

**DESIGN, IMPLEMENTATION AND COORDINATION OF AGRICULTURAL AND RURAL DEVELOPMENT POLICY IN BOSNIA**

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**Abstract**

Rural economy in Bosnia and Herzegovina (BiH) is increasingly diversified but is still strongly dependent on the primary sector. Governance influences agro-rural development policies impacts on rural livelihoods. Governance analysis focuses on institutions and structures dealing with decisions making and implementation. The paper aims at analysing design, implementation, governance and coordination of agro-rural development policies in the Republika Srpska (RS) and BiH. The paper is based on primary information collected by questionnaires and semi-structured interviews carried out in summer 2010 with representatives of public and civil institutions – including international organisations and donors - dealing with agricultural and rural development at state, entity and municipal levels as well as an extended secondary data analysis. The number of organizations engaged in rural governance is rapidly growing and their role in policy design and delivery is getting increasingly important. Vertical coordination between State level institutions with entities, cantons, regions, municipalities and non-state actors, especially civil society ones, is still particularly challenging in BiH. Coordination between the State Ministry of Foreign Trade; the Ministries of Agriculture of RS and Federation of BiH and the Department for Agriculture of Brcko district is crucial. Participation of civil society organizations in rural development policies design and evaluation should be encouraged. Governance model and arrangement should allow shifting rural development policy paradigm and practice from a sectoral to a multisectoral, territorial and integrated approach that fosters rural livelihoods and economies diversification. Effectiveness of vertical coordination also depends on horizontal coordination at RS and FBiH levels.

**Key words:** Rural development, Agriculture, Policy, Governance, Coordination, Bosnia.

**Introduction**

Bosnia and Herzegovina (BiH) consists of two governing entities, namely the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), and a self-governing administrative unit *i.e.* Brcko District (BD), under the State sovereignty. It goes without saying that this institutional and political setting influences not only the design and implementation of agricultural and rural development policies but also the governance of the whole country.

Rural economy in BiH is increasingly diversified, however, a significant share of households is still engaged in agriculture and the rural economy is still strongly dependent on the primary sector. Agriculture share in the gross domestic product (GDP) was 8.60% in 2010 (EC, 2011). Although some progress has been made, extensive production prevails which result, often, in outdated production techniques and low yields (MoFTER, 2009).

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).

According to Uphoff (1986), institutions belong to the public, participatory, and private sectors. Rural groups and institutions can be also divided into user groups, service providing organizations and governance institutions. In order to contribute to good rural governance, local institutions and organisations should be participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follow the rule of law (cf. Sheng *et al.*, 2007). Civil society sector in BiH is dominated by very small NGOs and women's and youth organisations (Sterland, 2004).

In BiH and RS, rural governance models are slowly experiencing a paradigm shift towards the concept of “the new rural paradigm” (OECD, 2006). 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). New models of local rural governance are emerging with shifting power and resources downwards from the state to the regional and local levels. 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 between rural sectors and to create public-civil society-private partnerships (OECD, 2006).

The main objective of the paper is to analyse agro-rural development policies governance and coordination in BiH with a special focus on the RS.

### **Material and Methods**

The paper is based on an extended analysis of secondary information and on questionnaires and a semi-structured interviews with representatives of public and civil society institutions. Highly reliable secondary data from reports, research papers and statistical databases were used.

A questionnaire, focusing on the design and implementation of agro-rural development policies in BiH and on the evaluation of coordination between the involved actors, was sent by e-mail to around 120 representatives of different institutions and organizations. The questionnaire encompassed the main public institutions and civil society organizations dealing with rural development in municipalities, cantons, regions, and entities as well as at the state level. In particular questionnaires were sent to key actors such as the State Ministry of Foreign Trade and Economic Relations and the Ministries of Agriculture of the RS and the FBiH.

Additional information about local institutions dealing with agro-rural development were collected through phone interviews and meetings with representatives of some municipalities (Trnovo, Istocna Ilidza, Istocno Novo Sarajevo, Istocni Stari Grad, Pale, Sokolac and Rogatica) in Sarajevo-Romanija region (SRr) and of the town of East Sarajevo (TES).

## Results and Discussion

The design and implementation of agro-rural development policies involve different supra-national or 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 agro-rural policies 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 agriculture and rural development is the Ministry of Foreign Trade and Economic Relations of BiH (MoFTER). The 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 to harmonize agriculture development in the country.

The state policy in the agricultural sector, food and rural development in recent years is 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 measures of the Law are basically classified into policy measures to support agricultural markets and measures for rural development. Policy measures to support agricultural market are divided in the measures to improve products quality, measures of direct support to agricultural farms and measures for foreign trade. Measures related to rural development encompass those measures aimed at increasing competitiveness, protecting rural environment, diversifying activities in rural areas and improving life quality in rural areas.

Moreover, the MoFTER, supported by the European Commission (EC), prepared the Strategic Plan for the Harmonization of BiH Agriculture, Food and Rural Development 2008-2011 and Operational Programme for the Harmonization of BiH Agriculture, Food and Rural Development 2008-2011. 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.

At the level of entities, institutions in charge of agricultural sector management are the Ministry of Agriculture, Forestry and Water Management in the RS and the Federal Ministry of Agriculture, Forestry and Water Management in the FBiH while Brcko District local administration has its own Department of Agriculture, Forestry and Water Management. 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. The Strategic Plan for Rural Development 2009-2015 was adopted in the RS (November 2009).

Moreover the agricultural and rural sector is characterized by the presence of a number of international donors, such as the USAID, SIDA, Italian Cooperation, JICA, AECID (Spain), the European Commission, the World Bank, etc.

Financial support to individuals or companies involved in agriculture and rural development is provided also by micro-credit organizations and banks. The Federal Investment Bank and the Investment Development Bank of the RS have special kinds of credit lines aimed to support agriculture and rural development.

In the RS in general and SRr in particular, support for rural development by municipalities is partly stated in local planning documents, which include the Local Economic Development Strategies. Many local organizations operate in municipalities. Most of them have a

predominant charity character largely due to the consequences of the civil war. Sport, cultural, youth and students' organizations are present in a large number as well. Those involved in agro-rural development are mainly agricultural cooperatives, environmental associations, associations of entrepreneurs and cultural heritage preservation associations. Financial and technical support for NGOs and cooperatives is provided by local budgets. In all municipalities financial aid is guaranteed for those NGOs that are identified as organizations of public interest (*e.g.* organization of war veterans) while cooperatives and remaining NGOs have to submit specific projects to be eligible for funds from local and regional budgets.

Rural development strategies, plans and programmes are generally missing at local and regional level: Pale municipality has a strategy for development of agriculture, while in municipalities of Istocni Stari Grad and Istocno Novo Sarajevo preparation of this document was still in progress, and the other four surveyed municipalities (Trnovo, Istocna Ilidza, Sokolac and Rogatica) did not have any strategic document directly related to agriculture and rural development. Overall in the 2006-2010 period, local development strategies focused mainly on agriculture development rather than on rural development, however the trends, generally, show an increasing attention paid to non-agricultural activities. Nevertheless, it seems that there is a consistent lack of coordination between local institutions operating in rural areas.

About two-thirds (67%) of respondents to the questionnaire for evaluating the level of coordination between the actors dealing with agro-rural development policies in BiH were public institutions and 33% civil society organizations. Almost half of the respondents operate at local level (46%) while only less than a third (27%) operates at the state level. Some institutions operate at two or even three levels at the same time. 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%). Most of respondents consider rural development as a cross-sectoral issue that includes the agricultural sector, while some of them provided their own definitions. All interviewed organizations are involved in design (67%), implementation (73%), and monitoring/evaluation (53%) of agro-rural development policies. Public institutions are mostly involved in design (90%), and less in implementation (60%), and monitoring/evaluation (60%). As expected, civil society organizations are fully involved in the implementation phase (100%) and less in policy design (20%) and monitoring/evaluation (40%). Almost all interviewees (93%) have had relationships with public institutions while most of them have had relationships with civil society and international organizations (86%). Only three fifths of the respondents evaluate the coordination among the different actors as effective. The main constraints and problems impeding good coordination 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 among key actors
- Lack of qualified human resources in institutions and organizations
- 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
- Delay in the establishment of the Federal Agency for Rural Development

Source: Authors' elaboration based on the questionnaire survey results.

Only 53% of respondents identified an organization as having the leadership in coordinating rural development issues. The institutions more widely identified as the most important in providing coordination of rural development issues are the Entity's Ministries for Agriculture while no public institution or civil society organization considered the Ministry of Foreign Trade and External Relations (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, technical and strategic. 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 agro-rural development policies in BiH and RS showed a lack and/or weaknesses 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. While "formal dialogue" does exist between some public institutions especially those operating in RS and with some international NGOs and donors, it seems that a lot need to be done in order to involve civil society and private sector organizations especially during the design and formulation phase. That is critical

especially regarding the participation of rural people, farmers and their organizations. Developing strong partnership between national and sub-national governments through vertical governance arrangements and public-civil society partnering agreements can make Entity, regional and local governance institutions responsible by virtue of their participation in decision making regarding the design and implementation of rural development policies (OECD, 2006). Since local actors are called to perform new tasks, which requires changes in mind set and new skills, governmental institutions and international organisations should help local actors to acquire these new skills.

One of the obstacles that hamper coordination between civil society organizations and between them and public institutions is a lack of a common understanding of what is “rural” and what is “rural development”. The questionnaire suggested that despite the fact that all organisations consider rural development as cross-sectoral they mean different concepts when they talk about rural development therefore they use different approaches and they have different priorities which make difficult to have a common vision.

In order to strengthen coordination and synergy between institutions in promoting sustainable agriculture and rural development in RS it is also necessary to harmonize entity laws and regulations with the Law on Agriculture, Food and Rural Development of the BiH, that is, to a certain extent, in line with the rural development measures of the EU. That can make it easier also for international donors and NGOs to formulate their strategies for agro-rural development in all BiH.

Human capital has also a strategic relevance in order to achieve good coordination between involved institutions. In fact, institutions’ staff can operate in such a way to reduce transaction costs and to render communication smoother and flow of information faster. Communication and exchange of information could be made more effective thanks to the new ICTs (Information and Communication Technologies). It is critical to strengthen staff capacities in the State and Entity institutions, particularly the analytical and communication skills. In fact, since rural policy is strongly knowledge-based and multi-stakeholders, co-ordination and communication mechanisms play a key role in the design and implementation of place-based rural development policies. Communication should be developed horizontally, at the central, entity, regional and local levels, as well as vertically, across different government tiers (OECD, 2006). Motivation and incentives to public institutions’ staff can help in achieving this objective. That would allow to strengthen coordination and cooperation between them thus ensuring effective and efficient implementation of policies, programs, action plans and strategies and avoiding overlapping in responsibilities and activities.

A better coordination between involved institutions means not only to reduce institutions operating and transaction costs but also to manage effectively incentives and subsidies provided to farmers and rural dwellers and to avoid frauds, corruption and “*clientelism*”. That is true also in the case of the use of IPARD (Instrument for Pre-Accession on Rural Development) funds. Coordination is easier when all institutions have access to all information regarding agro-rural development that’s why it is crucial to speed up the establishment of information systems in agriculture. Moreover, financial support, from the EU and other international donors and cooperation agencies, should be provided not only for the establishment of these services but also for their operation and maintenance. A stronger partnership between Bosnian institutions dealing with rural development and those of the EU and its Member States can help to ensure a better cross-fertilization and exchange between them which can have positive impacts on their *modus operandi*.

Moreover, many of the solutions proposed by Bryden (2005) to address key coordination challenges and to achieve effective governance are suitable also in the case of BiH.

## Conclusions

Lack of a good coordination between actors dealing with agro-rural development policies decreases their effectiveness. Vertical coordination 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. That means that governmental and public institutions should redefine their role and devise new multi-level cooperation and coordination frameworks that emphasise power sharing between different governance levels and inter-dependence and partnership between a wide range of actors in agro-rural policy making. It goes without saying that the ease of vertical coordination between the different levels of governance also depends on the degree of horizontal coordination especially at the level of entities (RS and FBiH). Coordination between the Sector for Agriculture, Food, Forestry and Rural Development of the state MoFTER; the Ministry of Agriculture, Forestry and Water management of RS; the Federal Ministry of Agriculture, Water Management and Forestry (FBiH) and the Department for Agriculture, Forestry and Water Management of Brcko District (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 and evaluation and monitoring of agro-rural development policy.

In order to increase their impact, agro-rural development policies in BiH should be place-based, multi-sectoral, synergistic and designed and implemented through a good coordination between multilevel governance institutions. Although good governance is not sufficient on its own it is indispensable to sustain Bosnian rural territories development over the longer term. In the context of rural development, good governance should not be seen as a means to improve the living conditions of the rural communities by contributing to more appropriate and effective, and better coordinated services, based on participatory decisions, transparency and accountability. Dialogue and cooperation between state, entities, cantons, regions, municipalities and non-state actors is essential for promoting rural development. Local governance is to be put into the context of a wider process of institutional reforms of rural service systems encouraged by the EU and many other development agencies.

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