areas, as reported in the Strategic Plan for Rural Development 2009-2015 in the RS, has been included.

A questionnaire, focusing on the design and implementation of ARD policies in BiH and on the evaluation of coordination between the involved actors⁴, has been sent by e-mail to around 120 representatives of different institutions and organizations⁵. In particular the questionnaire was sent to key actors such as the State Ministry of Foreign Trade and Economic Relations (MoFTER) and the Ministries of Agriculture, Forestry and Water Management of the RS and the FBiH.

The lack of adequate, reliable and updated secondary data has been one of the major constraints faced during this research.

Results and Discussion

In BiH and RS, rural governance models are slowly experiencing a paradigm shift towards the concept of “the new rural paradigm”. The new models of local rural governance reflect a shift of rural development policies target from agriculture to a multisectoral approach, which also targets enhanced synergy and complementarity between rural sectors and to create public-civil society-private partnerships (OECD, 2006). While there have been many attempts to design appropriate policies to improve the competitiveness of rural areas based on their specificities, in many cases rural development philosophy and practice are still top-down and subsidy-based. Government support to the rural sector evolved from command-and-control policies under socialism to support for transition where donors have an increasingly important role. However, increased emphasis is needed on rural development support and improving public agricultural goods and services (Lampietti *et al.*, 2009).

The design and implementation of ARD policies involve different international, national and sub-national actors (regional; intermediate or sub-regional; and local) (OECD, 2006). In BiH, intermediate levels, Entities of RS and FBiH, have a crucial role in ARD design and delivery. International organisations and development agencies have implemented different rural development projects and programmes during the post-war period. In BiH, all levels of governance, ranging from the State to municipal authorities, are involved in the agricultural sector management and rural areas development. At the state level, the most important institution that deals with ARD is the MoFTER. Taking in consideration the complexity of the organization of BiH as a State, the role of MoFTER is mainly coordination and it is also responsible for cooperation with the European Union (EU) and other international organizations relevant to the agriculture, food and rural development (AFRD) sector (MoFTER, 2011b). The organizational unit within MOFTER called Sector for Agriculture, Food, Forestry and Rural Development is responsible for establishing a framework for the development of sectoral strategies, policies, programs and measures, and for their implementation aiming at harmonizing agriculture development in the country. MoFTER employs a total of 25 civil servants and employees, of which 18 full-time civil servants, 2 officers employed within the Agriculture and Rural Development Project (ARDP) and 5 employees. According to rule book of MoFTER, the total number of employees should be 31

⁴Key questions included the operational level and the geographical coverage of each organization; the understanding of “rural development”; the involvement in an RD policy and/or project and in which phase of the process; the level of cooperation and coordination with other public, civil society and international organizations dealing with ARD. Additional inquiries were about the main constraints that hamper coordination between involved organizations. Conflicts between the different actors were also investigated. Respondents identified also the organization that assumes, according to them, the leadership in coordinating ARD policy.

⁵Different types of public and civil society institutions and organisations have been considered including, among others: ministries, government institutions and executive agencies; public structures; users’ organizations; national and international NGOs and civil society organizations; donors and cooperation agencies; financial institutions; international organizations; etc.

(MoFTER, 2011b) but in 2011 there was no staff increase (EC, 2011). The Veterinary Office and the Directorate for the Protection of Plant Health are administrative organizations within MoFTER while the Food Safety Agency is an independent organization under jurisdiction of BiH Council of Ministers. Besides the MoFTER, at the state-level also the Ministry of Finance of BiH⁶ and the Directorate for European Integration (DEI)⁷ have some competencies in certain agriculture areas. There are some other institutions in BiH whose activities are directly or indirectly related to agriculture, such as: the Agency for Market Surveillance⁸, Agency for Statistics (collection of statistical data), the Institute of Intellectual Property⁹, the Institute for Accreditation¹⁰ and the Institute for Standardization¹¹.

The State policy in the AFRD sector in last years has been developed in accordance with the goals and needs for accession to the EU. However, establishment of main structures for receiving and managing the pre-accession funds is still a challenge. Systematic and structural harmonization of agricultural policies at the State level began with entry into force of the Law on Agriculture, Food and Rural Development of BiH, adopted in May 2008. The Law regulates definitions of terms to be used in the AFRD sector legislation, objectives, principles and mechanisms for development of strategies and policies, structures and competencies at all governance levels, institutional support structures and services and their functions and linkages, monitoring and evaluation mechanisms, and administrative and inspection supervision. The Law defines as well the goals and commitments to be realized in the coming period (Office for Harmonization and Coordination of Payment Systems, Agricultural Market Information Service, Farm and Clients Registries, Animal Identification Register, etc.). The Law also define the scope of AFRD sector, which includes: a) agriculture and food (production, processing and distribution); b) rural development; c) forestry and forest products; d) fisheries and fish products; e) water Management (in the field of AFRD); f) agricultural machinery, equipment and facilities; g) agricultural land; h) agro-environment; i) trade in agricultural and food products; j) veterinary and animal health; k) plant health and protection. The measures of the Law are basically classified into policy measures to support agricultural markets and measures for rural development. Measures to support agricultural market deal with improving products quality, direct support to agricultural farms and foreign trade. Measures related to rural development aims at increasing competitiveness, protecting rural environment, diversifying activities in rural areas and improving life quality in rural areas (PABiH, 2008) that are in line with EU RD policy objectives.

As a matter of fact, the EU Rural Development Policy 2007-2013 include 3 core objectives, 4 axes and 41 measures. In comparison to policy of the 2000-2006 programming period, two major changes occurred in RD *acquis* i.e. simplification and strategic approach (programming and reporting). The objectives of RD policy - according to Council Regulation (EC) no 1698/2005 adopted by European Council on September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) - are: (i) improving the competitiveness of agriculture and forestry by supporting restructuring,

⁶The Department for funding programs and projects of EU assistance within the Ministry of Finance of BiH deals with issues related to finance, procurement contracting, payment, monitoring and controlling implementation of all programs and projects of EUaid in BiH, including those in the field of agriculture.

⁷DEI is the main operating partner of the European Commission (EC) in the process of Stabilization and Association, which coordinates all levels of administration in issues related to European integration strategy and policy, law harmonization and aid coordination in all areas, including agriculture.

⁸It is responsible for informing about unsafe, risky and dangerous products.

⁹It is in charge of administrative procedures related to the industrial property rights- patents, geographical indications, etc.

¹⁰It is responsible for the preparation and publication of the lists of accredited laboratories, certification and inspection bodies, etc.

¹¹It represents BiH in European and international standards harmonization organizations.

development and innovation; (ii) improving the environment and the countryside by supporting land management; and (iii) improving the quality of life in rural areas and encouraging diversification of economic activity.

In accordance with the Law on AFRD were established the Committee for the Coordination of Information in Agriculture (March 2009), the Working Group for Coordination of Extension Services in BiH (June 2009), the Advisory Council for AFRD (July 2009), and the Agricultural Market Information Service of BiH (August 2009). Moreover, the MoFTER, supported by the European Commission (EC), prepared Strategic Plan for the harmonization of BiH AFRD 2008-2011 and Operational Programme for the harmonization of BiH AFRD 2008-2011 (both were adopted by the Council of Ministers of BiH in September 2009). The key objective of the Strategic Plan is to provide a framework for the gradual harmonization of policies, programmes, institutions, laws, regulations, systems and services both within BiH and with the EU while operational programme define six priority areas of them three are related to rural development: improving agro-food sector competitiveness; protecting the rural environment by supporting agro-environmental programs; and diversifying rural activities and improving quality of life in rural areas. These priorities are similar to the EU RD policy 2007-13 objectives. However, there are still some gaps between the current EU *acquis* for RD and existing laws and institutional capabilities for RD in BiH. According to the EC (2010), there has been little progress in alignment with European standards in the field of ARD. The key gaps are:

- No legal measures exist to give powers and authorities to local rural communities to establish local action and non-governmental bodies (on the lines of the EU LEADER programme) for local rural development planning and review;
- Governments are not required to establish multi-annual and annual rural development programming documents nor to consult rural communities and non-governmental organizations on the priorities chosen for support from government funds in rural areas;
- No capacities or legal powers exist for the State government and its implementing agencies to collect information, monitor and review programmes and projects for efficiency, effectiveness, impact and sustainability;
- There is no national framework for making more effective use of foreign assistance, through coordination and integration of programming and projects planning and implementation.

As far as institutional capacity is concerned, the main challenges are: deepening reforms concerning RD and legislation; creating rural networks; modernising the State administration; harmonising institutions and statistics; strengthening of analytical capacity; building human capacity at all levels; and harmonizing BiH monitoring and evaluation system.

Strategic Plan and Operational Program are implemented at Entity level. At the level of Entities, institutions in charge of agricultural sector management are the Ministry of Agriculture, Forestry and Water Management (AFWM) in the RS and the Federal Ministry of AFWM in the FBiH while Brcko District local administration has its own Department of AFWM. In FBiH the system of responsibilities is further divided, so all 10 cantons have established departments for the issues of agriculture, veterinary medicine, forestry and water. Entity ministries are in charge of policy and laws implementation, monitoring the implementation of the regulations and decisions, management of natural resource, food industry and related activities in the field of plant production, animal husbandry, rural development, fisheries and hunting, protection and use of agricultural land, food, fodder, water, veterinary and phytosanitary protection, protection of public health and forestry (MoFTER, 2011b). The Department of AFWM of BD has a similar mission. The Entities' Ministries of Agriculture hired new staff in 2011 (EC, 2011) but there is still a lack of human resources. Within the Department of AFWM in BD is employed a total of 28 employees but just one employee deal with rural development tasks which is insufficient taking into account

the obligations in the coming period (MoFTER, 2011b). Both entities have developed agricultural strategies. The FBiH approved the extension of existing Agriculture Development Strategy (2006-2010) for two years (EC, 2011) and the RS has Strategy for Agricultural Development 2009-2015, which are compatible but not yet harmonized with the Strategic Plan for the Harmonization of BiH AFRD 2008-2011 (MoFT, 2010).

The Ministry of AFWM of RS established the Agency for Agricultural Payments as an administrative organization within the Ministry while the Office for Harmonization and Coordination of Payments in Agriculture, Nutrition and Rural Development at the State level was established by Council of Ministers of BiH in June 2009 but still is not operational. The Strategic Plan for Rural Development 2009-2015 was adopted in the RS (November 2009), work is in progress in the FBiH, while the Development Strategy of AFRD in the Brcko District of BiH was prepared in 2008 for the period 2008-2013. The main strengths, weaknesses, opportunities and threats of rural areas in RS stated in the Strategic Plan for Rural Development 2009-2015 are presented in the following table (Tab. 1).

Table 1. Summarized SWOT analysis of rural areas in Republika Srpska.

Strengths	Weaknesses
<ul style="list-style-type: none"> ○ High % of rural population ○ Relatively cheap labour force ○ Dominance of mixed households ○ Educational institutions available and well educated rural population ○ Possession of computers ○ Favourable natural conditions ○ Rich natural and cultural - historic heritage ○ Tradition in production and processing ○ Existing public advisory services ○ Specialized agricultural cooperatives ○ Significant and rich forest potential ○ Significant wood processing capacities ○ Institutionally regulated sectors of forestry, wood processing and tourism ○ Positive trend in number of SMEs ○ Interest of donors, diaspora and investors 	<ul style="list-style-type: none"> ○ High % of elderly households ○ Low population density in some rural regions ○ Migration of the young (rural - urban, rural -abroad) ○ High unemployment rate ○ Limited access to information and low computer literacy ○ Lack of entrepreneurial spirit ○ Fragmentation of land holdings ○ Low productivity and yields and outdated technology ○ Poor cooperation between producers and scientific and research institutions ○ Lack of investments and low incentives ○ Unfavourable credits' conditions ○ Poor coordination and collaboration between institutions dealing with RD ○ Uncontrolled forests exploitation, hunting, fishing ○ Low promotion of rural tourism ○ Poor access to services and bad infrastructure
Opportunities	Threats
<ul style="list-style-type: none"> ○ Incentives for rising birth rate ○ Job creation and opportunities for SMEs ○ Training for rural population ○ Increased demand for food ○ Certification and standardization ○ Farms modernization ○ Better agricultural Advisory Service ○ Clustering and associations ○ Better institutional support to RD ○ Protection of autochthonous products ○ Greater inflow of foreign capital ○ Integration processes with EU ○ Increasing level of wood processing ○ Strengthened cooperation between relevant institutions, municipalities and regions ○ Diversification of activities (e.g. tourism) ○ Access to additional funds (IPARD, etc.) 	<ul style="list-style-type: none"> ○ Population aging and low birth rate ○ Uneven regional population distribution ○ Further depopulation of rural areas ○ Lack of State support ○ Budget constraints to increase incentives for RD ○ Political instability in the country and region ○ Uncontrolled food imports ○ Poor quality control and "Gray economy" ○ Low investment in Science and Technology ○ Excessive lumbering of forests ○ Mined area under forest and agricultural land ○ Negative image of the country ○ Investment in rural infrastructure conditioned by political views ○ Weak representation of the rural population ○ Low motivation for life in the countryside ○ Weak concern for environment preservation

Source: Adapted from MAFWM-RS, 2009.

In 2010 the Medium Term Entities' Strategies for providing advisory services are prepared. That strategy will be adopted in FbiH after entrance into force of the Law of the agricultural advisory services while in RS at the end of 2010 the National Assembly adopted the draft Medium-Term Strategy (2010-2015) of agricultural advisory service (MoFTER, 2011b).

Preparations for the agricultural census are simultaneous with population and household census in BiH (MoFTER, 2011b). Nevertheless, limited progress was made towards improving agricultural statistics. However, a decision on establishing a State-level monitoring and evaluation system for AFRD was adopted (EC, 2010).

The agricultural and rural development sector is also characterized by the presence of a number of international donors, such as the USA/USAID, Sweden/SIDA, Italy/IC, UK/DFID, Japan/JICA, Spain/AECID, Switzerland/SDC/SECO, Czech Republic/CzDA, the European Commission (EC), the World Bank, European Bank for Reconstruction and Development/EBRD, UNDP, FAO, etc. However from 2009, due to world economic crisis, the investments of donors in BiH have decreased. In 2010, the sector of Agriculture, Food, Forestry and Rural Development has implemented or started to implement programs and projects in the total amount of more of than €65 million. Funds come from nonreturnable international assistance (grants), loans (World Bank, IFAD) and national funds. According to available data, there is ongoing implementation of 25 projects, 20 of them are reported in table 2. The key projects are: Agriculture and Rural Development Project funded by World Bank¹² and projects financed by the EU Instrument for Pre-accession Assistance (IPA).

¹²The aim of the project (by loan) is to strengthen the capacity of the State and Entity institutions in order to ensure efficient and effective agricultural services and support programs, and also to provide a significant contribution to BiH to become eligible for funding within IPARD.

Table 2. Main projects dealing with agriculture, food, forestry and rural development in BiH.

No	Project title (funding scheme)	Donor(s)/Financial Institution(s)	Budget (Million Euro)
1.	Konzum BiH (Loan)	EBRD	25 ¹³
2.	Agriculture and Rural Development Project (Grant/Loan)	The World Bank Sweden/SIDA	19.07
3.	Improvement of Rural Entrepreneurship	IFAD/OPEC/BiH	17.40
4.	Fostering Interventions for Rapid Market Advancements – FIRMA (Grant)	Sweden/SIDA, USA/USAID	11.50
5.	Fostering Agriculture Market Activity - FARMA (Grant)	Sweden/SIDA USA/USAID	10.01
6.	Small Scale Commercial Agriculture Development Project (Loan)	The World Bank	9.22
7.	Forest Development and Conservation Project (Loan)	The World Bank	5.30
8.	Fight against Brucellosis (Grant)	Sweden/SIDA	2.50
9.	Swiss Agricultural Project in the Region of Mostar (SPPOM) (Grant)	Switzerland SDC/ SECO	2.49
10.	Bimal (sunflower oil industry) (Loan)	EBRD	2.40
11.	Agricultural Development (Grant)	Norway	2.40
12.	Value chain employment	Dutch government UNDP	1.90
13.	Development of infrastructure for food safety and quality of South Eastern European countries	Sweden/SIDA	1.50
14.	Strengthening and harmonisation of the BiH agriculture and rural sectors Information System (Grant)	EC	1.50
15.	VF Komerc (Loan)	EBRD	1.30
16.	The Project for Confidence Building through Agricultural and Rural Enterprise Development in Srebrenica Municipality (Grant)	Japan/JICA	1.1
17.	Protection and valorisation of high quality traditional products of Herzegovina (Grant)	Italy /Italian Cooperation	1.1 ¹⁴
18.	Capacity Building for RD Programming in BiH	EC	1.0
19.	Support the establishment and strengthening of BiH food legislation	EC	1.0
20.	Pilot Actions for Rural integrated development and the revitalisation of the territory in BiH (Grant)	Italy /Italian Cooperation	0.95

*Source: MoFT (2010) and MoFTER (2011a).

BiH receives financial assistance under the IPA as a potential candidate country. With a total allocation of €8.3 million, the IPA 2010 programme focuses on political criteria as well as water infrastructure, agriculture, rural development, etc. Furthermore, BiH participates in the IPA multi-beneficiary programmes, including an IPA package developed in 2008 in response to the financial crisis. However, no structures have been set up, as of 2010, to implement the IPA rural development component (IPARD) (EC, 2010). In fact, in order to access funds for these projects the Framework Agreement was signed, but their implementation has not begun until the end of 2010 due to complex institutional and political situation, especially the failure to agree on model of payment systems in BiH (MoFTER, 2011a). The MoFTER appointed working groups on the payment agency and managing authority for IPA rural development structures. The purpose of the IPARD is to strengthen rural development programming capacities in BiH by promoting the participatory bottom-up approach in management of the rural development measures. Through the first IPA component for 2007, three projects are programmed in the field of agriculture, food security and rural development and its

¹³Total value of the loan is €57 million but total contribution by EBRB was €25 million.

¹⁴Total budget of the project is €M3.29 but allocations in 2009 and 2010 were €M1.10.

implementation began in 2009 and continued during the 2010. Within IPA funds, the following projects have been approved:

- IPA 2008: "Capacity building in agricultural policy and preparing BiH for access to IPA Rural Development programme (IPARD)" - €2.5 million.
- IPA 2009: "Development of Agricultural Market Information System (AMIS) and of the Land Plots Identification System (LPIS)" - €3.4 million.
- IPA 2010: "Pilot support to IPARD measures in BiH" - €3 mil.

Financial support to individuals or companies involved in ARD is provided also by micro-credit organizations and banks. Under adverse conditions, the Federal Investment Bank and the Investment Development Bank of the RS have special kinds of credit lines aimed at supporting rural population. The lack of an efficient administration and effective rural credit schemes impede the competitiveness of farmers and the agro-processing industry (EC, 2010). When analysing the financial support to ARD in the RS and FBiH during last years is evident that priority measures as well as eligibility criteria are different. As a matter of fact, while a particular attention was paid to registration of farms and rural infrastructure development in the RS; the highest share of the budget for ARD has been dedicated to increase of size of farms, less favourable areas, investments in farms, rural infrastructure development and land arrangement in the FBiH. Detailed information on the budget for agriculture in the RS, FBiH and BD during last years are provided in the following table (table 3). Total allocations for agriculture in 2010 was more than 165.6 million which represents an increase of about 7 million *i.e.* 4.5%, compared to 2009 budget. In 2011, agricultural budget in RS significantly decreased for more than 20 millions BAM, in BD remained almost the same like in 2010, while in FBiH 2011 budget is not comparable due to missing of data for Cantons. The Entities did not increase their overall support for ARD, but a larger proportion of this support was allocated to rural development measures (EC, 2010).

Table 3. Agricultural budgets in BiH during the period 2008-2011 (in million BAM¹⁵).

	2008	2009	2010	2011
Brcko District (BD)	4,646,316	6,055,822.80	5,066,820.9	5,009,500.00
Federation of BiH & Cantons	80,068,922	71,126,748.3	79,393,279	54,000,000 ¹⁶
Republika Srpska	80,000,000.0	81,547,605.36	81,186,160.17	60,000,000
Bosnia and Herzegovina	164,715,238	158,730,176.4	165,646,260	119,009,500.00

*Source: Authors' elaboration based on data from the official websites of the concerned institutions.

Sixty-seven per cent of respondents of the questionnaire for evaluating the level of coordination between the actors dealing with ARD in BiH were public institutions and 33% were civil society organizations. Almost half of the respondents operate at local level (46%), at Entity level (40%) while only less than a third (27%) operate at the State level. Some institutions operate at two or even three levels at the same time and that explains why the sum of percentages is higher than a 100%. However, some differences can be noticed between public and civil society institutions. In fact, public institutions are more present at the entity level (60%) than civil society organisations that are more present at the local level (60%) and only 40% of them operates at the state level.

Most of respondents consider rural development as a cross-sectoral issue that includes the agricultural sector. All interviewed organizations are involved in design (67%), implementation (73%), and monitoring/evaluation (53%) of ARD policies. Public institutions are mostly involved in design (90%), less in implementation (60%), and

¹⁵BAM: Bosnia-Herzegovina Convertible Mark, 1 BAM = 0.51 Euro.

¹⁶This figure does not include agricultural budgets of Cantons as data for some Cantons were not available.

monitoring/evaluation (60%). Civil society organizations are fully involved in the implementation phase (100%), less in policy design (20%) and monitoring/evaluation (40%). Almost all interviewees (93%) answered that they have had relationships with public institutions while most of them have had relationships with civil society and international organizations (86%). 60% of respondents evaluate the coordination among the different actors as effective while around 20% of them evaluate it as not effective (20% of them did not provide any answer). The main constraints impeding a good coordination between involved actors in ARD policies, mentioned by the respondents, are included in box 1.

Box 1. Major constraints hampering coordination of agro-rural development policies in BiH.

- Lack of knowledge and information
- Lack of communication and coordination among key actors
- Lack of qualified human resources in institutions and organizations dealing with rural Development
- Lack of understanding and of a common vision of rural issues and priorities
- Lack of clearly defined plans, initiatives and long term strategies
- Lack of funds
- Conflicts of interests
- Absence of a dialogue culture and participatory approaches
- Low use of information technologies
- Low attention paid to rural areas in the political agenda
- High level of administrative and bureaucratic requirements

Only 53% of respondents identified an organization as having the leadership in coordinating rural development issues while 20% of respondents did not recognise any leader organization (27% of them did not provide any answer). The institutions more widely identified as the most important in providing a coordination of rural development issues are the Entity's Ministries for Agriculture while no public institution or civil society organization considered the MoFTER as the leader institution regarding these issues. In fact, it is quite common in the decentralised or 'concerted' and multi-actors driven rural policy design and delivery systems (Mantino, 2009) that the different levels of government find it difficult to clarify their respective roles and responsibilities (OECD, 2006).

Respondents also mentioned some institutions with which they have had some conflicts. It is interesting to note that public institutions have mainly conflicts with governmental organisations and some international agencies while civil society organisations, also due to their nature, present a lower degree of involvement in those conflicts.

Overall most of the interviewees identified the main constraints in coordination among the different organizations dealing with rural development as political (40%), technical (60%) and strategic (80%). Some respondent also emphasized that in some cases competition is overcoming cooperation thus resulting in a major constraint.

The analysis of relationships and linkages between the institutions that are involved in the design and implementation of ARD policies in BiH showed a lack and/or weakness of coordination between them. Therefore, this problem should be addressed as soon as possible in order to increase the effectiveness of these policies and their impacts on rural people's livelihoods. A basic action to strengthen coordination would be to encourage dialogue between these institutions and harmonising Entities' policies, strategies, action plans and strategic plans with the State level ones in particular the Law on Agriculture, Food and Rural Development of BiH. Moreover, many of the solutions proposed by Bryden (2005) in order to address key coordination challenges and to achieve an effective governance are suitable also in the case of BiH. The Rural development strategy and Action plan of RS and the Federation operational programme for harmonisation of AFRD need to be harmonised with the State-level framework. An overall lack of implementing legislation impedes coordination of harmonised strategies and legislation in this area throughout the country. Coordination of

rural development policy is weak. The EC (2010) pointed out also in its progress report that there has been no progress towards establishing a State-level Ministry of Agriculture, Food and Rural Development that can help improving coordination of ARD policy. Nevertheless, the Advisory Council for AFRD is operational. However, inter-sectoral coordination and participation by the non-governmental sector remain weak (EC, 2010).

Conclusions

Implementation of ARD policy is at an early stage and stronger coordination between the State and the Entities in aligning with the EU *acquis* in the field of ARD is required. State-level capacity for policy formulation should be improved. The lack of coordination between State and Entity levels hampers the harmonised implementation of ARD legislation.

Lack of a good coordination between actors dealing with ARD policies decreases their effectiveness. Vertical co-ordination between State level institutions with Entity, regional and local ones, especially civil society organisations, is still particularly challenging in BiH. State and Entity governments should encourage local actors participation in the design and implementation of place-based policies for rural development. Coordination between the Sector for Agriculture, Food, Forestry and Rural Development of the State MoFTER; the Ministry of AFWM of RS; the Federal Ministry of AFWM (FBiH) and the Department for AFWM of BD is of a crucial importance. Coordination with other State and Entity ministries and development agencies is also relevant. Civil society organisations, especially user ones, should be involved also in the design, monitoring and evaluation of ARD policies.

In order to increase their impact, ARD policies in BiH should be place-based, multi-sectoral, synergistic and designed and implemented through a good coordination between multilevel governance institutions. In the context of rural development, good governance should contribute to more appropriate and effective, and better coordinated services, based on participatory decisions, transparency and accountability. Cooperation between State, Entities, cantons, regions, municipalities and non-state actors is essential for promoting sustainable agricultural and rural development. ARD governance is to be put into the context of a wider process of institutional reforms and alignment with the EU *acquis* and legislation.

Acknowledgements

Authors would like to thank all those who have directly or indirectly supported them for preparing this paper. They would like also to thank all public institutions (*e.g.* MoFTER, Ministries of AFWM of RS and FBiH, etc.) and civil society organizations that answered the questionnaires, provided very useful information and helped in structuring better this paper.

References

- ASBiH (2010). Anketa o radnoj snazi 2010 (Labour Force Survey 2010). Agency for Statistics of BiH (ASBiH), Sarajevo. 38 p. <http://www.bhas.ba/ankete/lfs_2010_001_01-bh.pdf>, accessed on October 10, 2011.
- Bryden J. (2000). Is There a 'New Rural Policy'? Paper for the conference "European Rural Policy at the Crossroads", 29 June-1 July 2000, Arkleton Center for Rural Development Research, University of Aberdeen, Scotland.

- Cheema G.S. (2005). Building democratic institutions: governance reform in developing countries. Kumarian Press Inc, New York.
- EC (2010). Bosnia and Herzegovina 2010 progress report. European Commission (EC), Brussels. 65 p.
- EC (2011). Bosnia and Herzegovina 2011 progress report. European Commission (EC), Brussels. 43-45 p.
- Lampietti A.J., Lugg D.G., Van der Celen Ph., Branczik A. (2009). The Changing Face of Rural Space: Agriculture and Rural Development in the Western Balkans. International Bank for Reconstruction and Development / World Bank, Washington D.C.
- MAFWM-RS (2009). Стратешки план руралног развоја Републике Српске за период 2009-2015 године (The Strategic Plan for Rural Development in Republic of Srpska 2009-2015). Ministry of Agriculture, Forestry and Water Management of Republic of Srpska, Banja Luka. <<http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mps/МИНИСТАРСТВО/Pages/default.aspx>> ; accessed on September 10, 2011.
- Mantino F. (2009). Typologies of governance models. FP 7 Project no. 213034, Assessing the impact of rural development models (including LEADER). <http://www.rudi-europe.net/uploads/media/RuDI_WP3_D_3.2.pdf>, accessed on 20 July, 2011.
- MoFT (2010). Donor mapping report 2009-2010. Ministry of Finance and Treasury (MoFT) of BiH, Sarajevo. 79 p. <<http://www.donormapping.ba/pdf/DMR-Report-Eng-2010.pdf>>, accessed on September 22, 2011.
- MoFTER (2009). Policy analysis in the field of agriculture, food and rural development in BiH. The Ministry of Foreign Trade and External Relations of BiH (MoFTER), Sarajevo. <http://www.seerural.org/wpcontent/uploads/2010/04/Analiza_politika_u_oblasti_poljoprivrede_prehrane_i_ruralnog_razvoja_Bosne_i_Hercegovine_Sarajevo_septembar.pdf>, accessed on 25 July 2010.
- MoFTER (2011a). Izvještaj o međunaradnoj pomoći za sektor poljoprivrede, prehrane i ruralnog razvoja 2010. u Bosni i Hercegovini (Report on the International Assistance for Department of Agriculture, Food and Rural Development in 2010 for Bosnia and Herzegovina). The Ministry of Foreign Trade and External Relations of BiH (MoFTER), Sarajevo.
- MoFTER (2011b). Izvještaj iz oblasti poljoprivrede za Bosnu i Hercegovinu za 2010. godinu (Bosnia and Herzegovina, Agricultural Report 2010). The Ministry of Foreign Trade and External Relations of BiH (MoFTER), Sarajevo. <http://www.mvteo.gov.ba/izvjestaji_publicacije/izvjestaji/?id=3634>, accessed on September 16, 2011.
- OECD (2006). The New Rural Paradigm - Policies and Governance. OECD Rural Policy Reviews. Organisation for Economic Co-operation and Development (OECD). 168 p.
- PABiH (2008). Zakon o Poljoprivredi, Prehrani i Ruralnom Razvoju Bosne i Hercegovine (The Law on Agriculture, Food and Rural Development of Bosnia and Herzegovina). Parliamentary assembly of BiH. Official Gazette of BiH, No. 50, ISSN: 1512-7508. <<http://www.mvteo.gov.ba/zakoni/zakoni/?id=1133>>, accessed on September 20, 2011.
- Sheng Y.K. *et al.* (2007). Access to Basic Services for the Poor: The Importance of Good Governance. UN Economic and Social Commission for Asia and the Pacific. 64 p.
- Sterland B. (2004). Civil Society Development in Bosnia and Herzegovina (BiH): Double transition under international control. Workshop Presentation, April 2004.