

## **Annex I**

**Description of the Action (including the Logical Framework of the Action)**



# **European Union Support to Agriculture Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI)**

## **Description of the Action**

Annex I to Contribution Agreement

November 2019

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## LIST OF ACRONYMS

BAM	Bosnian convertible mark
BIH	Bosnia and Herzegovina
BD	Brčko District of Bosnia and Herzegovina
CzDA	Czech Development Agency
EU	European Union
EUR	Euro
FAO	Food and Agriculture Organisation
FARMA	Fostering Agricultural Markets Activity
FBIH	Federation of Bosnia and Herzegovina
GDP	Gross Domestic Product
GIP	Grant Investment Package
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICT	Information and communications technology
IFAD	United Nations International Fund for Agricultural Development
IPA	Instrument for Pre-Accession Assistance
OECD	Organisation for Economic Cooperation and Development
RS	Republika Srpska
SAA	Stabilisation and Association Agreement
SEE	Southeast Europe
SDG	Sustainable Development Goal
TA	Technical Assistance
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WTO	World Trade Organisation

# 1. CONTEXT

## 1.1. Wider country context

Bosnia and Herzegovina (BIH) is an **upper middle-income country** with 3.5 million population, which is gradually declining and aging. The country has a high level of human development<sup>1</sup>, but is still below the average for the Europe and Central Asia region. Poverty remains a concern, particularly in rural areas and among minorities<sup>2</sup>.

While the **country's Gross Domestic Product (GDP) rate** is projected to increase from 3.2% in 2018 to 3.8% by 2021<sup>3</sup>, this is still too low to lead to a noticeable improvement in many citizens' living conditions. With the per capita GDP at some 32% of the European Union (EU) average<sup>4</sup>, the pace of BIH's convergence with the EU remains among the slowest in the region. The overall business environment in the country remains weak<sup>5</sup>, while BIH is also among the least competitive economies in Southeast Europe (SEE)<sup>6</sup>. The BIH's ratio of exports to GDP amounts to 40%<sup>7</sup>. The EU is the country's main trading partner: in 2017, 61% of BIH imports originated from the EU and 71% of its exports went to the EU. The country's trade deficit with the EU amounted to EUR 1.7 billion<sup>8</sup>.

While the **unemployment** rate has been falling (reaching an historic low at 18.4% in 2018), high inactivity and low employment rates continue. Due to the ubiquity of labour-market informality, migration, and discouraged workers, only about one third of the working-age population are accounted as employed in BIH. The labour market participation of women remains low<sup>9</sup>. The country also has a relatively low level of wages as a reflection of its overall weak competitive position.

The complexity of BIH **governance structure**, insufficient efficiency of governments' institutions, complex coordination and political consensus undermine public policies and slow reforms. With the expiration of the Reform Agenda 2015-2018, the country is without a strategic framework to guide its development efforts. More than a year after the October 2018 General Elections, BIH still does not have established governments at state, entity<sup>10</sup> and some cantonal levels.

BIH has been a potential candidate country for **EU accession** since 2003. The Stabilization and Association Agreement (SAA) with the EU was signed in 2008 and entered into force in June 2015, including its adaptation in 2017 to take into account the accession of Croatia to the EU<sup>11</sup>. In February 2016, BIH submitted its formal application for EU membership and in August 2016, the country adopted the Decision on the System of Coordination in the Process of European Integration of BIH. In May 2019, the European Commission issued its Opinion on BIH's application for membership of the EU<sup>12</sup>, which represents a crucial milestone in the EU-BIH relations.

<sup>1</sup> Measuring average levels of income, health and education, the Human Development Index of BIH was at 0.768 in 2018, ranking it 77<sup>th</sup> among the countries with a high level of human development. Human Development Indices and Indicators, 2018 Statistical Update, UNDP.

<sup>2</sup> The poverty headcount ratio showed 17% of the population living on less than 60% of median national income, a lower value than in many countries of Central and Eastern Europe. Household Budget Survey, 2015, BIH Agency of Statistics.

<sup>3</sup> Economic Reform Programme of BIH (2019-2021), European Commission Assessment.

<sup>4</sup> Eurostat, 2017.

<sup>5</sup> The World Bank Doing Business Report for 2019 ranks BIH as 89<sup>th</sup> out of 190 countries globally.

<sup>6</sup> The Competitive Industrial Performance Index by the UN Industrial Development Organization ranks BIH 81<sup>st</sup> on the global scale of industrial competitiveness (latest available data for 2016).

<sup>7</sup> Eurostat, 2017.

<sup>8</sup> Economic Statistics, BIH Agency for Statistics, 2018.

<sup>9</sup> Labour Force Survey, BIH Agency for Statistics, 2018.

<sup>10</sup> Entity of the Federation of Bosnia and Herzegovina (FBiH).

<sup>11</sup> The SAA includes provisions on cooperation in agriculture and in the veterinary and phytosanitary fields with the aim of modernising and restructuring the agriculture and agri-industrial sector.

<sup>12</sup> Analytical Report accompanying the Commission's Opinion on BIH's application for membership of the EU, Commission Staff Working Document, 2019.

## 1.2. Sector-specific context

Having in mind its contribution to gross value added, employment and overall socio-economic development, **agriculture** is one of the most important economic sectors in the country. Although steadily falling, agriculture's share of gross value added was at 7.6% in 2016 (compared to 1.7% in EU-28). While decreasing, employment in the sector was at 15.7% of total employment in 2018 (compared to 18.9% in 2017). Out of some 130,000 people employed in agriculture, over 60% are men<sup>13</sup>.

BIH has some 2.2 million hectares of agricultural land, out of which 1.6 million hectares are **arable**. There are over 125,000 registered farms in the country, with the average farm size around 2.6 hectares<sup>14</sup>. In addition to the fragmentation of land use patterns, topographic characteristics, land-ownership challenges and the quality of soil limit agricultural production. Other challenges include land degradation and loss of productive agricultural land.

**Sub-sectors with the best natural resources and production potential** are fruits (plums, apple, pear, raspberries, strawberries, grapes), vegetables (cucumber, tomato, pepper, cabbage), dairy and meat.

While **climate** in BIH is generally adequate, increased climate variabilities have negative impact on agricultural production, especially fruits and vegetables. Climate change is expected to raise temperatures, reduce rainfall and cause more frequent droughts, floods and heat waves, requiring a stronger focus on climate-smart agriculture practices and approaches.

BIH remains a **net food importer**. The trade deficit in agricultural products and foodstuffs is still very high (some EUR 800 million); while these products only represent 9% of exports, they account for 17% of total imports. Roughly 35% of BIH agricultural exports go to the EU, whilst the EU accounts for 52% of BIH agricultural imports<sup>15</sup>. Agri-food exports are dominated by primary or largely unprocessed produce with lower unit values. These factors indicate that BIH has scope to increase competitiveness on EU agri-food markets, both in general and relative to other non-agricultural goods and services<sup>16</sup>.

Agricultural productivity, value added, and competitiveness generally remain low. **Constraints on growth** include a high share of small and inefficient farms, inadequate or outdated technology and skills, the unfavourable age structure of producers, limited access to finance and integration into European value chains, and poor market access. Sectoral performance is also undermined by the lack of downstream trade and market infrastructure, as well as weak structural linkages between producers, processors, and trade.

Despite rural out-migration, BIH remains one of the most rural countries in Europe (per OECD categorization), with around 60% of its population living in **rural areas** (defined as villages and scarcely populated municipalities)<sup>17</sup>. BIH rural areas are generally characterized by fewer job opportunities, weak physical infrastructure and public services, as well as limited access to markets, business development and financial services. Unemployment rates in rural areas are considerable and can be 40% higher than in the main urban centres. Wages are also 25% lower, while the estimated GDP per capita is less than half the level reported in urban environments. 19% of the rural population lives in poverty (compared to poverty rates of 9% in urban areas)<sup>18</sup>.

<sup>13</sup> Labour Force Survey, 2018, BIH Agency for Statistics

<sup>14</sup> Data by the competent entity ministries and Brčko District Department.

<sup>15</sup> Analytical Report accompanying the Commission's Opinion on BIH's application for membership of the EU, Commission Staff Working Document, 2019.

<sup>16</sup> Source: COMEXT, Agricultural trade data following FAO definition (including Chapter 3, fishery products). Over the past five years, BIH's agricultural trade deficit with the EU-28 has increased, while the BIH's total trade deficit with the EU declined.

<sup>17</sup> Rural Development in BIH: Myth and Reality, National Human Development Report, UNDP, 2013.

<sup>18</sup> The same as above.

As indicated in the Analytical Report accompanying the Commission's Opinion on BIH's application for membership of the EU, the country's **agricultural policy** is based on the 2008 state-level Law on agriculture, food and rural development, entity and Brčko District laws in this area, as well as strategic documents at different levels of government. While the implementation of the overall state law on agriculture still needs to be ensured, the country needs to adopt other state laws (e.g. on wine and on organic production) as well as to ensure that its legislation is harmonised across the country and aligned with the EU *acquis*. The alignment of BIH's food safety, veterinary and phytosanitary regulations with the Union *acquis* remains highly relevant to ensure the country's progress and enable agri-food businesses to fully benefit from the access to the EU market.

To guide the sector development BIH has in place the Strategic Plan for Rural Development of Bosnia and Herzegovina (2018–2021) – Framework Document, which is based on the entity strategic frameworks.<sup>19</sup> However, more efforts are necessary to strengthen **institutional and administrative capacities**, as well as to coordinate and harmonize policies and implementation across the governments agencies that are responsible for policy delivery (entities, cantons and Brčko District). In 2017, total government support for agriculture and rural development in BIH amounted to ca EUR 88 million, out of which over 88% was realised through direct production support measures. As mentioned in the Analytical Report accompanying the Commission's Opinion on BIH's application for membership of the EU, these support measures are not being harmonized across the country, while their effectiveness and compliance with the Union *acquis* is insufficient to increase the sector productivity and competitiveness. The country has made no progress in establishing the institutional structures necessary to benefit from the indirect management of the Instrument for Pre-accession Assistance for Rural Development (IPARD).

The **agricultural statistics and the information system** are not sufficiently developed to support evidence-based policy making. The lack of a recent agricultural census is a major limitation in this context. A limited number of statistical indicators are produced for agriculture. A harmonised approach to the exchange of sectoral data across governments and their country-wide consolidation, while ensuring traceability and verifiability of such data in the system, is not in place. Therefore, as also indicated in the Analytical report accompanying the Commission's Opinion on BIH's application for membership of the EU, agricultural information systems must be set up in line with the EU framework<sup>20</sup>.

**Agricultural advisory systems** in BIH are weak, insufficiently and unevenly developed across the country, with non-harmonised regulatory frameworks. Public advisory services face many financial, managerial, and technical challenges and require extensive support to help them fully assume their crucial role. The quality and quantity of available public agricultural advisors are far from sufficient in terms of offering quality customized support to agri-food operators. Non-state / private agricultural advisory services do exist in BIH, but their offer is limited. Service quality standards need to be introduced to accelerate the modernisation of service offerings, shifting from traditional approaches towards farmer-led, market-driven and science-based advisory support. The farmer – advisor ratio in BIH is estimated to be 900 farmers to one extension officer (taking into account both public and non-state / private officers)<sup>21</sup>, while in the EU the ratio ranges between 50 and 90 farmers to one officer. Strengthening the public extension systems and tapping into the potential of non-state service providers could contribute to both wider availability as well as higher quality of advice in the sector.

<sup>19</sup> There are Mid-term Agricultural Sector Development Strategy of FBIH (2015-2019), Rural Development Programme of FBIH (2018-2021) – not yet enforced and Strategic Plan for Rural Development and Agriculture of RS (2016-2020), based on which the Strategic Plan is designed “through a *middle-up*, entity-led approach that seeks to fully respect entity, BD and state competencies, whilst promoting practical solutions that will ensure that real and measurable progress can be made in the interests of all main agriculture and rural stakeholders in the sector ...” (Strategic Plan, page 3).

<sup>20</sup> As indicated in the Analytical report accompanying the Commission's Opinion on BIH's application for membership of the EU, in the wine sector, for instance, BIH does not have a register of grape and wine producers or vineyard cadastre nor is there official data or available statistics on the number and size of households and farms producing.

<sup>21</sup> Estimates by the USAID / Government of Sweden FARMA II, 2017.

### 1.3. Stakeholders' analysis

#### Institutional stakeholders in agriculture and rural development

**The state-level** is responsible for defining agri-economic policies in cooperation with competent entity and Brčko District bodies, coordinating within the country as well as representing and committing the country internationally. **Two entities, Brčko District and the cantons hold most competencies in the sector**, including issuing laws, by-laws and policies, and regulating and managing financial support in the sector, including direct payments. Accordingly, key institutional partners include the **BIH Ministry of Foreign Trade and Economic Relations**, particularly through its Department for Agriculture, Food, Forestry and Rural Development. At the level of both entities, there are **Ministries of Agriculture, Forestry and Water Management**, whereas ten cantons in the Federation of BiH also have their competent ministries. At state level, the Ministry of Foreign Trade and Economic Relations has an Office for Harmonisation and Coordination of Payment Systems in Agriculture, Food and Rural Development. The RS entity has an Agency for Agricultural Payments, while in the FBiH entity this function is performed by the entity and cantonal ministries. In Brčko District, a **Department for Agriculture, Forestry and Water Management** is in charge of legislation and payments. Institutional capacities and policy coordination across governments require further strengthening to ensure the harmonisation of legislation within the country and with the Union acquis, as well as more effective sectoral support<sup>22</sup>.

Other relevant public bodies include authorities working in the field of food safety, veterinary and phytosanitary matters, such as the **BIH Veterinary Office** and the **BIH Plant Health Protection Administration**, administrative organisations under the BIH Ministry of Foreign Trade and Economic Relations, as well as the **BIH Food Safety Agency** contributing to harmonization of food regulations with the Union acquis. At entity, Brčko District and cantonal level, the ministries and the department in charge of agriculture are dealing with these matters, while responsibility for inspection controls rests with all levels of authority. **Inspection and control services as well as laboratories** need to be further upgraded in terms of standardised procedures as well as accreditation of methods<sup>23</sup>.

The **FBiH Institute for Agriculture, FBiH Agri-Mediterranean Institute as well as the RS Agricultural Institute** have important roles in providing agricultural services, particularly in terms of reporting-forecasting in plant protection, breeding-selection in cattle breeding; certification of seed and seedlings of agricultural plants; examination of foodstuffs; control of quality and quantity of agricultural products and their derivatives, mineral fertilizers and plant protection products. There are also **Institute for Genetic Engineering and Biotechnology of the University of Sarajevo as well as the RS Agricultural Institute and Institute of Genetic Resources of the University of Banja Luka** covering their relevant scopes of domain in related development and research.

**Public extension / advisory services** are mainly organised at entity level with the Ministry of Agriculture and its field offices being the main vehicle in the RS, and a cantonal approach for extension services in the FBiH. In the RS, advisory services are regulated by the Law on Agriculture and relevant implementing acts, while in the FBiH, there is a specific law distinguishing between non-state / private and public advisory service providers. The differences related to this field in two entities reflect different structures and resources, rather than the nature of the services offered, delivery approaches adopted or personnel quality and quantity. Training systems for public extension officers are underdeveloped while collaboration with research institutions and participation in international projects are limited. Public extension officers are strongly focused on production techniques, while issues of farm management, access to markets and marketing, rural development, and the promotion of producer organizations are only partially addressed. Further, they spend considerable time dealing with administrative tasks

<sup>22</sup> As reflected in the Analytical report accompanying the Commission's Opinion on BiH's application for membership of the EU.

<sup>23</sup> The same as above.

associated with direct payments.<sup>24</sup> Other challenges include the incomplete legislative framework, a lack of coordination between entity extension services (and cantonal extension services in the FBiH), limited resources and technical equipment, as well as low farmer interest in advisory services.

**Local governments** often have good insights into the needs and demands on the ground, due to their proximity to the rural population. Most of local governments have in place development plans and initiatives that focus on economic, agricultural, and rural development. They are responsible for local infrastructure and public services, which are essential for the overall quality of rural life. Furthermore, many local governments have agricultural development officers, who, in some cases, provide grass-root advisory support.

Other relevant institutional actors particularly in the context of rural development (diversification, entrepreneurship, rural tourism, handicrafts, environmental protection, etc.) include **competent entity / cantonal ministries and Brčko District departments for entrepreneurship, crafts, tourism, environment etc.**

Institutional actors that are relevant for broader coordination of EU integration and financial assistance include the **BiH Directorate for European Integration, the FBiH Government Office for European Integration, the RS Ministry of European Integration and International Cooperation and the Brčko District Government's Department for European Integration and International Cooperation.**

#### Non-institutional stakeholders in the sector

The stakeholders most affected by the challenges in the sector are farmers and agricultural associations, cooperatives, primary holdings, food business operators (producers, processors, particularly export-oriented), entrepreneurs, young people, women and the rural population in general.

**Agri-food business operators (producers, processors, exporters)** occupy a crucial place in the agri-food value chain. According to the available data, over 1,800 legal entities<sup>25</sup> were registered in the agri-food industry in 2018<sup>26</sup>; generating some BAM 4 billion in total income<sup>27</sup> (of which only about 10% came from export). Food-processing accounted for most of this, edible oils, meat, and dairy playing particularly large roles. Operators in plant and livestock production, hunting and related services generated income of some BAM 490 million in 2017, 20% of which came from export. However, it should be noted that these figures include only data from legal entities whose core business registration is agricultural production or food processing; they do not include legal entities registered in other sectors that have non-core business operation in the agri-food sector. Additionally, there are also micro-business (the so-called entrepreneurs in the RS and crafts in the FBiH) operating in agriculture (ca 57,000 crafts in the FBiH and 20,950 in the RS<sup>28</sup>).

While there are around 360,000 agricultural producers or rural households engaged in agricultural production in BiH, only one third are registered as agricultural holdings in the Farm Registers<sup>29</sup>. According to this data, the average size of used land is ca 2.6 ha per agricultural holding, which is far below the EU-28 average of 16.1 ha<sup>30</sup>. This indicates a large number of agricultural holdings of small size and productivity. A large share of farms produce mainly for own consumption and offer only a minor share of their produce on the market. Farms with a commercial focus are generally larger, but face challenges in terms of productivity, new investments, human

<sup>24</sup> Assessment conducted by the Fostering Agricultural Markets Activity (FARMA) II, 2017.

<sup>25</sup> Legal entities refer to shareholder companies, limited liability companies and cooperatives; they do not include craft or micro businesses registered at the local government level.

<sup>26</sup> TRON systems data, sourced from the FBiH Financial Intelligence Agency and the RS Agency for Brokering, Information and Financial Services.

<sup>27</sup> TRON systems, 2017 Industry Profile.

<sup>28</sup> Data by the FBiH Institute for Statistics and the RS Registry of Entrepreneurs.

<sup>29</sup> Strategic Plan for Rural Development of BiH (2018-2021) – Framework Document.

<sup>30</sup> There is a considerable difference in the average farm size in the EU-15 (28.1 ha/holding) and in 13 countries that joined the EU in 2004 and later (7.8 ha/holding). DG Agri and Rural Development, data for 2013.

resources and in general marketing know-how, which would allow them to innovate and access new markets. Key challenges for farmers include the lack of skills and information on market opportunities and required product diversification, marketing and suitable crop varieties.

There is a significant number of **agricultural associations** across the country as a most basic form of organization of farmers. While the situation clearly varies across sub-sectors, there is considerable scope to enhance sectoral and value chain organisation. This can help BIH companies to work both upstream (to act as a driver of improvements in primary agriculture) or downstream (to be able to better respond to market demands and standards).

**Agricultural cooperatives** in BIH have a long tradition, but struggle with the requirements of the transition to modern market economy. They differ substantially in their level of skills and operations, with some larger cooperatives disposing of sound production and storage facilities. They are essential actors when reaching out to a large number of small-scale farmers. As such, enhancing their service provision can have a substantial leverage effect on the sector, linked moreover to rural development opportunities. There are 820 agricultural cooperatives in the country<sup>31</sup> (about 350 in RS and 470 in the FBIH). However, it is estimated that only 20% of those are active and functional. Only 5% of agricultural producers are members of agricultural cooperatives.

**Rural inhabitants** are also important actors in the sector. Most rural households obtain the large majority of their income from just one source – usually either employment or social benefits. Agriculture usually contributes food for the family, rather than cash income.<sup>32</sup> Around 13% of rural households may be considered as full-time or part-time farms, producing significant quantities for sale; less than 1% of households would typically be classified as “commercial farms”. In general, people are moving from rural to urban areas; some land and villages are being abandoned. The rural population is slightly older than the urban, with smaller shares of rural dwellers being economically active (working or available for work). Rural residents also have greater distances to travel in order to access public services. Many rural households maintain traditional gender roles, with men going out to work and the women staying at home to look after the house and children.

**Rural women and youth** face challenges in accessing the labour market. While gender gaps in rural education have largely been eradicated, prevailing socio-cultural norms and stereotypes continue to have a major impact on career choices. Women rarely favour self-employment, preferring more secure employee positions. Challenges in access to land and finance, insufficient childcare support and a general lack of exposure to business networks also limit their engagement in agriculture. Unemployed youth (low-skilled youth in particular) are often pushed into informality, which is typically linked to poor working conditions, or to labour migration. Significant gaps between labour market needs and skills/educational attainments further contribute to lengthy and difficult school-to-formal-work-transition phases.

**Prospective entrepreneurs** may also be important stakeholders in the sector. With significant unemployment rates, starting one's own business remains a crucial alternative to labour migration. On average, entrepreneurs in BIH are male in the age range of 18-44, creating their own enterprise after graduation and in three priority sectors: consumer services, manufacturing or construction<sup>33</sup>.

#### Sector support organisations

Stakeholders who influence agri-food competitiveness include rural development centres, local action groups (LAGs), non-state / private extension service providers, universities and research institutes, training providers,

<sup>31</sup> FBIH Cooperative Association and the RS Ministry of Agriculture.

<sup>32</sup> *Rural Development in BIH: Myth and Reality*, National Human Development Report, UNDP, 2013. Half of rural households in BIH have little or no involvement with agriculture, at most keeping a vegetable garden; 36% of rural households produce a significant share of their own food requirements.

<sup>33</sup> Global Entrepreneurship Monitor, 2014.

employers' associations, chambers of commerce, innovation and knowledge hubs, sector organisations, non-governmental organisations (NGO), as well as financial institutions and banks.

**Non-state / private agricultural advisory services** are emerging in BIH, usually linked to specific sub-sectors. They are often organized through farming organizations and agri-food processors who employ technical experts and offer subsidized advisory services to a limited pool of clients. The services are characterized by narrow-focused expertise and specialization, as producers have limited financial means to afford the costs of good quality advisory services. They are not subjected to quality standards or these standards are not established in the entire country, which means that service providers' capacities – either human or technical – are not quality assured. In most cases such services are co-financed by various donors or are conditioned by purchase of inputs, while so far there have been no dedicated schemes or support for wider roll out, offering more specialized professional advisory services in an organized and systematic manner.

There are several universities with faculties of agriculture and food sciences across the country, namely **the Faculty of Agriculture and Food Science of University of Sarajevo, Faculty of Agriculture of University of Banja Luka, Agro-Mediterranean Faculty of University of Mostar, Agricultural Faculty of the University in Istočno Sarajevo, Agriculture and Food Technology Faculty of the University in Mostar and Biotechnological Faculty of the University in Bihać**. The faculties have an important role in producing agricultural experts, creating and enabling the transfer of ideas, technologies and innovations with the aim of modernizing and enhancing the competitiveness of the agri-food sector. However, the lack of the system which connects agricultural faculties, institutes, extension service providers and producers' organisations for knowledge and information sharing, hampers the application of new practices, technologies and innovation in the agricultural sector in BIH.

The **BIH Export Promotion Agency** within the **BIH Foreign Trade Chamber** is an important platform offering mostly promotional services to various sectors, including agriculture and food production. However, its limited budget and staff hamper its stronger engagement on strengthening the market position of BIH agri-food sector. Other important actors are various **business associations**, including the **BIH Foreign Trade Chamber**, the **RS Chamber of Commerce and Industry with its regional branches**, the **FBIH Chamber of Commerce**, the **FBIH Chamber of Crafts** as well as **cantonal chambers of commerce**. They can play a supportive role enabling access to markets beyond participation in international fairs.

**Local and regional development agencies** also play important roles in contributing to agriculture and rural development by supporting development of projects, facilitating networking and localising good practices in the sector.

Local partnerships composed of local public and private socio-economic interests, known as **Local Action Groups (LAGs)**, are also important actors in the context of agriculture and rural development. Activities related to LAGs development in BIH started in 2003 with the support of the UNDP-implemented project "Partnership for Development of Local Projects". However, although LAGs have been established across the country (though not in terms of LEADER approach), at present, they are mostly non-functional due to the lack of relevant policy, regulatory and financial frameworks.

The **Rural Development Network in BIH** was established in 2016 by non-governmental organizations active in the field of rural development. Its role is to represent interests of the rural population, and support the exchange of information, knowledge and experience among organizations and institutions that operate in the sector. There are numerous NGOs, including **sectoral organisations and other associations** (e.g. emerging agricultural clusters, three of which have been established in the RS and others expected to be further developed across the country; a Slow Food Network, operating through three individual convivia in the areas of Trebinje – Herzegovina, Potkozarje – Podgrmeč and Goražde, etc.), that play a role in the field of rural development, including by representing the interests of different groups, providing services, promoting local partnerships and implementing

development projects funded by governments and donors. **Entity employers' associations** represent the interests of public and private sector employers, including in agriculture. Lately, these associations became more progressive in their activities and could be constructive counterparts in the implementation of development interventions, as well as in consultation of rural policies and support measures.

**Banks and financial institutions** are also important stakeholders for the sector's development. Credit absorption capacity of agri-food operators is estimated at over EUR 100 million, based on the analysis of agricultural credit markets in BIH<sup>34</sup>. While accurate data on existing agricultural loans are not available, it seems that these are not a priority to the banks in BIH, as there are only a small number of large agricultural client enterprises of interest to banks. There are likewise only a few dedicated financial products to enable better access to finance by farmers (particularly smaller producers).

## 2. ACTION STRATEGY

### 2.1. Objectives and results

The **overall objective** of the Action is to modernize the agri-food sector and foster rural economy in BIH. In that light, the **specific objective** is to increase the competitiveness of agricultural production and rural jobs and services.

Towards these objectives, the Action will focus on raising investment in the agri-food sector and increasing the knowledge and skill levels of agricultural producers and other participants in the value chain through the expanded provision of advisory services, as well as on improving economic opportunities in rural areas. The Action will also enhance the policy environment through a coherent and complementary set of activities, including strengthening of institutional capacities and services, as well as improvements in policy and regulatory frameworks.

Thus, the Action's **results** are defined as follows:

- 1) **Higher levels of production of safe and quality food based on introduced innovative practices, while preserving the natural resources and the countryside, are sustained; and**
- 2) **Policy actions<sup>35</sup> are implemented in EU aligned manner, based on sector services and systems improved.**

At an aggregate level, it is expected that the Action will contribute to an environment of improved competitiveness, measured by a **10% average increase in the BIH agricultural export index by 2024**, which illustrates the relative performance of BIH agricultural exports, as a proxy for market development and competitiveness.

### 2.2. Relevance of the Action

The Action is fully aligned with the **Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document**, designed to guide the development of BIH agriculture and rural development sector. The Strategic Plan is focused on enhancing policy coordination and management in the sector, improving the regulation of food

<sup>34</sup> Assessment of Absorption Capacities, 2018, EU4Business Action primarily financed by EU and implemented by GIZ, UNDP and ILO

<sup>35</sup> Policy actions stand for specific strategic measures defined in the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document.

safety, veterinary and phytosanitary matters, as well as on harmonisation of legislation towards its alignment with the EU and international standards. The Action will directly contribute to its Strategic Goal 2 on strengthening competitiveness of agriculture, forestry and rural areas through increasing the level of investments and improving the transfer of knowledge and promotion of innovation; Strategic Goal 3 on improving marketability of agri-food products by increasing value-added activities, improving quality and safety standards and strengthening linkages within the value chains; and Strategic Goal 5 addressing the quality of life in rural areas.

The Action is also in line with the **BIH Economic Reform Programme (2019-2021)**, which defines a comprehensive set of structural reforms aimed at boosting the country's growth and competitiveness. Key constraints to agricultural development identified by the Economic Reform Programme include low level of investment, fragmentation of arable land, a high share of small farms, low productivity and outdated production and processing capacities, as well as the lack of agricultural information system and agricultural census. The Programme puts an emphasis on enabling the use of EU financial assistance to improve the sustainability and competitiveness of agri-food operators, enhance the institutional systems and capacities, as well as harmonise the legal framework in the field of agriculture and rural development.

In addition, the Action will contribute to broader development objectives set within relevant entity development strategies, such as the **Mid-term Agricultural Sector Development Strategy in FBiH (2015-2020)**, the **FBiH Rural Development Programme (2018-2021)** and the **RS Strategic Plan for Rural Development and Agriculture (2016-2020)**<sup>36</sup>. The Action is also relevant from the viewpoint of **cantonal and local government development strategies** that generally refer to agri-rural development, as well as SME development and enabling business environment.

The Action will directly contribute to the needs and priorities defined in the EU sector policies. That includes sectoral priorities in the context of the EU approximation stemming from the **Analytical report accompanying the Commission's Opinion on BIH's application for membership of the EU**<sup>37</sup> primarily related to an effective implementation of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document as well as to coordination and harmonisation of policy and implementation. In addition, it includes the **SAA**, which calls for “modernising and restructuring of agriculture and agri-industrial sector in BIH... to reach veterinary and phytosanitary Community requirements and... supporting the progressive approximation of the legislation and practices”. It coincides with the European Commission's Strategy for the Western Balkans,<sup>38</sup> pointing at the region's significant economic potential with higher growth rates than that of the EU and its increasingly interesting market for EU goods and services that is gradually becoming part of the European value chains. Accordingly, the Action stems from and contributes to the implementation of the **Revised Indicative Strategy Paper for IPA II (2014-2020)**, aiming to “support the creation of an efficient, sustainable and innovative agri-food sector, which is competitive in the EU market and offers employment, social inclusion and better living standards for farmers and the rural population”. The Action will address the challenges of insufficient institutional capacities and limited country-wide policy coordination and harmonization, as raised by the EU sector policies. Where relevant and feasible, the Action will also seek to address shortcomings in the agricultural statistics and information systems.

In the framework of the **2030 Agenda for Sustainable Development**, the Action will contribute to the reaching of the Sustainable Development Goal (SDG) 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture, SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, SDG 10: Reduce inequality within and among countries, and SDG 12: Ensure sustainable consumption and production.

<sup>36</sup> Brčko District does not have adopted a sectoral or integrated development strategy.

<sup>37</sup> The implementation of this Action will take into full account the Opinion and related Analytical Report 2019 and contribute to the fulfilment of the key priorities and recommendations therein.

<sup>38</sup> A credible enlargement perspective for and enhanced EU engagement with the Western Balkans, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2018.

The Action is aligned with the strategic priorities set out in the **United Nations Development Assistance Framework (UNDAF) for BIH (2015-2020)** and the **UNDP Country Programme Document (2015-2020)**, namely in terms of efforts to reduce regional, economic and social disparities.

### 2.3. Detailed description of results and activities

#### **Result 1. Higher levels of production of safe and quality food based on introduced innovative practices, while preserving the natural resources and the countryside, are sustained**

Under Result 1, the Action will **deliver a Grant Investment Package (GIP) targeting agri-food sector competitiveness**. While the GIP will be designed as a coherent, coordinated set of support measures whose complementarity enables impact maximisation, it will be broken into three intervention lines. The first intervention line will focus on investment in both the farm and processing sectors; the second will focus on strengthening advisory and extension services to increase sectoral knowledge, skills and organisation; while the third will target strengthening and diversifying the rural economy.

**Support measures under GIP** will entail allocation of financial resources to select target groups on an open and competitive basis. The definition of support measures' objectives and results will be informed by the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document, other relevant policy frameworks and Action performance indicators. Those objectives and results will in turn guide the definition of selection criteria, including eligibility and quality criteria.

Selection criteria will be defined through: (i) the analysis of existing sector policies; (ii) the collection of baseline data on demand, capacities and potentials in the sector / sub-sectors; (iii) engaging institutional partners across government levels; (iv) consulting stakeholders affected by sectoral challenges (to include vulnerable categories, areas handicapped by geographic or climate conditions, etc.); (v) ensuring compliance with national standards and seeking alignment with the Union *acquis* and practice; (vi) reaching out to sector-support organisations; and (vii) ensuring synergies / avoiding duplication with national support measures. Selection criteria will be tailored to each support measure, ensuring their complementarities to reinforce the overall GIP impact.

In setting the **thresholds for financial resources under each measure**, the Action will consider the expected results, eligible investments, and potential applicants' absorption and co-financing capacities. In this process, the Action will also factor in the maximum number of projects per measure that can be feasibly managed and monitored. In consultations with institutional partners, EU4Agri may consider adjusting indicative amounts allocated for individual activities / support measures under the GIP, to ensure the most effective support for the sector development.

The delivery of the envisaged measures will follow **EU best practices**, as well as lessons learned through relevant projects in BIH, including the ongoing EU4Business Project<sup>39</sup>. While these measures will be delivered country-wide, targeting all agri-food sub-sectors, due consideration will be given to **under-developed areas** characterised by higher migration and low economic growth.

Calls for proposals will be based on **user-friendly guidelines**, allowing enough time for preparing applications. Active promotion of the support measures will be undertaken, including interactive info days and campaigns, to inform about funding opportunities, encourage networking and partnerships among different stakeholders, as well as contribute to improved knowledge base and awareness. To reduce the administrative burden on applicants and

<sup>39</sup> EU IPA 2016 support in the sector of competitiveness and innovation – Action *Local Development Strategies* (EU4Business), implemented by GIZ, UNDP and ILO.

provide for quality applications, the Action may consider a two-staged approach to the selection of projects under some support measures. In order to minimise delivery risks, some of the funding windows may be permanently opened until the funds are utilised.

**Project selection** will be based on the eligibility and quality criteria. Field visits will be organised to verify the accuracy of the information provided in the applications and assess the applicants' capacities to implement proposed projects.

**GIP delivery will include sound quality assurance**, technical and financial monitoring and control of selected projects, risk management, capturing of lessons learned, as well as evaluation of results and effects.

The competitiveness support under this result will be **coupled with technical assistance** under Result 2 (Activities 2.1 and 2.2), which focuses on effective GIP delivery and institutional capacity development for result-oriented policy delivery. The GIP design covered through the technical assistance package will precede the launch of each support scheme. The overall sequencing is presented in the Action Plan (Section 3.3).

**Under Result 1**, 320 agri-food operators will be supported with projects that increase the availability and quality of their production, 300 new jobs will be created in rural areas, including 100 at least each for women and youth, while targeted agri-food operators will see an increase of 20% in their operational revenues. Furthermore, at least 30 agri-food operators will gain food safety or quality certifications. It is expected that the total investment of EUR 14.8 million under Result 1 will leverage over EUR 5 million by stakeholders in the agriculture and rural development sector<sup>40</sup>.

This result will be delivered through the **set of activities described below**.

#### Activity 1.1. Improving market efficiency (implementation responsibility: UNDP)

This activity aims at raising the competitiveness of the agri-food sector by providing investment **support for both primary agricultural production and processing**. New investments will help increase productivity and modernise existing production and processing, leading to an improvement in quality and safety of products, greater specialisation and stronger competitiveness. This will further contribute to domestic production gradually substituting imports and increasing its competitiveness on export markets.

Under this activity, up to **EUR 8.5 million of investment support** will be allocated, targeting from large-scale agri-food companies to smaller-scale producers and their supply chains, in terms of both primary production as well as downstream at processing and marketing levels. Measures employed will support a wide range of agri-food sub-sectors, with prioritisation to be defined during the design process. Investment support will be available for a diverse set of activities, including, but not limited to: improving farm facilities and production capacities through better physical infrastructure; purchasing machinery and equipment; introducing new technologies; certification; increasing organic production; and developing the capacity of agricultural producers and agri-food processors groups along the value chain, such as associations and cooperatives. Support measures will seek to encourage **sustainable productivity growth**, in combination with climate change adaptation and mitigation actions.

Besides the above-described considerations relevant for the entire GIP, in defining support measures to advance both agricultural production and processing, due consideration will be given to the **selection of priority sub-sectors / value chains**, based on their competitive advantages; growth opportunities; level of maturity; market and job creation potential; opportunities for strengthening competitiveness through technology and innovation; significance for rural development, etc. To enable adequate targeting, **selection criteria for applicants** will be defined by considering current market position of agri-food operators, their growth potential, production, financial and organizational capacity

<sup>40</sup> Numeric values and indicators derive from the relevant IPA 2018 Action Document.

and co-funding capability. Consideration will be also given to selection criteria favouring *young farmers and female-led / owned* farms / businesses. Selection criteria for eligible activities will be driven by the intent to increase productivity and volume of production, improve compliance with food safety and environmental standards, support innovation and modernization and increase agri-food products value-added.

Accordingly, the following two competitiveness support measures are envisaged:

- i) **Investments in primary production (up to EUR 5 million); and**
- ii) **Investments in processing and marketing of agri-food products (up to EUR 3.5 million)<sup>41</sup>.**

Concerning **investments in primary production**, the Action will target farm holdings (entrepreneurs, companies and cooperatives dealing with primary production) of all sizes, with financial resources per project ranging from EUR 25,000 to EUR 200,000 and requiring (indicative) co-financing of 40% by recipients. Through adequate criteria under individual support measures, the Action will include small-scale producers, also those involved via intermediary organisations (e.g. cooperatives, companies).

For **investments in processing and marketing of agri-food products**, the Action will target agri-processing companies and cooperatives working on adding value to agricultural products and their marketing, with financial resources per project ranging between EUR 50,000 and EUR 250,000 and requiring indicative co-financing of up to 50%.

Activity 1.1. will be implemented through the following **sub-activities**:

*Sub-activity 1.1.1. Launch of public calls and selection of projects;*

*Sub-activity 1.1.2. Implementation of selected projects.*

Under Activity 1.1, the Action is expected to have the following deliverables:

- Received ca 300 project proposals under at least two GIP support measures,
- Ca 80-100 implemented projects contributing to improved agri-production and processing, benefitting at least 200 agri-food operators,
- Leveraged over EUR 3 million as co-financing from the private sector.

Activity 1.1 will start in the second implementation year and will continue until the end of the Action.

Activity 1.2 Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors (implementation responsibility: UNDP)

This activity is focused on **enhancing advisory and extension services across BIH**, with an emphasis on ensuring both wider availability to farms and agri-food enterprises, as well as higher quality of services provided. Advisory and extension services play an essential role in improving know-how, technical capacity and encouraging innovative practices across the sector, which coupled with investment support will contribute to improved competitiveness and productivity, market development, and ultimately income levels.

In total, up to **EUR 1.5 million will be allocated to address building advisory capacity**, emphasising the importance of training, reinforcing advisory/extension structures and ensuring broader provision of support to agri-food stakeholders. Support measures will target non-state or private actors which act in support of the public extension services. Combined with technical assistance provided under Result 2 (Activity 2.2), support measures

<sup>41</sup> Amounts per individual support measures under the GIP, as well as co-financing requirements are indicative and will be defined in the process of GIP design.

will help the evolution of existing advisory and extension service provision models, ensuring a complementary and coordinated approach and promoting partnerships of public and private sector entities. This will contribute to development of a system that addresses gaps in knowledge to ensure better access to markets and financing, as well as enhance the overall competitiveness of the agri-food sector.

This activity will provide **support for diverse and demand-driven advisory services**, including: practical demonstrations and in-the-field trials regarding the use of machinery and technologies for crop cultivation, sustainable plant protection and the implementation of hygiene, animal welfare and health standards; provision of information on agricultural market trends; advice on farm management, operations, logistics, marketing and investments; climate change mitigation and adaptation practices; capacity building of structures providing professional training and education for farmers; support in identifying financing sources and writing project proposal and business plans for farms and agri-businesses; advice for rural economy diversification; piloting of innovative technology-based services to support beneficiaries in a more cost- and time-effective way; promoting farmer-to-farmer knowledge exchange and multi-actor knowledge networks; innovative agricultural (social) media; encouraging use of ICT in agriculture and food processing, etc.

**Support for non-state providers of advisory and extension services will target** education and professional training organisations, business development services, local / cantonal development agencies, rural development centres, associations of farmers, cooperatives, LAGs, etc. Support measures will also facilitate partnerships for the delivery of extension and advisory services in the sector. This can also include joint activities with public extension services, but also support for establishing and developing non-state / private sector entities, such as producer groups/organisations.

In defining support measures to strengthen advisory and extension services to farmers and agri-food operators, the Action will ensure **complementarities with the other two groups of support measures**. The Action will consider the relevant legislation and carefully consider potential applicants' capacities, current service supply, as well as demand in relevant geographic area and / or sub-sector.

**Selection criteria** for eligible activities will be guided by the intent to disrupt and improve current modes of extension service delivery, by increasing its quality and accessibility, strengthening service providers' capacities, and contributing to attracting future EU pre-accession funding.

The following three support measures are envisaged:

- i) **Support for agricultural extension delivery and linking science/research to farming (EUR 800,000);**
- ii) **Support to advisory service providers for identification of funding opportunities and preparation of project proposals and business plans for agri-food operators (EUR 300,000); and**
- iii) **Support to innovations and ICT in agriculture (EUR 400,000).**

For the **support to delivery of agricultural extension services and the linking of science and research to farming**, the Action will provide financial resources ranging between EUR 20,000 and EUR 75,000 per project, requiring co-financing of approximately 15%.

When it comes to the **support to advisory service providers for identification of funding opportunities and preparation of project proposals and business plans for agri-food operators**, financial resources per project will range between EUR 10,000 and EUR 50,000, requiring co-financing at the level of up to 15%.

Finally, **to support innovation and ICT solutions in agriculture**, the Action will engage extension service providers in digitalisation of the agri-food sector and the adoption of ICT and other high-technology approaches through partnerships with agri-food operators and ICT companies. Financial assistance per project will range between EUR 15,000 and EUR 70,000, with required co-financing at the level of around 15%.

Activity 1.2. will be implemented through the following **sub-activities**:

*Sub-activity 1.2.1. Launch of public calls and selection of projects;*

*Sub-activity 1.2.2. Implementation of selected projects.*

Under Activity 1.2, the Action is expected to have the following deliverables:

- Received ca 150 project proposals under at least three GIP support measures,
- Ca 60 implemented projects that help not only strengthen the capacity of 80 non-state / private extension service providers / partnerships, but also boost demand-driven knowledge of at least 1,000 agri-food operators and other rural development stakeholders.

Having in mind its capacity development nature, this activity will be launched in the first implementation year and before the start of the other activities listed under Result 1.

### Activity 1.3 Strengthening the rural economy and its diversification (implementation responsibility: UNDP)

This activity addresses the need to **support rural income and jobs for better quality of life in rural areas**. As the agricultural sector modernises, employment can be expected to both decline in overall terms and shift away from subsistence labour towards more skilled forms of farm and rural work. Consequently, there is a need to support the development of alternative income streams and create an environment that is conducive to new business opportunities.

Ensuring a better quality of life in rural areas by supporting rural jobs and services will be targeted by **investment in the diversification of on-farm production**, with an emphasis on crops and activities like herbs and mushrooms, apiculture, aquaculture, etc. The focus will be on sub-sectors of less strategic importance but of potentially disproportionate economic return at farm level, as well as on value-adding investments like small on-farm processing, introducing smart farming solutions, etc.

Further, the Action will support **facilities for agriculture-related activities**, such as green markets, purchase and distribution infrastructure and services; as well as improving the quality and availability of produce for market and the development of marketing.

The development of rural economy also encompasses non-agricultural activities. Support will be provided for the **development of rural tourism**, which opens possibilities to develop additional income streams, including for service providers and rural crafts and products, having in mind BIH's rich cultural, natural, historic and gastronomic heritage.

**Rural socio-economic activities** will also be supported, including the development of rural services and entrepreneurship. The Action will facilitate the development of services and value added, encouraging connections between agricultural production and other services in agriculture and forestry; supporting small scale artisanal processing units; increasing production and market positioning of local craftsmanship; supporting services to rural dwellers; small scale forest logging, harvesting and wood processing; renewables (e.g. biomass and biofuel energy); forest non-timber products and other non-farm economic activities; as well as service centres that enable common ownership of equipment, agriculture, food, wood and craft production, processing and marketing; incubators supporting entrepreneurship, ICT, knowledge and similar.

To ensure **inclusive growth opportunities** in rural areas, the Action will focus on **women and young people**, supporting them to develop start-ups, economic activities and knowledge learning.

In total, up to **EUR 4.8 million will be allocated** under the GIP and via the following four measures:

- i) **Investment in diversification of on-farm production (EUR 1.4 million);**
- ii) **Investment in facilities for agricultural activities (EUR 1 million);**
- iii) **Investment in agri-tourism (EUR 1.3 million); and**
- iv) **Investment in rural socio-economic activities (EUR 1.1 million).**

For **investment in the diversification of on-farm production**, the Action will target farm holdings and cooperatives, with financial assistance per project ranging from EUR 20,000 to EUR 100,000, requiring co-financing at the level of 40%.

Concerning **investment in facilities for agriculture-related activities**, the focus will be on local governments, LAGs, cooperatives and companies (ideally acting in partnership), with financial assistance per project ranging from EUR 20,000 to EUR 100,000 and requiring co-financing at the level of 25%.

Targeting farm holdings, companies, cooperatives, associations and local governments, **investment in agri-tourism** will entail financial support ranging from EUR 10,000 to EUR 50,000 per project, requiring co-financing at the level of 25%.

Finally, **investment in rural socio-economic activities** will target local partnerships of local governments, associations, companies (development agencies, hubs, incubators, business development centres, village centres, youth farming centres, etc.), with financial assistance per project ranging from EUR 20,000 to EUR 70,000, also requiring co-financing at the level of 25%.

Activity 1.3. will be implemented through the following **sub-activities**:

*Sub-activity 1.3.1. Launch of public calls and selection of projects;*

*Sub-activity 1.3.2. Implementation of selected projects.*

Under Activity 1.3, the Action is expected to have the following deliverables:

- Received ca 500 project proposals under at least four GIP support measures,
- Ca 160 implemented projects that contribute to development and diversification of rural economy, to the benefit of at least 2,000 agri-food operators and other rural development stakeholders.

Activity 1.3 will start in the first implementation year and will continue throughout the entire Action.

## **Result 2. Policy actions are implemented in EU aligned manner, based on sector services and systems improved.**

Under Result 2, the Action will offer **technical assistance** to enable the GIP implementation under Result 1, while engaging institutional partners and ensuring anchoring of relevant knowledge, skills and practices for result-oriented public policy delivery in the sector.

In parallel, the Action will work on strengthening public advisory services, which together with support for non-state advisory services through GIP under Result 1, should contribute to wider availability and higher quality of services provided.

Upgrading the agriculture information systems will also be supported, having in mind their importance for evidence-based policy design, monitoring and evaluation.

Finally, under this result the Action will also offer support for policy and regulatory improvements in line with priorities for approximation with the Union acquis.

Technical assistance will be defined to aim at strategic and coherent advancement of public systems in the sector, in line with institutional partners' priorities and commitment. It will ensure synergies and complementarities among activities under this result, as well as offer a focused approach to comprehensively address targeted issues (e.g. in the wine sector), as opposed to piecemeal, unrelated, ad-hoc activities in multiple areas where results may be marginal or not visible at all.

**Under Result 2**, the Action will support at least 40% of policy actions stemming from the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document to be implemented through GIP in an EU-aligned manner, also bringing institutional capacities for result-oriented policy delivery to sound levels. Assessments will be undertaken to measure entry, mid-term and exit capacity of institutional partners in the sector, with focus on design, implementation, monitoring and evaluation of support measures contributing to the realisation of Strategic Plan, aligned with mid-term planning and budgetary cycles, as well as EU practices.

#### Activity 2.1. Enhancing institutional capacities for coordinated policy delivery (implementation responsibility: UNDP)

Under this activity, **UNDP will manage the GIP**, including its participatory design, consultations with institutions and relevant international community actors, management of calls for proposals, selection, award and administration of contracts, as well as monitoring and evaluation of results. UNDP will apply its procurement, contractual and quality assurance systems to ensure transparent, effective and accountable GIP delivery. For quality GIP delivery, the Action will factor in the maximum number of projects per measure that can be feasibly managed and monitored.

**Technical assistance** will be engineered to ensure effective GIP delivery, enabling acquiring of new knowledge and skills by institutional partners, with the overall contribution to advancement of public systems in the sector. The Action will deliver process-based, customized technical assistance to relevant institutional partners throughout the GIP cycle (design, implementation, monitoring and evaluation). Assistance intensity will be scaled down over time, to reduce burden on recipients. To the extent possible, technical assistance for GIP management will be synchronized with public budget and institutional mid-term / annual planning cycles, ensuring complementarities with national support measures in the sector and introducing an improved grant scheme management approach.

The Action will seek to **transfer to institutional partners a public support measures cycle management model** and assist in anchoring of adequate organisational roles and responsibilities, contributing to improved policy delivery through support measures. This will be reinforced by a standardized comprehensive training package on management of public support measures in agriculture and rural development, that may be handed over to the Civil Service Agencies to contribute to systemic capacity development of public servants in the sector. This will contribute to further preparing institutions in BIH to apply the acquired knowledge in future policy delivery and absorption of EU funds.

##### *Sub-activity 2.1.1. Design and implementation of policy support measures*

This sub-activity will focus on **the quality GIP design and implementation**, including analyses (e.g. review of sector-specific policies; gathering of baseline data; assessment of capacities, feasibility, productivity; review of compliance with national standards and seeking alignment with the Union acquis); consultation with stakeholders (e.g. institutional stakeholders, potential beneficiaries, vulnerable groups and other relevant socio-economic stakeholders); dissemination of GIP-related information to potential applicants (e.g. information days and other communication channels); as well as training and advice to GIP recipients on project implementation, monitoring and reporting.

**Institutional partners will be engaged** via inter-institutional working group(s), ensuring GIP contribution to the coordinated sector policy delivery. The Action will build on the existing Sectoral Working Group on Agriculture and Rural Development,<sup>42</sup> bringing together representatives from the BIH Ministry of Foreign Trade and Economic Relations, the FBIH Ministry of Agriculture, Water Management and Forestry, the RS Ministry of Agriculture, Forestry and Water Management and the relevant Brčko District department, among others.

The Action will undertake **assessments to measure entry, mid-term and exit capacity of relevant institutional partners** in the sector, with focus on design, implementation, monitoring and evaluation of policy actions contributing to the realisation of Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document, aligned with mid-term planning and budgetary cycles, as well as EU practices. This is to include review of institutional functions and structures necessary to manage policy measures.

The Action will support the institutional partners to revisit and upgrade the **monitoring framework of the Strategic Plan**, including in terms of targets for relevant strategic measures / policy actions. These targets are to become an integral part of the monitoring and evaluation framework to track effects, provide inputs for evidence-based policy making and inform GIP design.

Following the entry assessment, a **capacity development plan** will be prepared in consultations with the institutional partners, defining the scope and type of assistance, beneficiaries, delivery timeline, baselines and targets to track advancement of institutional capacities for result-oriented policy delivery.

**Technical assistance** will be delivered via training and learning by doing throughout the design and implementation of policy actions, mirroring the general principles and approach embraced by the EU. The general stages through which technical assistance will be delivered include *policy perspective and context* (linkages with public policy priorities and budget), *support scheme conceptualization* (demand scanning, pre-feasibility, and conceptual outlook), *GIP design* (outcomes, outputs, indicators, eligible applicants, activities and costs, selection criteria, monitoring and evaluation plan, detailed elaboration of the application package), *GIP promotion*, as well as *evaluation of applications and contracting*. Technical assistance will be conceptualised based on the UNDP knowledge tool – *Design of Public Grant Schemes: A Functional Manual for Practitioners*.

The assistance will be delivered via a **customized and stage-based learning process**, which follows the comprehensive GIP design. Institutional partners will provide inputs and feedback in the GIP design, which, in combination with training support and exposure to regional experiences, will enable their learning. Furthermore, based on the review of institutional functions and structures necessary to manage policy measures, the Action will support anchoring of adequate roles and responsibilities to address critical gaps, if relevant.

**Technical assistance beneficiaries** will include members of the inter-institutional working group steering policy dialogue on design and delivery of support measures in the sector. Attention will be paid to targeting a critical mass of institutional representatives, to ensure sustainable vesting of capacities within the system. Representatives of other institutions will also be engaged as relevant for GIP support measures (e.g. ministries of tourism, economy, entrepreneurship and crafts, etc.).

#### *Sub-activity 2.1.2. Monitoring and evaluation of policy support measures*

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<sup>42</sup> Established in 2018 under EU4Business Project, implemented by GIZ, UNDP and ILO; the Working Group guides delivery of support measures in the sector.

This sub-activity will **focus on sound GIP delivery**, including quality assurance, technical and financial monitoring and control of GIP projects (e.g. verification of paperwork, field monitoring etc.), risk management, capturing of lessons learned, surveys of beneficiaries, evaluation of results and effects of GIP support measures.

Against the GIP performance indicators and in close cooperation with the inter-institutional working group(s), the Action will support the development of **monitoring and evaluation (M&E) framework**, which entails a clear methodology, structure and tools that will enable progress monitoring and risk management, evaluation of GIP results, and capturing of lessons learned, providing for closing of the policy cycle loop. A **comprehensive data base** (with sex-disaggregated data where relevant) will feed the M&E framework to allow for evidence-based monitoring and evaluation of the support measures. **Monitoring and reporting** guidelines will be designed for both the implementing team and GIP recipients, to streamline monitoring and reporting processes, assure quality and provide for capturing of GIP effects. **Evaluation** of effects will be carried out against the Action performance indicators, also providing for closing of the policy cycle loop.

**Technical assistance** will be delivered to the relevant institutional partners in the sector via trainings and learning by doing, developing capacity for monitoring and evaluation of policy actions. It will familiarise partners with monitoring of the efficiency and effectiveness of sector-specific support schemes, equip them with adequate quantitative and qualitative monitoring methods and tools and offer support in the overall evaluation of results and effects from policy measures' delivery, against the monitoring framework of Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document.

Under Activity 2.1, the Action is expected to have the following deliverables:

- An inter-institutional working group engaged in the design of public support measures, contributing to improved policy coordination;
- Knowledge and skills of at least 20 representatives of partner institutions strengthened in the area of design, implementation, monitoring and evaluation of public support measures;
- Assessments to measure entry, mid-term and exit capacity of relevant partner institutions conducted, with focus on design, implementation, monitoring and evaluation of policy actions;
- Review of partner institutions' functions and structures conducted to optimize delivery of policy actions;
- Comprehensive M&E framework designed for GIP support measures;
- Developed a standardized comprehensive training package on management of public support measures in agriculture and rural development;
- At least 9 GIP support measures designed based on sound analyses and consultations with stakeholders;
- At least 9 GIP support measures implemented, monitored and evaluated;
- Ca 2,000 potential applicants informed about GIP support measures through ca 40 promotional events / info days held throughout the country;
- At least 320 agri-food operators recipients of GIP support enhance their knowledge and skills in project implementation, monitoring and reporting.

#### Activity 2.2. Strengthening institutional advisory services (implementation responsibility: CzDA and UNDP)

This activity will offer demand-driven **technical assistance to strengthen capacity of institutional advisory services**, which, coupled with the efforts under Result 1 (Activity 1.2), will help advance the overall extension service system in BIH.

Focus will be placed on capacity development for sustainable management, economic and environmental performance of farm holdings / businesses in the agri-food sector, as well as information dissemination on relevant national and EU legislation, changes in policies, and financial support measures.

Designed in synergy with the support under Result 1 (Activity 1.2), the technical assistance will help the evolution of advisory service provision, ensuring a complementary and coordinated approach by public and non-state sector entities.

Ultimately, this should contribute to improve the quality, type and effectiveness of advice, as well as prepare the sector for deeper integration with the EU and EU pre-accession measures. **Assistance will target** relevant entities, Brčko District and cantonal advisory services, as well as local government agriculture specialists as part of the extension service system.

**This activity will be jointly delivered by CzDA and UNDP**, with specific allocation of responsibilities described further in the sub-activities.

Activity 2.2 will be implemented through the below described **sub-activities**.

*Sub-activity 2.2.1. Demand scan of extension service users and assessment of supply by non-state advisory services (implementation responsibility: UNDP)*

This sub-activity will set the ground for further customised support to both extension service users and the overall advisory service system by conducting a **demand scan among agri-food operators (farmers / producers and processors)** to collect information and evidence on specific problems, needs and opportunities; gather information on the level of awareness among farmers / agri-food operators about funding sources; as well as capture current and emerging capacity gaps and needs (with focus on capacity needs for preparation of business plans/project development; specialised training / expertise demand), preferred format of service delivery and readiness to pay for services. This analysis will cover a representative number of extension service end-users across the country.

The **findings of the demand scan** will directly inform the design of the support measures under GIP (Activities 1.1 and 1.3), as well as guide the scope of the assistance aiming to strengthen the advisory services by non-state / private (Activity 1.2) and institutional/authority actors (*Sub-activity 2.2.3*).

In parallel, this sub-activity will undertake an **assessment of the existing advisory service offer by non-state advisory service providers**. By reaching out to non-state / private sector service providers on the domestic market, this sub-activity will: obtain information about those service providers interested to deliver advisory services to farmers / agri-food operators; and screen their capacity, existing offer and profile, as well as their territorial coverage. The assessment may utilise a call for expression of interest by non-state providers, based on the existing set of criteria for advisory service providers recognised by the competent institutions. Thus, the assessment will set foundation for a comprehensive database of non-state / private advisory service providers as part of the broader advisory / extension systems in the country. Further, the Action will support the consolidation of a **core portfolio of modern training programmes** (by developing new or utilising existing ones based entirely on the concrete capacity needs identified by the demand scan/review of needs), for the future use by both institutional and non-state advisory service providers. Specific focus will be on training programmes for development of business plans and project proposals, to ensure basic quality of training offer. Additionally, support may be offered to advance agricultural forecasting capabilities of institutional advisory services (complementing support under Sub-activity 2.2.3).

The emerging group of interested non-state service providers across the country that received extension service training will be considered as the **core potential beneficiaries of the GIP measure aiming at strengthening advisory services by non-state actors** (Activity 1.2). To the extent possible, when delivering the GIP extension service assistance, the Action will seek to match the demand voiced by farmers / agri-food operators with the supply side.

Having in mind the stage-setting nature of both the demand scan and the assessment of the non-state advisory support offer, these will be undertaken at the very **beginning of the intervention (possibly within the inception phase)**.

This sub-activity will be **implemented by UNDP**. The main deliverables include: **i) a comprehensive analysis** that has two main pillar findings: evidence-based overview of demand, needs and development opportunities for agri-food operators, as well as of their prevailing knowledge and skill gaps; and **ii) an assessment of the training / advisory service offer** by non-state service providers as an important, contributing part to the overall agriculture advisory system in the country. The **gender equality** principle will be embedded in both assessments, ensuring gender-sensitive findings and recommendations that translate into gender-sensitive delivery of support under the Action.

*Sub-activity 2.2.2. Review of existing institutional advisory services and their needs for capacity development (implementation responsibility: CzDA)*

This sub-activity will **focus on identifying areas for systems strengthening** towards improved delivery of advisory services to agri-food operators. The Action will support the **review of the existing institutional advisory services** in BIH, in line with respective legal and policy frameworks, using information available to the institutional partners. The review will aim to **identify needs and priority actions for systems' strengthening**, considering previous relevant assessments and lessons learned through other initiatives, as well as activities related to building the training system in this domain.

**Technical assistance** will be provided to institutional partners to determine the scope and methodology of the review and ensure the assessment builds on their earlier work, maximises efficiencies and focuses on identifying needs for systems strengthening, in line with best practices in the EU, expected to result in improved quality and comprehensiveness of the advisory service for agricultural producers in the country. The review will be conducted by a team of international and local staff in close cooperation with entity ministries of agriculture and Brčko District to ensure **ownership of the process and the recommendations for systems strengthening, as well as their subsequent implementation**.

This sub-activity will be **implemented by the CzDA**.

**The main result will be a review of the institutional extension system** coupled with recommendations for the system improvements, which will be implemented through technical assistance and provision of targeted equipment, as described within sub-activity 2.2.3.

The review will be undertaken during the **first implementation year** of the Action.

*Sub-activity 2.2.3. Technical assistance to strengthen institutional advisory services (implementation responsibility: CzDA)*

This sub-activity will support the functioning of an **accessible and quality institutional advisory service**. The technical assistance will be engineered to fully respond to the priority needs and the recommendations presented in the assessments and offer support for systems' strengthening. In relation to that, the technical assistance may entail, but not be limited to design/complementing of basic extension service packages and interactive learning tools; delivery of training for advisors (including on-the-job coaching and practical demonstrations); project pipeline development; expert advice; purchase of working devices, specialist advisory services equipment and tools like set up of an information exchange web portal<sup>43</sup>, specific IT equipment, possibly a software related support,<sup>44</sup> directly linkable to enhanced service delivery of relevant authorities, etc. for institutional advisory services in BIH. Attention will be placed

<sup>43</sup> Subject to agreement by all stakeholders on its network, administering, data flow, maintenance etc.

<sup>44</sup> Only at a later stage of the Action implementation if agreeable by all relevant authorities and given that preconditions are in place for its functionality across the sector.

on ensuring stronger linkages and complementarities between institutional and non-state advisory service providers.

**Technical assistance** in the form of training, study visits<sup>45</sup> and learning by doing will be delivered by the local and international experts to the relevant institutional partners in the sector. Capacity building activities will greatly utilize Czech expertise in areas such as crop cultivation, animal feed and livestock production, organic agriculture and wine production, **favouring a focused approach** as opposed to piecemeal, ad-hoc activities in multiple areas where results may be marginal or not visible at all. In line with the identified needs and considering available resources, CzDA will provide analytical tools / practical equipment to institutional advisory services, which may include measuring instruments, various training and demonstration equipment and tools, and upgrade of extension materials.

The **main beneficiaries** of the technical assistance are state-level authorities in their coordinating role, entities and Brčko District institutional advisory and extension (where relevant) services, as well as cantonal and local government level extension service providers.

**The main results will include improved knowledge and capacity of institutional advisory and extension (where relevant) services**, which will be manifested through higher quality advisory service delivery and an enriched extension service training portfolio, ready for country-wide use and knowledge strengthening.

Under Activity 2.2, the Action is expected to have the following deliverables:

- Agri-food operators' demands, needs and development opportunities, as well as prevailing knowledge and skill gaps reviewed;
- Assessment of the existing advisory service offer by non-state service providers undertaken;
- Consolidated a core portfolio of modern training programmes for the future use by institutional and non-state advisory service providers, considering relevant previous and ongoing activities of institutional partners;
- Advanced agricultural forecasting capabilities of institutional advisory services;
- Institutional extension system reviewed, and recommendations for system improvements provided;
- Knowledge and skills of at least 60 institutional extension officers strengthened in targeted topics;
- Improved service delivery of institutional advisory services as a result of improved analytical tools, equipment and/or materials.

#### Activity 2.3. Enhancing information management systems (implementation responsibility: CzDA)

Agriculture information management systems are essential for evidence-based policy design, monitoring and evaluation of sector performance and needs. Therefore, this activity will offer customised support towards **upgrading the agriculture information systems as key analytical tools for effective policy delivery**. For example, the assistance could be provided to improve exchange and utilisation of data; advance agricultural forecasting capabilities as a foundation for plant protection; further develop the Land Parcel Identification System (LPIS) using already available digital ortho-photos; establish a register of grape and wine producers.

The improvement will entail consolidation of fragmented data based on common data standards, information system technical upgrades, improved communication and data exchange among system stakeholders at various government levels, based on EU standards and principles. The assistance will cover both stock-taking analysis<sup>46</sup> and identification of the critical gaps and needs in the data management systems, as well as subsequent support to address these needs towards a coherent agriculture information system and services.

<sup>45</sup> These activities will consider operational staff directly involved in targeted policy fields, also decision makers where appropriate, for enforcing reforms, programme concepts, etc. Lists of participants will subject to prior approval of the Contracting Authority.

<sup>46</sup> Based on available sources of information and already produced reports, analyses etc. in this field.

The main target groups within this activity are relevant **institutions responsible for sector policy delivery**, including the members of the **inter-institutional working groups** engaged in the Action's implementation.

The **assistance will be delivered through** assessments, trainings (including on-the-job coaching and practical demonstrations), expert advice, working devices and possibly some specialised IT equipment and ICT solutions, possibly including a software related support<sup>47</sup> etc.

**The CzDA will be responsible for this activity.**

Activity 2.3 will be implemented through the below described **sub-activities**.

*Sub-activity 2.3.1. Review of existing agriculture information management systems*

This sub-activity will **focus on identifying needs and opportunities for modernisation of the sector information systems and services**, to serve as foundation for good agriculture governance, as per EU standards. Specifically, the Action will support the **review of existing agriculture information management systems and operational methodologies** in order to identify gaps and needs for modernisation and upgrade in data collection, data exchange, data digitalisation, presentation and analysis, against EU statistical requirements and best practices. The review will **build on previously conducted assessments and relevant lessons learned**<sup>48</sup>, and will be conducted in direct interaction with the institutional partners.

**Technical assistance** will be provided to determine the concrete scope and methodology of the review, which will be conducted by a team of international and local experts in close cooperation with respective institutional partners, ensuring **ownership over the process and recommendations for systems modernisation and upgrade**. In conducting the review, the Action will consider most recent EU approaches, best practices and technology-based solutions for modern agriculture data systems.

**The main deliverable from this sub-activity is a comprehensive review of the current agriculture information management systems and a set of recommendations for its overall consolidation and technical modernisation.** The recommendations will serve as a roadmap for further design and delivery of technical assistance under Sub-activity 2.3.2.

The review will be undertaken during the **first implementation year** of the Action.

*Sub-activity 2.3.2. Supporting improvements in the sector information systems*

This sub-activity will **focus on supporting the implementation of specific recommendations for improvement of the information management systems**, as deriving from the stock-taking review and as agreed by main institutional partners. Specifically, the Action will offer assistance to modernise and upgrade **data collection, analysis, presentation and exchange**, which will ensure more effective functioning of the systems.

The Action may support (but not limit to):

- provision of expert support to state and entity-level sector ministries and institutions to draft guidelines, protocols, technical specifications or identify adequate solutions to help the upgrade targeted

<sup>47</sup> Only at a later stage of the Action implementation if agreeable by all relevant authorities and given that preconditions are in place for its functionality across the sector.

<sup>48</sup> E.g. lessons learned and valuable considerations accumulated from previously implemented interventions that worked to improve agriculture information systems in BIH supported by the EU and the World Bank.

subcomponents of the agriculture information systems (e.g. in the wine sector), which are implementable during the project lifetime considering the institutional complexities and limited budget;

- provision of technical support and software solutions for the modernisation of data collection/generation, digitalisation, analysis and visualisation; consolidation of data sets; installing modern data management functions within the system; establishment of specific data registries, given institutional and legal preconditions in place for their functionality and data share (e.g. register of grape and wine producers<sup>49</sup>), design of technical user manuals and capacity development for public servants who will operate with these info systems.

**The technical assistance will be delivered by CzDA** local and international experts, ultimately aiming to facilitate advancement of the information systems' technological base, digital solutions, skills of public info system operators, as well as necessary technical procedures for data collection, storage, analysis, and exchange. The assistance will maximally utilize Czech expertise in areas (including in areas such as register of grape and wine producers, etc.). Based on its previous experience in BIH, CzDA will apply, as much as possible, a focused approach to assistance delivery (e.g. in one area as opposed to piecemeal activities in multiple areas where results may be marginal or not contributing to the tangible improvement of the systems).

This sub-activity will start at the end of the **first implementation year** and will continue until the end of the Action.

Under Activity 2.3, the Action is expected to have the following deliverables:

- Existing agriculture information systems and operational methodologies reviewed, and recommendations for consolidation and technical modernisation provided;
- Knowledge and skills of at least 8 institutional staff improved;
- Drafted at least 2 guidelines, protocols, user manuals and/or technical specifications for upgrading targeted subcomponents of the agricultural information systems;
- Improved/modernised data collection/consolidation/management/analysis.

#### Activity 2.4. Policy and regulatory improvements to reinforce policy delivery (implementation responsibility: CzDA and UNDP)

On its path towards the EU, BIH needs to align its legal framework with the Union acquis. This is particularly challenging for the agriculture sector and the public bodies that implement agricultural policy, as alignment with the EU's Common Agricultural Policy is quite complex.

Therefore, this activity will **support policy implementation and improvements of legislation**<sup>50</sup> in line with the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document<sup>51</sup>, ensuring stakeholders' commitment, institutional engagement and consultations with all relevant socio-economic stakeholders. Institutional stakeholders will be supported to **effectively implement the existing sector-related standards and regulations** that are at present insufficiently enforced.

The **scope of the assistance** under this activity will be defined with institutional partners, focusing mainly on design of targeted national standards, by-laws and sector-specific policy documents that not only reinforce GIP implementation, but also contribute to improving the overall sector policy framework. Within this activity, institutional partners will be supported in defining a list of priorities for approximation with relevant EU

<sup>49</sup> Based on specific recommendations within the European Commission Analytical Report for BIH accompanying the Opinion on BIH's application for membership of the EU, May 2019.

<sup>50</sup> To the extent of which it is agreeable by all stakeholders.

<sup>51</sup> Goal VI of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document focuses on improving institutional systems and capacities and the harmonisation of the legal framework in agriculture and rural development at all government levels, with the aim of gradual approximation to the EU Common Agriculture Policy.

frameworks, where prioritization is given to those policies and frameworks that boost the sector's capacity to compete.

Targeted technical assistance, subject to political and institutional commitment, will support policy makers and technical level public officers to design evidence-based policy and legislative frameworks in targeted sub-sectors, in an inclusive and coordinated manner. CzDA will work with institutional partners to identify appropriate form of technical assistance, which may include legal assessments, study visits, workshops that include presentations of relevant EU practices, expert advice, etc, deemed most likely to substantially contribute to policy improvements.

**This activity will be jointly delivered by CzDA and UNDP**, with specific allocation of responsibilities described further in the sub-activities. For a maximised impact, the efforts under this activity will be coordinated with the EU IPA twinning assistance in the sector.

Activity 2.4 will be implemented through the below describe **sub-activities**.

*Sub-activity 2.4.1. Review of existing policies and regulations, and progress towards the EU alignment (implementation responsibility: CzDA)*

This sub-activity will **focus on identifying priorities for regulatory and policy improvements** necessary to ensure alignment with the Union acquis. As a first step, the Action will support a **review of the existing policy and regulatory frameworks** in the agriculture sector to assess the current status and identify priorities relative to the EU harmonisation process. This process will take into account the ongoing activities on preparations of a comparative review of compliance of selected laws in the area of agriculture and rural development (within the country and the Union acquis), initiated by the Directorate of European Integration, ministries competent for agriculture as well as the institutions working on legislative compliance at the level of state, entities and Brčko District. Key criteria for identifying opportunities will be those agreeable by all stakeholders and their commitment to undertake the alignment process and contribution to the overall sector competitiveness.

The review will be **conducted by a team of international and local staff**, in close cooperation with state and entity level sectoral institutions.

This sub-activity will start in the Action's **first year of implementation**.

*Sub-activity 2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis (implementation responsibility: CzDA)*

This sub-activity will **support relevant institutions and policymakers in advancing agri-food policy and regulatory frameworks** in line with the Union acquis. The detailed scope of the technical assistance will depend on the outcomes of the review conducted under sub-activity 2.4.1. and the identified priority policy / regulatory frameworks that need to be developed or updated to meet the EU standards.

Technical assistance will be provided through the **Policy Expert Facility**, a flexible response mechanism to provide timely and demand driven technical support to relevant institutions. Though the administration of this facility will be demand-driven, preliminary assessments indicate that the Action will maximally utilize Czech expertise in priority efforts to design policy / standards / regulations (such as, for example, the development of methodology for identifying Less Favoured Areas, flexibility arrangements, wine sector and organic agriculture<sup>52</sup> etc.), in addition to local and regional expertise if needed.

<sup>52</sup> As per Analytical Report accompanying the Commission's Opinion on BiH's application for membership of the EU, Commission Staff Working Document, 2019.

In this process, a **middle-up approach to coordinated policy and regulatory design / revision will be facilitated**, entailing efficient coordination and proactive roles of relevant state, entities and Brčko District levels to substantively engage in policy discussion in line with their competencies, towards joint prioritisation and decision making in the best interest of agriculture and rural stakeholders. **Sector policy coordination mechanisms** will provide a platform for putting the middle-up approach into practice, encouraging discussions and cultivating development-oriented policy thinking.

This sub-activity will start in the **first implementation year** and will continue until the end of the Action.

*Sub-activity 2.4.3. Review of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document (implementation responsibility: UNDP)*

The Action will support an independent external review of Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document, to assess its effects on the sector. In this process, the Action will consider work carried out under Activity 2.1. Based on demand by and agreement of all institutional partners, given the preconditions in place, the Action may consider support to the preparation of the new strategic framework which would guide the sector development beyond 2021.

Considering duration of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document, this sub-activity will be initiated **at the end of the first implementation year**.

Under Activity 2.4, the Action is expected to have the following deliverables:

- Existing policy and regulatory framework in the agriculture sector reviewed, and priorities and opportunities for regulatory and policy improvements identified;
- Knowledge and skills of at least 8 institutional staff improved;
- Drafted at least 3 policies/standards/regulations;
- Conducted external review of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document.

## 2.4. Target groups and beneficiaries

The table below gives an indication of the number of beneficiaries to be directly involved with the Action at various levels.

<b>Direct beneficiaries</b>	
<b>State, entity and Brčko District authorities</b>	
No. of institutions at the state, entity and Brčko District levels	6-8
No. of state, entity and Brčko District government staff (including public extension services)	65
<b>Cantonal authorities</b>	
No. of institutions at the cantonal level	15
No. of cantonal government staff (including public extension services)	40
<b>Local governments and their staff</b>	
No. of local governments	30 (20.7% of local governments)
No. of local government staff engaged in capacity development (mainly working in the domain of agricultural development)	40
<b>Non-state actors / private sector</b>	
No. of agri-food operators (farmers / agricultural producers and	2,600

processors, agri-tourism businesses/operators) benefiting from the Action	
No. of newly employed	300 (out of which 100 women and 100 youth)
No. of non-state extension services providers	80
Other organisations (regional / local development agencies, business incubators, knowledge hubs, chambers of commerce, associations of farmers, scientific/research institutions etc.)	15

Rural communities throughout country, including women and young people, will benefit from the Action.

## 2.5. Methodology

The Action envisages a multi-faceted implementation approach, to ensure successful and sustainable results. In relation to its **internal logic**, the Action has designed the GIP and the technical assistance as mutually reinforcing components of a coherent framework, which enables results-oriented sectoral policy delivery and the deepening of institutional capacities. The activities will address the economic, social, and environmental dimensions of agri-food and rural development and their inter-connections, creating a wide spectrum of opportunities for stakeholders and rural dwellers. As an overarching principle, investments by the Action will contribute to **harmonised sector-wide strengthening** across various government levels, in line with the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document.

The design and delivery of effective agricultural and rural development policies and support measures will be strengthened by the **engagement and collaboration among a broad array of stakeholders**, from policy makers, academia and innovation centres to end beneficiaries. Overall ownership and sustainability of results will be strengthened through a carefully facilitated **policy dialogue and cross-institutional coordination in the sector**. Ultimately, the Action will enhance the existing institutional systems in the sector as well as capacities and potential for growth of final beneficiaries. Results and products from the assistance will be transferred to institutional partners, where applicable, as well as to the final beneficiaries, where concerned.

In relation to its **geographic approach**, the Action will apply a country-wide outreach and coverage, including less developed areas and less capacitated / experienced agri-food operators and rural stakeholders. In less developed areas, potential beneficiaries typically have less capacity and experience with such interventions; therefore, outreach to such areas coupled with a bottom up approach will seek to address these gaps, as well as ensure broad coverage.

Rather than offering one-time responses and single-point solution investments, the Action will invest in **human capital, institutional capacities and innovation**, which are enabling factors for sustainable growth of the sector.

By introducing special considerations within its investment package, the Action will enhance its **beneficial impact on poorer farmers (including female), and socially excluded rural stakeholders**.

**The protection of natural resources** is central for both delivery of support measures in agriculture and rural development, as well as in the design of policy and institutional frameworks.

The **partnership between UNDP and CzDA** further strengthens the approach, offering knowledge and expertise, including from EU Member States, thus fostering better alignment of the Action efforts with the EU standards and practices.

Finally, the Action's scope of investments and assistance is based on **close and consensus-based work with relevant institutions**, coupled by their commitment to collaborate further in the implementation process and ensure the set objectives are achieved. This consensus will be critical in identifying appropriate form of technical assistance and other support measures, which are deemed most likely to substantially contribute to the **improvement of the level of preparedness for EU accession in the area of agriculture and rural development**. Technical assistance is expected to include a combination of reviews/assessments, training/workshops, study tours, expert advice on specific topics (including learning by doing).

## 2.6. Cross-cutting themes

**Gender equality:** The Action embraces gender mainstreaming as a tool to ensure that activities and results respect gender equality principles. On the one side, the GIP support measures will apply a gender equality lens from the design stage, encouraging participation of women and women-led farms / agri-food businesses in the economic activities supported by the Action. Thus, the Action will contribute to the economic empowerment of women, as well as to improving quality of life in rural areas, particularly having in mind the needs of women. On the other side, policy and regulatory frameworks in the sector can also play a critical role in reducing the gender gaps. Therefore, the Action will ensure a gender equality perspective in the policy / regulatory frameworks' design, towards lessening gender disparities and providing for equal rights, access to resources and opportunities for men and women within households and within the agriculture sector. Gender-sensitive monitoring framework will enable monitoring and progress and results also from the viewpoint of gender equality and women's empowerment.

**Environmental protection:** Having in mind the investment nature of the intervention, and the close connections between agriculture and environment, the Action will embed environmental protection aspects across its activities. Due emphasis will be placed on ensuring that sustainable agriculture, sustainable use of natural resources and environmental protection are respected throughout the GIP-supported investments. Having in mind the scope and objectives of the GIP instrument, the main potential impact that some of the likely GIP-supported projects may have on the environment include: i) deforestation, disruption of local ecosystems and loss of biodiversity; ii) soil erosion and contamination, loss of productive land due to inappropriate use of fertilizers and chemicals; and iii) loss of water, water sources contamination due to use of pesticides and fertilisers, potential health consequences on downstream water users. These aspects, in addition to climate change mitigation and adaption, will be considered in the design of the GIP support measures and addressed through concrete requirements and criteria. In addition, the Action will ensure that advisory services will be based on sustainable agriculture principles and farming practices. Environmental protection will be an integral aspect of the monitoring of the GIP-supported interventions.

**Disaster risk reduction:** The 2014 floods severely affected BIH's economy and livelihoods, with particularly devastating effects on the agriculture sector. Therefore, agriculture is increasingly vulnerable to natural hazard-induced disasters. Farmers and local communities in general are direct custodians of the environment and the way they manage natural resources affects natural hazards from becoming crises. The Action will support disaster risk reduction measures both as part of the GIP investments, as well as where relevant – at policy level, thus foster sustainable agricultural production and strengthen resilience of farms, as well as contribute to reduced disaster risks at a country-wide scale.

**Social inclusion:** Beneficiaries and communities at large will have equal access to and benefit from the common rural infrastructure, services and financial support provided by the Action, without discrimination due to sex, ethnic group, social status. The Action will focus on encouraging socially excluded groups (Roma, internally displaced persons, returnees, poor households) to benefit from support measures, thus contributing to their social

integration and better livelihoods. The Action may seek to promote solidarity-based form of association among socially excluded groups to produce, process, commercialise and offer to the market agri-food products.

**Safety:** The total mine-suspected area in BIH covers 1,018 km<sup>2</sup> (1.98% of the entire area of the country), of which agricultural land constitutes 26%<sup>53</sup>. While the Action does not envision support for mine clearance activities, it will ensure that the assistance provided is utilised with highest considerations of human safety, where no investments will be made in **mine-suspected or mine-contaminated areas**. In addition, as relevant, the Action will coordinate its work with respective mine-action interventions, to explore potential synergies towards de-mining of agriculture land efforts.

## 2.7. Complementarities and synergies with other relevant interventions

The Action will proactively engage and seek cooperation with relevant ongoing or upcoming initiatives to ensure synergies and avoid overlaps.

One of the most obvious interventions with which the Action will seek complementarities is the **EU4Business Project** (2018-2022), which supports competitiveness and innovation in export-oriented sectors, tourism, agriculture, food production and rural development in BIH. The Project is funded by the EU, co-funded by the Government of Germany and jointly implemented by UNDP, GIZ, and International Labour Organization (ILO). UNDP leads the agriculture and rural development component, which entails institutional capacity development and support measures (Grant Fund Facility) for farm holdings, processing and marketing of agricultural products, as well as rural economy. In this context, the Action will build on the experience and lessons learned of the EU4Business Project, including in terms of delivering support measures and working closely with the main institutional partners engaged in the Sectoral Working Group on Agriculture and Rural Development. As UNDP is engaged in the implementation of both initiatives, and as they are to overlap for a period of two years, a synergistic approach to management will be applied. This will enable continuity and coherence of work with institutional partners, maximising performance as well as cost-effectiveness.

Furthermore, the Action will also ensure close cooperation and coordination with upcoming **EU twinning projects** as part of IPA 2018 Support to Agriculture and Rural Development, Food Safety, Veterinary and Phytosanitary Standards. These projects envisage technical assistance to food safety, veterinary and phytosanitary administration and services in institutional capacity building, policy implementation and gradual acquis alignments. In that respect, the Action will consider practising operational meetings and information share with projects' teams, consultative and advisory groups with projects' experts etc. Opportunities for a participatory approach of these EU funded interventions in public, promotion and other related events, where appropriate, may also be considered, for reinforced EU assistance impact and effectiveness of the country's advancement of the EU path in these areas.

The Action will also seek to use the experience of other donors, like the one accumulated by **FARMA II** (2016-2021). Supported by the USAID and Government of Sweden, the project works on improving the competitiveness of food producers and products, promoting environmentally sustainable production and processing, and enhancing the production of value-added food products. FARMA II experiences will be particularly relevant to the Action's efforts on strengthening agricultural advisory systems, improving market efficiency, as well as the policy environment.

Moreover, the Action will seek synergies with the **upcoming World Bank Project on Strengthening Competitiveness and Institutional Development in Agriculture**. Among other, the project focus will be on (i) improving the access to market and technology through the knowledge management and market information systems, as well as through capacity development, (ii) introducing new varieties, breeding technology, storage methods, postharvest handling, packaging and marketing technologies for fruits and vegetables, (iii) improving the quality and

<sup>53</sup> 2018 data, BIH Mine Action Centre (BHMAL).

safety of the locally grown and processed agricultural products through introduction of and adaptation to internationally recognized standards for food safety and security; as well as (iv) review and improvements of relevant policies.

As for the UN family, the United Nations International Fund for Agricultural Development (IFAD) implements the **Rural Competitiveness Development Programme – RCDP (2015-2020)**, focusing on poverty reduction by supporting smallholder producers. It is envisaged to reach 16,000 smallholder farmers, women and youth, and to create 3,150 jobs, achieved through structural improvements in areas relevant for socio-economic development and direct support to the priority groups. **Rural Enterprises and Agricultural Development Project – READP (2018-2023)** is another intervention implemented by IFAD in BIH. The project contributes to rural economic development and poverty reduction by engaging target households in profitable agribusiness and employment opportunities. It supports the country's efforts to modernize agriculture and improve food security and incomes of commercial and non-commercial farmers as well as of on- and off-farm enterprises. READP aims to promote the inclusion of very poor and poor non-commercial farmers, women and youth in selected value chains by developing ten clusters across the whole country. Direct beneficiaries include some 8,650 households; indirect beneficiaries, mainly from the project's infrastructure investments, are expected to be 5,000 households. The Action will seek the complementarities with these programmes, exploring their experiences in reaching out to smallholder farmers, women and youth.

Also, under its Country Programming Framework for BIH (2018-2021), the **Food and Agriculture Organisation (FAO)** implements several projects in the field of agriculture, rural development and agri-tourism. Main objectives of the FAO support are more competitive small-scale farming and better livelihoods for the rural population, as well as the sustainable management of natural resources, and climate change adaptation and mitigation. One of the ongoing FAO-implemented projects is **Support to the Preparation for Community-led Local Development Planning and Implementation of a Pilot Project in Livno**<sup>54</sup> (Canton 10) funded by the Government of Hungary. The project supports the development of basic infrastructure, investments in creating additional value of agricultural products, as well as development of agri-tourism.

The Action will also seek synergies with the initiatives that CzDA implements in BIH. Those include **Increasing Food Safety System in BIH Project**, which is supporting: functional pesticide and fertilizer control system and Integrated Pest Management (IPM); the establishment of the official collection of samples for salmonellae; and pilot system for additive control. The lessons learned during the creation of software for the registration of plant protection products and fertilizers will inform Action activities in relation to agriculture information system. The Action will also consider the experiences of the CzDA **Support to an Agricultural Cooperative CINCAR II**, which includes both capital investments in cheese production facilities, but also technical assistance related to cheese production, hygiene practices as well as cooperative management.

There are also several projects implemented under or in partnership with the **Standing Working Group for Regional Rural Development (SWG RRD)** providing a platform for networking and regional cooperation of governmental institutions responsible for rural development in the Western Balkans (WB). Those include: **Support to economic diversification of rural areas in South-eastern Europe – SEDRA (2018-2021)** implemented by GIZ; **Facilitation of Exchange through Advice on Harmonized Wine Regulations in the WB (2018-2021)** implemented by the German Ministry of Food and Agriculture (BMEL) and GFA Consulting Group GmbH, and **KEP Project Capacity Building Programme for Extension Services in the WB to Support Participation in IPARD calls (2019-2020)** implemented by Central European Initiative (CEI). Where relevant, the Action will coordinate its efforts with these initiatives.

Considering that co-funding capacities of potential applicants are an important factor for successful GIP delivery under Result 1, the Action will **explore partnerships with the banking sector to establish dedicated**

<sup>54</sup>[http://www.vladahbz.com/sadrzaj/dokumenti/ministarstvo-poljoprivrede-vodoprivrede-i-sumarstva/2019/Rural\\_Development\\_Grant\\_Support\\_measure\\_GCP\\_BIH\\_008\\_HUN\\_FINAL\\_BOS\\_FINAL%20\(2\)%20\(1\).pdf](http://www.vladahbz.com/sadrzaj/dokumenti/ministarstvo-poljoprivrede-vodoprivrede-i-sumarstva/2019/Rural_Development_Grant_Support_measure_GCP_BIH_008_HUN_FINAL_BOS_FINAL%20(2)%20(1).pdf)

**financial products helping potential applicants to secure co-funding.** This could entail partnering with EU Financial Institutions (such as the European Investment Fund as part of the European Investment Bank Group), commercial bank(s), and / or with the entity development banks to design and deploy integrated finance products (e.g. loans and / or credit guarantee) that could boost the GIP absorption and mobilise additional public or private resources, maximizing development effects in the sector.

In order to support cooperation among relevant programmes and projects, the Action will ensure active dialogue / coordination with other projects/donors active in the sector, in close consultation with the stakeholders.

## 2.8. Logical framework

The logical framework is enclosed as Annex A to this document.

## 2.9. Budget

Detailed activity-based budget of the Action is Annex III to the Contribution Agreement.

## 2.10. Risks and management measures

A preliminary assessment shows that the Action is a **medium risk intervention**, primarily due to the complexity of governance structure and the overall politically sensitive environment in the country. Therefore, the Action will deploy an active risk management and contingency planning strategy to ensure sound management and quality delivery of activities. Assumptions and risks will be regularly monitored and reported on as part of progress reports.

Risk	Likelihood of occurrence	Potential impact	Mitigation measure
Unfavourable economic trends and political instability	Medium	Medium	The Action's internal monitoring and evaluation system will closely monitor all relevant economic and political developments that may have an impact on its results as measured through indicators. Any critical trend will be reported to the EU Delegation for consideration, and mitigation measures will be jointly decided upon.
Governments in BIH insufficiently committed to reforms in the sector, including country-wide policy coordination and harmonisation (lack of consensus)	Medium	Medium	The Action will adopt an inclusive and consensus-based approach, resting on the spirit of cooperation and guided by the interests of sector stakeholders. Government ownership will be instigated via professional and open interaction with the institutions, provision of quality support and delivering on agreed commitments. The Action will engage institutional partners in technical bodies to co-design policy and grant assistance, as well as in the overall steering. To ensure stronger political buy-in, the Action will develop key messages targeting decision makers and promoting its benefits. Institutional partners will be encouraged to periodically share information on the Action progress and achievements with the entity/Brčko District governments and

Risk	Likelihood of occurrence	Potential impact	Mitigation measure
			the BIH Council of Ministers.
Relevant institutions fail to engage adequate human resources and financial means in line with policy objectives	Medium	Medium	The Action will engage institutional partners from the very beginning of implementation, making sure the expectations are clear. Functional reviews and assessments of capacity development needs will be used to inform the design and implementation of technical assistance aimed at closing the institutional capacity gaps.
Trade agreements have detrimental effects on BIH agri-food exports	Low	Medium	The Action will closely monitor relevant developments and impact they may have on its results and performance indicators.
Agri-food operators fail to cooperate and transpose EU aligned standards and practices into their farming and businesses	Low	Low	The GIP will be designed and implemented to support and reinforce the adoption of relevant EU and national standards and practices. The Action will also invest in strengthening of agricultural advisory capacities, which should contribute to these efforts via improved quality, type and effectiveness of advice. Regular monitoring of recipients of financial support will secure implementation in line with required quality standards, revealing at the same time, potential areas for support for throughout the implementation period.
Institutional partners not committed to anchor and sustain policy and regulatory changes, as well as newly introduced practices	Medium	Medium	The Action will ensure buy-in by institutional partners prior to engaging in policy and regulatory changes. Through GIP management, the Action will provide systemic technical assistance and capacity development to institutional partners with the goal to prepare the ground for gradual adoption of EU practices and their anchoring within relevant institutions.
Insufficient number of agri-food operators / other stakeholders targeted by GIP meeting basic requirements for financing / having adequate absorption capacities	Low	Medium	Design of the GIP will be informed by the analytical work, including considerations on key stakeholders' absorption capacities and sector-specific needs. This will help determine funding priorities and criteria for eligible applicants. In addition, information days and sessions on the application procedures and requirements will be organised to provide additional support to potential applicants as well as to support organizations. This risk will also be mitigated by the Action's direct support to public and non-state agricultural advisory services.
Adequate financial products not available to agri-food operators / agri-food operators unable to ensure GIP-required co-financing	Low	Low	The Action will explore partnerships with the banking sector to establish dedicated financial products helping potential applicants to secure co-funding. The GIP will be also used to leverage the design and implementation of such products. Additionally, this risk may be mitigated by offering capacity development on access to finance.
Severe weather and natural disasters	Low	Medium	Action planning will consider the risk of severe weather and natural disasters.

Risk	Likelihood of occurrence	Potential impact	Mitigation measure
Unfavourable EUR / USD / BAM exchange rate	Low	Medium	The Action will apply pro-active early warning and financial planning and management system.

## 2.11. Sustainability

The sustainability of the Action can be seen from several different aspects described below.

**Strengthening of sectoral institutional and policy frameworks:** The Action will contribute to capacity development at the **institutional level**:

- e.g. regarding introducing a blueprint for a support scheme model in the sector; efficient and demand-driven policy delivery; advanced and modernised advisory services; embedded knowledge products within the system; formalising good practices through new policy / regulatory frameworks, etc.

and at **individual level**:

- e.g. concerning improved skills and awareness on design and delivery of public support measures in the sector, etc.

Ultimately, it is through strengthened individual capacities and motivation of individuals who will improve the performance of the system. Capacity development will be designed in a manner to ensure maximum benefit to institutional counterparts and a smooth transition after the end of the assistance provided by the Action. Supporting non-state stakeholders to provide advisory services offered mainly by the public sector illustrates well the sustainable thinking embraced by the Action. The long-term institutional commitment and sustainability of Action results and approaches will be underpinned by on-going support to policy dialogue, policy making and sector coordination.

**Environmental sustainability:** within the GIP, as well as in the process of design of policy / regulatory frameworks, the Action will seek to mitigate adverse impacts, or to enhance environmental benefits. Environmental monitoring will be embedded within the broader monitoring of the GIP support measures. The Action will encourage sustainable land use, as well as protection and sustainable use of natural resources through all relevant support measures.

**Financial sustainability:** The Action will seek to ensure viability and financial sustainability of the projects supported under the relevant GIP support measures, based on rigid business planning and return on investment assessments by beneficiaries. The entire financial support investment package for the sector is expected to strengthen its resilience to economic shocks, as well as increase its competitiveness and productivity. Financial sustainability of the Action is also seen from the perspective that the investment does not entail subsidising support but rather seeks to encourage competitiveness of the farmers and agri-food operators. The required co-financing from GIP beneficiaries is also strengthening the financial sustainability of the Action.

## 3. ACTION GOVERNANCE

### 3.1. Management

**UNDP in BIH, as the “Organisation”, and the CzDA, as the “Partner”,** will assume responsibility for the overall implementation of the Action, including achieving of the results and outcome, the efficient and effective use of resources, as well as monitoring and evaluation.

UNDP will coordinate the implementation of the Action with the CzDA, acting as an intermediary for all communications between the Organisation and Partner, on one side, and the Contracting Authority, on the other, and providing to the Contracting Authority all documents and information which may be required under this Agreement.

UNDP will apply the Direct Implementation Modality (DIM), premised on the fact that institutional and administrative capacities within national stakeholders are still limited to allow them to undertake core functions and activities with full effectiveness.

As a Partner, CzDA will be responsible for the implementation of the part of the Action, working in close coordination with UNDP in accordance with this Description of the Action and the terms and conditions of the UNDP-CzDA Partnership Agreement.

The following table summarizes the **responsibilities of each partner** per activity:

<b>UNDP</b>	Activities 1.1, 1.2, 1.3, 2.1
<b>Joint implementation by UNDP and CzDA (but with demarcation at the sub-activity level)</b>	Activity 2.2 UNDP: Sub-activity 2.2.1 CzDA: Sub-activities 2.2.2, 2.2.3  Activity 2.4 CzDA: Sub-activities 2.4.1 and 2.4.2 UNDP: Sub-activity 2.4.3
<b>CzDA</b>	Activity 2.3

### 3.1.1. Steering structure

There will be **three main bodies** for stakeholder involvement in the Action implementation and oversight.

The **Project Board** will be the body responsible for overseeing the Action implementation. It will review and endorse annual work plans and progress reports, monitor the implementation progress and authorize any major deviation therefrom. It will provide strategic guidance, as well as give final approval to selected strategic and operational issues. The Board will meet two to three times a year, or as per ad hoc need, when necessary or raised by the Project Manager. UNDP will serve as the secretariat to the Project Board, responsible for sending out invitation for meetings, preparing meeting agenda and materials, as well as meeting minutes. The Project Board will be informed during the process of defining the GIP concept, while ultimate decision on selection of projects will lie within the responsibility of the Organisation. The Rulebook will be prepared to further detail the responsibilities of the Project Board.

**Members** of the Project Board will be senior representatives of the competent institutions, like BIH Ministry of Foreign Trade and Economic Relations, the FBIH Ministry of Agriculture, Water Management and Forestry, the RS Ministry of Agriculture, Forestry and Water Management, Brčko District, the BIH Directorate for European Integration, the RS Ministry of European Integration and International Cooperation, Offices for the European Integrations at the Brčko District, FBIH and cantonal levels<sup>55</sup>, the EU Delegation to BIH, UNDP and CzDA. The Project Board will be chaired by the Action implementer with the support of the Contracting Authority (the EU

<sup>55</sup> During the inception phase, the most optimal structure of representation of cantonal level will be agreed.

Delegation). The Contracting Authority will formally ask for nominations of members of the Project Board from relevant institutions once the Action implementation starts.

The Action **assurance role** will support the Project Board by carrying out objective and independent Action oversight and monitoring functions. This role ensures Action milestones are managed and completed. Action Assurance will be independent of the Project Manager. The role of Action Assurance will be performed by the UNDP Rural and Regional Development Sector Leader in close consultations with the Contracting Authority (EU Delegation).

**Inter-institutional working group(s)** will be set up to steer the delivery of support envisaged by the Action. Involving institutional partners as consultative members, working group(s) will guide the design, coordination, monitoring and evaluation of support measures under GIP, as well as of technical assistance to strengthen public agricultural advisory services, enhance information management systems, and introduce policy and regulatory improvements to reinforce policy delivery.

The working group(s) will build upon the work of the similar bodies already established through EU4Business project (such as the Sectoral Working Group on Agriculture and Rural Development). Core members will be representatives of the BIH Ministry of Foreign Trade and Economic Relations, the FBiH Ministry of Agriculture, Water Management and Forestry, the RS Ministry of Agriculture, Forestry and Water Management, Brčko District, competent cantonal bodies<sup>56</sup>. As relevant, other institutions (such as RS Agricultural Payment Agency, entity ministries of environment and tourism, BIH Food Safety Agency, BIH Veterinary Office, BIH Plant Health Protection Administration, relevant cantonal institutions etc.) will be also involved in the Action (e.g. under technical assistance for specific GIP support measures or other relevant areas of work). As per contractual provisions, it will be appropriately ensured that there is no conflict of interest regarding the GIP and any other part of the Action (e.g. involvement in inter-institutional working groups will be considered as non-eligibility criterion for the GIP). **Members of the working group(s) may not be members of the Project Board.**

The **Advisory Board** will also be established, composed of socio-economic partners, including representatives of private sector, NGO, local governments, academia, etc. The Advisory Board will be a platform for sharing practices and opinions among interested actors (e.g. agri-food operators and providers of advisory services), that will be duly considered to ensure better implementation of the Action. The exact composition of the Advisory Board will be decided during the inception phase, in consultations with the institutional partners and other stakeholders.

Further, the Action will ensure cooperation with other projects and programmes in the sector, seeking to add value, maximise development results and avoid duplication.

The work of the above-described bodies will be regulated by rulebooks that will clearly indicate their roles and responsibilities, as well as operating procedures.

### 3.1.2. Project team

The Action will have the main office in Sarajevo<sup>57</sup>, as well as a few field offices (considering the network of Organisation's field offices, like Banja Luka, Mostar, also Doboј that may cover the area of Brčko District), to ensure close contact with the institutional partners, as well as recipients of support under the GIP. The office network scheme will be fully presented in the Inception report.

The following **team members will be engaged by UNDP:**

<sup>56</sup> Detailed modalities to clearly set the aforementioned, will be fully defined in the inception phase.

<sup>57</sup> The Action main office will host both UNDP and CzDA core project teams.

- 1) Project Manager (national expert, 36 months, existing UNDP personnel to be shared with the EU4Business Project in years 1 and 2)
- 2) Agriculture and Rural Development Advisor (national expert, 30 months, existing UNDP personnel to be shared with the EU4Business Project in years 1 and 2)
- 3) Agricultural Policy Coordinator (national expert, 48 months, UNDP personnel to be recruited)
- 4) Finance and Administration Associate (national expert, 48 months, UNDP personnel to be recruited)
- 5) GIP Manager (national expert, 44 months, UNDP personnel to be recruited)
- 6) GIP Monitoring and Control Officer (national expert, 42 months, UNDP personnel to be recruited)
- 7) GIP Field Monitoring and Control Specialist (3 national experts, 38 months, UNDP personnel to be recruited)
- 8) Agronomist (national expert, 24 months, UNDP personnel to be recruited)
- 9) GIP Associate (national expert, 24 months, UNDP personnel to be recruited)
- 10) Advisory Services Officer (national expert, 44 months, UNDP personnel to be recruited)
- 11) Business Development Officer (national expert, 27 months, existing UNDP personnel to be shared with the EU4Business Project in year 2)
- 12) Monitoring and Information Management Officer (national expert, 46 months, UNDP personnel to be recruited)
- 13) Communication and Information Specialist (national expert, 33.6 months, UNDP personnel to be recruited)

The Action will also be supported on part-time basis by other UNDP staff based in Sarajevo, namely the Rural and Regional Development Sector Leader and Associate, Programme Operations Support Officer, Chief Technical Advisor, Country Office Operations Support, and Contracting and Procurement Associate.

CzDA technical personnel engaged under the Action will be based in in Sarajevo, and will consist of:

- 1) Component Lead (EU/Czech national, 24 months),
- 2) Local Coordinator (local, 33 months), based in Sarajevo,
- 3) Financial Manager (international, 10 months), based in Prague, and
- 4) Desk Officer (international, 14.4 months), based in Prague,
- 5) Agriculture experts (engaged directly by CzDA, particularly during the inception period and on an ad-hoc basis as need arises).

Additional personnel will be engaged from a pool of Czech/EU experts, contracted mainly through public institutions, coming to BIH as per identified needs and for periods of time required by activities. They will include:

- 6) Lead Expert (EU/Czech national, 15.5 months, starting in month 7),
- 7) Information Management System Coordinator (local, 31.5 months, starting in month 7),
- 8) Institutional Advisory Services Support Coordinator (local, 31.5 months, starting in month 7), and
- 9) Administrative Support Officer (local, 21 months, starting in month 7).

The above will be supplemented by short term local and EU (namely Czech) experts who are specialist in relevant technical areas.

The following table summarises the main tasks per proposed position:

<b>Project Manager (UNDP)</b>	<ul style="list-style-type: none"> <li>- Overall management of the Action, leadership, conceptual guidance and technical advice to the implementation team and Action counterparts (ensuring transfer of experience and lessons learned from the EU4Business Project);</li> <li>- Liaison with the EU and CzDA;</li> </ul>
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	<ul style="list-style-type: none"> <li>- Partnership and advocacy with relevant institutional partners and other stakeholders;</li> <li>- Project monitoring, reporting and quality assurance using relevant monitoring and risk management tools;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Gender mainstreaming throughout activities, work plans, budgets, reports, and analyses;</li> </ul>
<b>Agriculture and Rural Development Advisor (UNDP)</b>	<ul style="list-style-type: none"> <li>- Analysing economic environment, as well as trends in the field of agriculture and rural development in accession countries and EU Members States;</li> <li>- Advising on the GIP design and delivery, as well as other areas of work under the Action (ensuring transfer of experience and lessons learned from the EU4Business Project);</li> <li>- Advising and participating in the provision of guidance, technical assistance and training to potential GIP applicants and GIP recipients;</li> </ul>
<b>Agricultural Policy Coordinator (UNDP)</b>	<ul style="list-style-type: none"> <li>- Conceptualising and designing the GIP in close cooperation with relevant institutional partners, and GIP Manager;</li> <li>- Coordinating planning and day-to-day implementation of GIP and related technical assistance to inter-institutional working group(s);</li> <li>- Ensuring close coordination of support with relevant activities implemented by CzDA;</li> <li>- Coordinating and supervising work and progress of service providers for technical assistance and training;</li> <li>- Gender mainstreaming throughout activities, work plans, budgets, reports, and analyses;</li> </ul>
<b>Finance and Administration Associate (UNDP)</b>	<ul style="list-style-type: none"> <li>- Supporting financial management and monitoring; processing financial transactions on the Global Atlas System; supporting preparation of budget revisions, budget monitoring;</li> <li>- Providing administrative and operational support to Action implementation, ensuring quality of business processes;</li> <li>- Drafting financial reports for donor and preparing the final version thereof in coordination with Programme Operations Support Officer;</li> <li>- Providing logistical and administrative assistance to the organization and delivery of activities;</li> <li>- Making arrangements for purchase and receipt of office supplies and equipment;</li> </ul>
<b>GIP Manager (UNDP)</b>	<ul style="list-style-type: none"> <li>- Conceptualising and designing the GIP together with the Agricultural Policy Coordinator and in close cooperation with relevant institutional partners;</li> <li>- Planning and day-to-day management of GIP, including managing of calls for proposals, selection, award, administration and monitoring of contracts;</li> <li>- Coordinating and participating in the provision of guidance, technical assistance and training to potential GIP applicants and recipients;</li> </ul>
<b>GIP Monitoring and Control Officer (UNDP)</b>	<ul style="list-style-type: none"> <li>- Designing monitoring and reporting guidelines for recipients of support and the implementation team;</li> <li>- Organising monitoring activities under the GIP and leading and supervising Field Monitoring and Control Specialists;</li> <li>- Advising Project Manager on necessary interventions to avoid and mitigate risks related to GIP implementation;</li> <li>- Capturing lessons learned from GIP implementation;</li> <li>- Participates in the provision of guidance, technical assistance and training to potential GIP applicants and recipients;</li> </ul>
<b>GIP Field Monitoring and Control Specialist x 3 (UNDP)</b>	<ul style="list-style-type: none"> <li>- Conducting field visits of GIP projects and preparing reports;</li> <li>- Carrying out financial controls under GIP projects;</li> <li>- Updating risk logs based on the monitoring visits;</li> <li>- Providing guidance, technical assistance and training to potential GIP applicants and recipients;</li> </ul>
<b>Agronomist (UNDP)</b>	<ul style="list-style-type: none"> <li>- Contributing to the design and implementation of GIP support measures;</li> <li>- Providing guidance, technical assistance and training to potential GIP applicants and recipients;</li> </ul>

	<ul style="list-style-type: none"> <li>- Conducting field visits of GIP projects and preparing reports;</li> </ul>
<b>GIP Associate</b>	<ul style="list-style-type: none"> <li>- Supporting the GIP Manager with administration, record keeping, and reporting;</li> <li>- Assisting with the organisation of field work activities;</li> </ul>
<b>Advisory Services Officer (UNDP)</b>	<ul style="list-style-type: none"> <li>- Analysing demand for extension services, as well as the available supply by non-state service providers;</li> <li>- Conceptualising and designing the GIP support for non-state advisory services, together with the GIP Manager and in close coordination with relevant institutional partners;</li> <li>- Ensuring close coordination of activities with support to public advisory services by CzDA;</li> <li>- Coordinating and participating in the provision of guidance, TA and training to GIP applicants and recipients;</li> </ul>
<b>Business Development Officer (UNDP)</b>	<ul style="list-style-type: none"> <li>- Conceptualising and designing the interventions related to business development support to the beneficiaries;</li> <li>- Coordinating planning and day-to-day implementation of business development assistance;</li> <li>- Coordinating and supervising work and progress of service providers for TA and training</li> <li>- Coordinating and participating in the provision of guidance, technical and training to beneficiaries;</li> </ul>
<b>Monitoring and Information Management Officer</b>	<ul style="list-style-type: none"> <li>- Providing expert and technical assistance in the design of a comprehensive monitoring system for the Action;</li> <li>- Assisting in the preparation, population, regular processing and analytical overview of Action related indicators, as per the Action framework;</li> <li>- Supporting reporting and knowledge management under the Action;</li> <li>- Maintaining the risk and issue log for the Action;</li> <li>- Keeping records of Action's target groups and beneficiaries;</li> </ul>
<b>Communications Associate</b>	<ul style="list-style-type: none"> <li>- Managing communication and visibility activities in line with the Communication Strategy;</li> <li>- Guiding development of promotional materials, concept and content of Action website, communication framework for kick-off and closing conferences, as well as other events, organisation of GIP info days, press releases and other, etc.)</li> <li>- Press reviewing of relevant topics regarding governmental institutions, NGOs and society;</li> </ul>
<b>Component Lead (CzDA)</b>	<ul style="list-style-type: none"> <li>- Management of the CzDA component of the Action, conceptual guidance and technical advice to the implementation team and Action counterparts;</li> <li>- Ensuring close coordination of activities with UNDP;</li> <li>- Liaison with the EU and UNDP;</li> <li>- Partnership and advocacy with relevant institutional partners and other stakeholders;</li> <li>- Project monitoring, reporting and quality assurance using relevant monitoring and risk management tools;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Gender mainstreaming throughout activities, work plans, budgets, reports, and analyses.</li> </ul>
<b>Local Coordinator (CzDA)</b>	<ul style="list-style-type: none"> <li>- Support the Component and Lead Expert in overall management and technical implementation of the Action;</li> <li>- Coordinating and contributing to review(s), and in the provision of guidance, technical assistance and training to institutions to support policy and regulatory improvements, and institutional capacity building;</li> <li>- Ensuring close coordination of support with relevant activities implemented by UNDP;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Liaison between Czech/regional and local experts and relevant institutions in BIH;</li> <li>- Acting Component Lead when Component Lead is outside of BIH.</li> </ul>
<b>Financial Manager (CzDA)</b>	<ul style="list-style-type: none"> <li>- Managing project finances including processing of transactions and supporting preparation of budgets and budget monitoring;</li> </ul>

	<ul style="list-style-type: none"> <li>- Drafting financial reports for donor;</li> </ul>
<b>Desk Officer (CzDA)</b>	<ul style="list-style-type: none"> <li>- Providing logistical and administrative assistance to the organization and delivery of activities such as organisation of experts, administration of grants (between CzDA and contractors), quality assurance and monitoring;</li> <li>- Ensuring compliance with EU rules;</li> </ul>
<b>Agriculture experts (CzDA)</b>	<ul style="list-style-type: none"> <li>- The experts, engaged directly by CzDA, will be providing technical advice and guidance, across different sub-activities so as needs basis. This will be critical during the inception phase.</li> </ul>
<b>Lead Expert (contracted by CzDA)</b>	<ul style="list-style-type: none"> <li>- Responsible for the technical implementation of the Action and is expected to start in month 7, following CzDA selection of the Czech contractors;</li> <li>- Supporting the Component Lead in technical implementation of the Action;</li> <li>- Ensuring close coordination of support with relevant activities implemented by UNDP;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Liaison between Czech/regional and local experts and relevant institutions in BIH;</li> <li>- Contributing to technical assistance in his/her area of expertise, including the provision of guidance, technical assistance and training to institutions to support policy and regulatory improvements.</li> </ul>
<b>Information Management Systems Support Coordinator (contracted by CzDA)</b>	<ul style="list-style-type: none"> <li>- Coordinating and contributing to review(s), and in the provision of guidance, technical assistance and training to institutions to support improvements in the information management systems in agriculture;</li> <li>- Ensuring close coordination of support with relevant activities implemented by UNDP;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Liaison between Czech/regional and local experts and relevant institutions in BIH;</li> <li>- Contributing to technical assistance in his/her area of expertise.</li> </ul>
<b>Institutional Advisory Services Support Coordinator (contracted by CzDA)</b>	<ul style="list-style-type: none"> <li>- Coordinating and contributing to review(s), and in the provision of guidance, technical assistance and training related to institutional advisory support services;</li> <li>- Ensuring close coordination of support with relevant activities implemented by UNDP;</li> <li>- Ensuring strategic synergies and coordination with other relevant interventions;</li> <li>- Contributing to technical assistance in his/her area of expertise.</li> </ul>
<b>Administrative Support Officer (contracted by CzDA)</b>	<ul style="list-style-type: none"> <li>- Providing administrative, finance and accounting support.</li> </ul>

It is foreseen that the Action will deploy both national and/or international expertise in various fields as the need arises. Where relevant, the Action will particularly rely on Czech expertise. External goods and service providers will be engaged following a competitive process to deliver technical assistance, training, and other relevant goods/services.

Besides cost of staff and short-term experts, the project office costs required for the implementation of the Action will include travel and subsistence costs, depreciation costs, rental costs or lease, maintenance and repair costs, consumables and supplies, IT and telecommunication services, energy and water, costs of facility management contracts, including security fees and insurance costs, detailed in the Annex III/Budget of the Action.

### 3.2. Monitoring, evaluation and reporting

Monitoring will be an integral part of Action implementation. The main monitoring tools for organising the Action monitoring system encompass the Logical Framework (providing baseline and target quantitative and

qualitative indicators and results), as well as analytical and systemic data collection throughout all work areas of the assistance delivery. A Comprehensive Monitoring and Evaluation Platform will be developed to map all essential steps and tools in assessing and reporting progress towards achieving Action objectives.

Based on the monitoring and joint reflections on results with the CzDA, UNDP will provide consolidated annual progress reports against the results matrix. The following reports will be prepared:

- **An Inception Report** indicatively following the four-month inception phase;
- **Annual Report**, summarizing the progress in line with the Action Plan and indicators, documenting challenges and outlining the operational plan for the coming year;
- **Final Report**, including information on achievements of the Action in line with the indicators and providing an overview of measures undertaken to ensure sustainability of activities and results.

Monitoring data is also an important assessment basis for **evaluations**, the results of which are again fed into the monitoring system. The Action will conduct a final independent evaluation in the last implementation year. Scope of the evaluation will be agreed upon between the EU and UNDP.

### 3.3. Duration and indicative action plan<sup>58</sup>

The duration of the Action will be 48 months, with a 4-month inception phase. The implementation is envisaged to start in March 2020.

Year 1													
Activity / Sub-activity	Half-year 1						Half-year 2						Implementing partner
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>Inception phase</b>													UNDP, CzDA
Establishing management structures (team, Project Board, etc.)													UNDP, CzDA
Kick off meeting													UNDP, CzDA
Operational planning													UNDP, CzDA
Designing Communication Strategy													UNDP, CzDA
Detailing Monitoring and Evaluation Plan													UNDP, CzDA
Submitting Inception Report													UNDP, CzDA
<b>1.1. Improving market efficiency</b>													UNDP
1.1.1. Launch of public calls and selection of projects (marketing and processing)													UNDP
1.1.2. Implementation of selected projects													UNDP
<b>1.2. Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors</b>													UNDP
1.2.1. Launch of public calls and selection of projects (preparation of project proposals/business plans)													UNDP
1.2.2. Implementation of selected projects													UNDP
<b>1.3. Strengthening the rural economy and its diversification</b>													UNDP
1.3.1. Launch of public calls and selection of projects (facilities for agriculture-related activities)													UNDP
<b>2.1. Enhancing institutional capacities for coordinated policy delivery</b>													UNDP
2.1.1. Design and implementation of policy support measures													UNDP
2.1.2. Monitoring and evaluation of policy support measures													UNDP
<b>2.2. Strengthening institutional advisory services</b>													UNDP, CzDA

<sup>58</sup> The action plan corresponds to the current state of affairs. It will be adapted in the process of the operational planning undertaken during the inception phase. Detailed action plan including the revised timetable will be provided as part of the Inception Report.

Year 1														
Activity / Sub-activity	Half-year 1						Half-year 2						Implementing partner	
	1	2	3	4	5	6	7	8	9	10	11	12		
2.2.1. Demand scan of extension service users and assessment of supply by non-state advisory services													UNDP	
2.2.2. Review of existing public advisory services and their needs for capacity development (workshop to determine the scope and methodology, interim results workshop, final workshop to present the findings)													CzDA	
2.2.3. Technical assistance to strengthen public advisory services (workshops, study tour, provision of analytical tools and equipment)													CzDA	
<b>2.3. Enhancing information management systems</b>													CzDA	
2.3.1. Review of existing agriculture information management systems (workshop to determine the scope and methodology, interim results workshop, final workshop to present the findings)													CzDA	
2.3.2. Supporting improvements in the sector information systems (workshops, study tour, provision of software solutions for the modernisation of data collection generation, consolidation, analysis etc. e.g. register of grape and wine producers)													CzDA	
<b>2.4. Policy and regulatory improvements to reinforce policy delivery</b>													CzDA	
2.4.1. Review of existing policies and regulations, and progress towards the EU alignment (workshop to determine the scope and methodology, interim results workshop, final workshop to present the findings)													CzDA	
2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis (workshops, study tours)													CzDA	
2.4.3. Review of the Strategic Plan for Rural Development of BIH (2018-2021) – framework document													UNDP	

Year 2														
Activity	Half-year 1						Half-year 2						Implementing body	
	1	2	3	4	5	6	7	8	9	10	11	12		
<b>1.1. Improving market efficiency</b>													UNDP	
1.1.1. Launch of public calls and selection of projects (marketing and processing)													UNDP	
1.1.1. Launch of public calls and selection of projects (primary production)													UNDP	
1.1.2. Implementation of selected projects													UNDP	

Year 2													
Activity	Half-year 1						Half-year 2						Implementing body
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>1.2. Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors</b>													UNDP
1.2.1. Launch of public calls and selection of projects (advisory service delivery)													UNDP
1.2.2. Implementation of selected projects													UNDP
<b>1.3. Strengthening the rural economy and its diversification</b>													UNDP
1.3.1. Launch of public calls and selection of projects (diversification of on-farm production)													UNDP
1.3.2. Implementation of selected projects													UNDP
<b>2.1. Enhancing institutional capacities for coordinated policy delivery</b>													UNDP
2.1.1. Design and implementation of policy support measures													UNDP
2.1.2. Monitoring and evaluation of policy support measures													UNDP
<b>2.2. Strengthening institutional advisory services</b>													UNDP, CzDA
2.2.1. Demand scan of extension service users and assessment of supply by non-state advisory services (including consolidation of a core portfolio of training programmes and support to advancing agricultural forecasting capabilities)													UNDP
2.2.3. Technical assistance to strengthen public advisory services													CzDA
<b>2.3. Enhancing information management systems</b>													CzDA
2.3.1. Review of existing agriculture information management systems													CzDA
2.3.2. Supporting improvements in the sector information systems													CzDA
<b>2.4. Policy and regulatory improvements to reinforce policy delivery</b>													CzDA
2.4.1. Review of existing policies and regulations, and progress towards the EU alignment													CzDA
2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis													CzDA
2.4.3. Review of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document													UNDP

Year 3			
Activity	Half-year 1	Half-year 2	Implementing

	1	2	3	4	5	6	7	8	9	10	11	12	partner
<b>1.1. Improving market efficiency</b>													UNDP
1.1.2. Implementation of selected projects													UNDP
<b>1.2. Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors</b>													UNDP
1.2.1. Launch of public calls and selection of projects (innovations and ICT in agriculture)													UNDP
1.2.2. Implementation of selected projects													UNDP
<b>1.3. Strengthening the rural economy and its diversification</b>													UNDP
1.3.1. Launch of public calls and selection of projects (diversification of on-farm production)													UNDP
1.3.1. Launch of public calls and selection of projects (agri-tourism)													UNDP
1.3.1. Launch of public calls and selection of projects (socio-economic activities)													UNDP
1.3.2. Implementation of selected projects													UNDP
<b>2.1. Enhancing institutional capacities for coordinated policy delivery</b>													UNDP
2.1.1. Design and implementation of policy support measures													UNDP
2.1.2. Monitoring and evaluation of policy support measures													UNDP
<b>2.2. Strengthening institutional advisory services</b>													UNDP, CzDA
2.2.3. Technical assistance to strengthen public advisory services													CzDA
<b>2.3. Enhancing information management systems</b>													CzDA
2.3.2. Supporting improvements in the sector information systems													CzDA
<b>2.4. Policy and regulatory improvements to reinforce policy delivery</b>													CzDA
2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis													CzDA

Year 4													
Activity	Half-year 1						Half-year 2						Implementing partner
	1	2	3	4	5	6	7	8	9	10	11	12	
<b>1.1. Improving market efficiency</b>													UNDP
1.1.2. Implementation of selected projects													UNDP

Year 4														
Activity	Half-year 1						Half-year 2						Implementing partner	
	1	2	3	4	5	6	7	8	9	10	11	12		
1.2. Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors													UNDP	
1.2.2. Implementation of selected projects													UNDP	
1.3. Strengthening the rural economy and its diversification													UNDP	
1.3.2. Implementation of selected projects													UNDP	
2.1. Enhancing institutional capacities for coordinated policy delivery													UNDP	
2.1.1. Design and implementation of policy support measures													UNDP	
2.1.2. Monitoring and evaluation of policy support measures													UNDP	
2.2. Strengthening institutional advisory services													UNDP, CzDA	
2.2.3. Technical assistance to strengthen public advisory services													CzDA	
2.3. Enhancing information management systems													CzDA	
2.3.2. Supporting improvements in the sector information systems													CzDA	
2.4. Policy and regulatory improvements to reinforce policy delivery													CzDA	
2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis													CzDA	

### 3.4. Communication and visibility

The Action will ensure the visibility of the EU funding, using communication for raising awareness of agri-food operators / other rural development stakeholders country-wide on the GIP support and policy / regulatory changes, as well as for promoting progress recognizing institutional partners' role. A Communication Strategy will be developed in the Inception Phase, based on the **Communication and Visibility Plan** (Annex VI). The Action visibility will be based on contractual requirements and relevant guidelines in place between the entrusted entity / implementing partners and the European Commission.

**A kick-off event** will be organised in the inception phase under the patronage of the EU Delegation to further raise awareness and inform on the Action and envisaged funding opportunities. Similarly, a **closing conference** is also envisaged to contribute to further dissemination of Action results.

## 4. ANNEXES

### Annex A. Logical framework

	Intervention logic	Objectively verifiable indicators	Ref. values (ref. year)	Targets (ref. year)	Sources of verification	Assumptions
Overall objective	To modernize agri-food sector and foster rural economy in BIH	Total investment generated via IPA II in agri-food sector and rural development (EUR)		EUR 14,800,000 <sup>59</sup>	EC country reports <sup>60</sup>	
Specific objective	To increase competitiveness of agriculture production and rural jobs and services	New generated value in relation to IPA funds disbursed through the Action (competitiveness measured by the percentage increase in BIH agricultural export index, as a three-year annual average)	Average percentage increase of 13% (2015-2017 against 2010 as a reference year)	15% <sup>61</sup> (by 2024)	UN Comtrade database Labour Force Survey	Political and macro-economic stability is maintained  Governments in BIH are committed to reforms in the sector, including country-wide policy coordination and harmonisation
		Share of employment in agriculture in total employment, sex disaggregated	15.7%, 38% of women (2018)	13%, 38% of women (2023) <sup>62</sup>	Action analyses and reports	
Results	1. Higher levels of production of safe and quality food based on introduced innovative practices, while preserving the natural	Number of agri-food operators (physical and legal entities) supported through IPA action with projects which increase quality/quantity of agricultural products	0 (2019)	320 (by 2024)	EC country reports and profiles	Relevant institutions engage adequate human resources and financial means in line with policy objectives
		Number of new jobs created, including for youth and for women in rural areas (sex disaggregated)	0 (2019)	300 <sup>63</sup> , out of which 100 women and 100 youth (by 2024)	Authority reports Action reports	Trade agreements have no detrimental effects on BIH agri-food exports

<sup>59</sup> Equal to 74% of the total Action value (which is EUR 20 million), adjusted during the Expression of Interest procedure for eligible candidates (pillar-assessed) for entrustment of budget implementation tasks under this Action, to adjust to up to 7% of overheads included into the remaining 26% of the Action's TA component.

<sup>60</sup> Including reflecting the progress vis-à-vis the Commission's Opinion on BIH's application for membership of the EU.

<sup>61</sup> For measuring new generated value, the IPA 2018 Action Document offered various possible parameters for consideration (e.g. increase in farm revenues, increase in salaries and fees for farmers/workers, number of farms converted from subsistence farms to economically viable farms, % of GDP generated through agriculture, etc.), setting the target value at 40% regardless of the selected parameter. During the consultations, the institutional partners agreed to measure competitiveness by the percentage increase in BIH agricultural exports, with a target value set at 15% based on trends from 2015 to 2017.

<sup>62</sup> Total employment levels in agriculture capture many variables outside the range of this Action, therefore, it is difficult to establish a quantitative target. Also, this indicator has been decreasing (the baseline in IPA 2018 Action Document is from 2016, rather out of date from the point of the Action referential values, and was roughly 18%), due to increased productivity and modernisation, among other things. Support to rural economic development and diversification will contribute to job creation, which will not necessarily impact this indicator.

<sup>63</sup> IPA 2018 Action Document specified the target value in the range of 600 (2024), out of which 100 women and 100 youth. As pointed above, the total employment in agriculture is decreasing. As the Action focus is on increased productivity, innovation and modernisation, in consultation with the institutional partners the target was adjusted to a more realistic value.

Activities	resources and the countryside, are sustained	Percentage increase in targeted agri-food operators' revenues as a result of the Action	0 (2019)	20% (by 2024)		Agri-food operators cooperate and transpose EU aligned standards and practices into their farming and businesses
		Number of agri-food operators with certification in quality and safety standards as a result of the Action	0	30 (by 2024)		
	2. Policy actions are implemented in EU aligned manner, based on sector services and systems improved	Level of approximation of policy actions <sup>64</sup> with the EU	Not satisfactory (2019)	Good <sup>65</sup> (2023)	EC Country reports	Institutional partners are committed to anchor and sustain policy and regulatory changes, as well as newly introduced practices
		Level of institutional capacities for result-oriented policy delivery through competitiveness support measures <sup>66</sup>	Insufficient (2019)	Sound (2023)	Authority reports	
					Action reports	
	1.1. Improving market efficiency 1.1.1. Launch of public calls and selection of projects 1.1.2. Implementation of selected projects		<b>Means:</b> - Project staff - International and national short-term experts (individuals and companies) - Support measures provided through GIP - Travel and subsistence costs - Depreciation costs, rental costs or lease - Maintenance and repair costs - Equipment, consumables and supplies - IT and telecommunication services - Costs of energy and water, - Costs of facility management contracts, including security fees and insurance costs - Indirect costs - Other costs			
1.2. Strengthening advisory and extension services to farmers and other agri-food operators by non-state actors 1.2.1. Launch of public calls and selection of projects 1.2.2. Implementation of selected projects						
1.3. Strengthening the rural economy and its diversification 1.3.1. Launch of public calls and selection of projects 1.3.2. Implementation of selected projects						
2.1. Enhancing institutional capacities for coordinated policy delivery 2.1.1. Design and implementation of policy support measures 2.1.2. Monitoring and evaluation of policy support measures						
2.2. Strengthening institutional advisory services 2.2.1. Demand scan of extension service users and assessment of supply by non-state advisory services 2.2.2. Review of existing public advisory services 2.2.3. Technical assistance to strengthen public advisory services						
2.3. Enhancing information management systems 2.3.1. Review of existing agriculture information management systems						

<sup>64</sup> Policy actions stand for specific strategic measures defined in the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document.

<sup>65</sup> At least 40% of policy actions stemming from the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document implemented through the Action in an EU aligned manner.

<sup>66</sup> Assessments will be undertaken to measure entry, mid-term and exit capacity of institutional partners in the sector, with focus on design, implementation, monitoring and evaluation of support measures contributing to the realisation of the Strategic Plan for Rural Development, aligned with mid-term planning and budgetary cycles, as well as EU practices.



	2.3.2. Supporting improvements in the sector information systems		
	<b>2.4. Policy and regulatory improvements to reinforce policy delivery</b> 2.4.1. Review of existing policies and regulations, and progress towards the EU alignment 2.4.2. Support the development of policies and regulations in the agri-food sector that ensure alignment with the Union acquis 2.4.3. Review of the Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document		

## Annex B. Summary of stakeholders' consultations

During the Action design process throughout May and June 2019, **two joint workshops and thirteen individual meetings** were held with the main institutional stakeholders, in order to obtain inputs and feedback on the EU4Agriculture Action, including its intervention strategy, objectives, results and activities, target groups and beneficiaries, methodology, synergies and complementarities, sustainability, management arrangements, as well as risks and mitigation measures.

Additionally, individual meetings focused on discussing priorities in the context of relevant policy and regulatory frameworks, as well as challenges in relation to policy delivery, institutional systems and coordination in the sector.

### Summary of joint consultative meetings

<b>Stakeholder:</b>	BIH Ministry of Foreign Trade and Economic Relations (including BIH Plant Health Protection Administration; Office for Harmonization and Coordination of the Payment System in Agriculture, Food and Rural Development); BIH Food Safety Agency; entity Ministries of Agriculture, Forestry, and Management; Agency for Agricultural Payments BIH Directorate for European Integrations; FBIH Government Office for EU Integrations; Delegation of EU to BIH; UNDP in BIH; Embassy of Czech Republic / CzDA;	
<b>Representative name, title and contact details:</b>	Lists of participants attached <div> Consultations_230520 19.pdf</div> <div> Consultations_060620 19.pdf</div>	
<b>Meeting place:</b>	Sarajevo, Swissotel and UN House	
<b>Meeting date and time:</b>	23 May 2019, 11.00 – 16.00 06 June 2019, 11.00 – 15.00	
<p><b>Summary:</b> During the joint consultative meeting held on 23 May, UNDP and CzDA presented the Action scope, including its objectives and expected results in line with the Action Document, upon which all the participants worked together to identify a list of priorities that should be incorporated into the Action design. Focus was on discussing details of competitiveness support measures under GIP, as well as the technical assistance component. The workshop yielded several concrete suggestions. However, it was agreed to organize a series of follow-up meetings with the main institutional partners, as well as an additional joint workshop that would provide for consolidating the inputs and agreeing on the key elements of the Action.</p> <p>The second joint consultative meeting held on 06 June served to reach an agreement on the revised logical framework as well as on the scope of work and approach proposed for the Action. The logical framework was reviewed and finetuned, including its performance indicators, baselines and targets, as well as the scope of activities. When it comes to the competitiveness support measures under GIP and technical assistance, main comments and suggestions provided by institutional partners are elaborated below.</p> <ul style="list-style-type: none"><li>- The GIP should take in consideration incentives for farmers provided through entity ministries, making sure there is a clear distinction in terms of focus and requirements, to avoid duplication and provide for enough applications.</li><li>- Under GIP support to improving market efficiency, more resources should be earmarked for primary production than for agri-food processing and marketing (i.e. EUR 4.5 M vs. EUR 3.5 M), particularly taking in consideration that the margin between small and medium farmers in BIH is very narrow. Also, threshold for grants to individual project proposals by farmers should be set at EUR 25,000 with the beneficiary’s co-financing of 40%. The co-financing by the applicants for investments in agri-food processing and marketing</li></ul>		

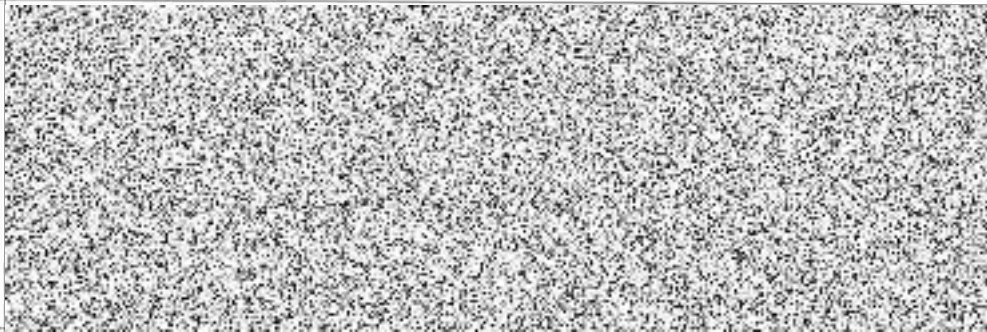
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should be 50%.

- Having in mind challenges that farmers' face when it comes to access to finance, it would be important to reach out to the banking sector and advocate for favourable loans/financial products helping potential applicants to secure co-funding.
- Final criteria for the selection of GIP beneficiaries will be formulated by inter-institutional working groups. In this context, the institutional partners suggested to use the model introduced by the EU4Business Action, which enables their hands-on engagement and learning.
- Technical assistance for extension services should follow the relevant legal provisions and ongoing activities by entity ministries.
- The review of needs and priorities in relation to the public advisory systems is welcome, but it should not focus on questioning the existing model;
- Although several potential priorities were identified as regards enhancing information management system, the final list of interventions in this aspect will be defined during the inception period through consultation with relevant institutional partners.
- Policy and regulatory improvements should be geared towards the implementation of the current BIH Strategic Plan for Rural Development of BIH (2018-2021) – Framework Document and laying foundation for its update.
- All the interventions need to be strategically steered through the lenses of approximation to the EU.
- Close synergies should be ensured with the upcoming interventions in the sector, including the EU twinning programme, as well as the new World Bank project.

All the institutional partners confirmed interest for involvement in Action activities to be implemented directly by UNDP and CzDA. They also agreed with the proposed steering and management structure that involves Programme Board, Programme Team, Advisory Board and inter-institutional working group(s).

### Summary of Individual Meetings

<b>Stakeholder:</b>	BIH Ministry of Foreign Trade and Economic Relations
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo, BIH Ministry of Foreign Trade and Economic Relations
<b>Date and time:</b>	21 May 2019, 14.00 – 15.00 30 May 2019, 11.45 – 13.30
<p><b>Summary:</b> The focus was on discussing the ongoing activities, existing and emerging priorities and needs for strengthening the agri-food sector regarding policy alignment with the EU, development of agriculture information systems and analytical capabilities for better policy delivery and monitoring and evaluation of current and future policies. The Ministry reflected on the ongoing activities, pointing out some of the priorities in terms of institutional development, referring to other ongoing/upcoming interventions in the sector, such as USAID/Sida FARMA II and the upcoming World Bank project.</p> <p>The following support areas were put forward to be considered under the EU4Agri Action:</p> <ol style="list-style-type: none"> <li>1. Support the continuation of efforts and discussions to develop IPARD operational structure in BIH (e.g.</li> </ol>	

through a “platform for discussion”);

2. Support to improve the agriculture information systems (enhancing the existing elements and establishing the missing ones);
3. Support to institutions to establish and improve analytical capabilities and relevant market intelligence to inform/guide the delivery of agricultural policies;
4. Development and strengthening of monitoring and evaluation framework for public policy in agri-food sector through support of the Strategic Plan for Rural Development Working Group;
5. Development of new strategic document in order to ensure continuation of IPA (III) support for the agriculture and rural development sector;
6. Development of the wine sector legislation, including the registries and regions for the wine producers and to link activities with the ongoing GIZ-led regional project on wine.

As part of the meetings, the Ministry highlighted the need for support to BIH institutional under the Union acquis Chapter 11, expressing concerns that the resources allocated under EU4Agriculture Action might be insufficient to do this comprehensively. The Ministry is supportive of work in the wine and organic sector provided interest by the entity ministries. It was also mentioned that support related to the Union acquis Chapter 12 issues will be provided through the EU twinning and other programmes.

<b>Stakeholder:</b>	FBIH Ministry of Agriculture, Water Management and Forestry
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo, FBIH Ministry of Agriculture, Water Management and Forestry
<b>Date and time:</b>	30 May 2019, 10.00 – 11.30 13 June 2019, 10.00 – 11.30

**Summary:** A significant part of the meeting was dedicated to discussing the ongoing activities and existing needs as regards strengthening institutional advisory services, enhancing information management systems, as well as policy and regulatory improvements that could contribute to enhanced policy delivery.

The representatives of the Ministry presented ongoing activities, such as basic training for extension services providers and officers scheduled in June. Advanced trainings are planned to be held once a year. For this purpose, cooperation was established with faculties in Bihać, Tuzla, Sarajevo and Mostar. Upon the training initial register of extension service providers and officers will be created. Among other, it was pointed to the need to establish a web platform for extension service information exchange with fee-based expert advice menu as well as on-line training system. Other needs include establishment of registries, such as herd book and wine registry, upgrade of Farm Registry (RPG) with architecture to enable integration to FADN, LPIS and subsidies recipient's registry. Also, it was mentioned the need to adequately cover the criteria for less favoured areas (LFA) in the Law on Agriculture that is in the process of revision. Finally, the representatives of the Ministry underscored the need to develop a new strategic document, although raising concerns that this activity could be highly politicized.

**At the request of Ministry, a follow-up meeting was held on 13 June. Its purpose was to additionally clarify specific aspects of the Action related to the support to the advisory and extension services. In particular, the Ministry expressed their views how the current legal framework on extension services might impact the implementation, suggesting including only “extension” services in the Action and not overall “advisory” services. The reason is that the ministry is only responsible for extension services while other advisory services are mandated to other agencies such as BIH Plant Protection Authority or BIH Veterinary Office. However, the Ministry recognizes the need by the farmers to be supported in preparation of project applications and business plans. Furthermore, the Ministry expressed its commitment to participate in the Action and engage its personnel in**

the design of support measures and capacity development.

<b>Stakeholder:</b>	RS Ministry of Agriculture, Forestry and Water Management
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Banja Luka, RS Ministry of Agriculture, Forestry and Water Management
<b>Date and time:</b>	31 May 2019, 11.00 – 13.30

**Summary:** The purpose of the meeting was to get insights into ongoing activities, priorities and needs in the sector, especially related to the improving of policy and regulatory frameworks, institutional capacities, strengthening of the extension services systems, development of necessary information systems to improve policy delivery, etc.

The representatives of the Ministry pointed out that the extension services in the RS are well structured and under direct management and supervision of the ministry. There are currently ca 50 public extension officers in the RS. The certification of extension service providers will be done through the Chamber of Agricultural Engineers; training programmes are to be provided through the faculties. To strengthen the system, the Ministry pointed out to the need to improve the analytical capabilities of the extension services field offices (equipment, analysers, probes etc.). In addition, improvements in the existing support systems such as CARPO would be welcome (new functionality, better prognostics, etc).

The Ministry worked on the new Cooperative Development Strategy; this could be of relevant to the Action.

When it comes to the information systems, the ministry is already very active in improving the existing systems and developing new ones, such as FADN. FADN system is up and running and is currently being tested with 115 farmers. The existing system for farm holdings is being upgraded. Furthermore, the Ministry is also developing technical specification for the software for agricultural payments. When it comes to further development of information systems in BIH, there is the lack of agreement on the structure of data to be exchanged. The Ministry has established a working group to prepare a new draft law on agriculture, as part of this law they will also define responsibilities for information systems. The focus of the World Bank project will be on the information systems; in that context it would be important to know what the EU4Agri would cover. As per their understanding, the Statistical Institutes are discussing the Agricultural Census, which should take place soon.

The Ministry is considering a new strategic framework as needed and is suggesting continuing discussions on this in the future. Also, the regulation that is missing, such as on less favoured areas could be considered for support under the Action. The Ministry is also supportive of activities related to wine and organic agriculture. Finally, the food safety flexibility rules and regulations in the RS have been already developed and do not need special attention now.

<b>Stakeholder:</b>	RS Ministry of Agriculture, Forestry and Water Management
<b>Representative name, title and contact details:</b>	

<b>Place:</b>	Banja Luka and Sarajevo
<b>Date and time:</b>	16 May 2019, 17.30 – 19.20 17 May 2019, 9.00 – 10.45 21 May 2019, 12.00 – 12.30 (with Minister only)
<p><b>Summary:</b> The focus of the meeting was to discuss current and planned activities and potential synergies with the EU4Agriculture Action. The following were raised as priority topics:</p> <ul style="list-style-type: none"> <li>- <b>Plant production - Priorities:</b> To be discussed/confirmed with FBIH Ministry - the main target groups to be the employees of entity institutions for whom a tailored training programme could be offered;</li> <li>- <b>Organic production</b> - support in the area of organic production and relevant activities that will support further development and improvement of the sector; Assistance is needed, but not limited to: assessment of the sector/need, further alignment with the Union acquis - harmonisation of legislation, strengthening capacities of official control, inspectorates, control bodies, laboratories (land, food, feed etc. monitoring/testing); Organic products marketing, import/export requirements etc., description of old BIH autochthonous/indigenous domestic varieties of fruit and wine (grape) varieties and if possible collection of genetic material of these varieties; To be discussed/confirmed with FBIH Ministry - the main target groups to be the employees of entity institutions for whom a tailored training could be offered.</li> <li>- <b>Law on Wine</b> - assessment and harmonisation of the entities' laws (taking into consideration the new EU legislation entered into force in February 2018: The Commission Delegated Regulation (EU) 2018/273 and the Commission Implementing Regulation (EU) 2018/274 - these regulations concern monitoring of the movement of wine products, certify origin and other characteristics. Assistance could include assessment, training of competent authorities' staff in legislation, register management, data collection, data verification, subsequent control together with a special training for employees who work or will work with the registry, and including those who will be involved in the process of administrative procedure.</li> <li>- <b>Animal Production – Priorities:</b> Assistance for development of veterinary information system in ministry – including inspectorates, laboratories as well as possibilities to be connected with state institutions – where it is prescribed by law/constitution; Specialized trainings for representatives of competent authorities in the field of Categorisation of production/processing establishment and slaughterhouses for red meat, including official controls; Feed control/Contaminants/additives; Assistance for accreditation of inspection bodies as per ISO 17020 requirements;</li> </ul> <p>Many of the above topics (except for wine and organic production) could be part of the EU twinning project, so the Action should seek opportunities for synergy. The RS Minister of Agriculture also confirmed his support for work in the organic, wine and animal production sector.</p>	

<b>Stakeholder:</b>	BIH Veterinary Office
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo, BIH Veterinary Office
<b>Date and time:</b>	14 May, 10.00 – 11.20
<p><b>Summary:</b> The purpose of the meeting was to discuss current and planned activities and potential synergies with the EU4Agriculture Action. The Veterinary Office is currently focusing on eggs (for fresh consumption), but in the future the priority will be red meat followed by swine meat. CzDA is already providing significant support in relation to eggs but some issues still need to be addressed this year. With regards to meat, standards need to be improved in slaughterhouses. More work is needed in relation to the hygiene package. An issue is that the hygiene package has been adopted prior to the adoption of the new Veterinary Law, which has been developed three years</p>	

ago, but there has not been political will to adopt it. BIH State Veterinary Office believes that the BIH Food Safety Agency will also make this a priority issue (to develop a Hygiene Package #2).

Twinning (EUR 3 million) will focus on animal health, animal welfare and animal by-products products, including harmonisation of legislation. Therefore, the EU4 Agriculture Action needs to avoid activities covered in the twinning.

<b>Stakeholder:</b>	RS Inspectorate (agriculture/phytosanitary field)
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo, Hotel Grand
<b>Date and time:</b>	May 14, 16.30 – 17.45

**Summary:** The focus of the meeting was to discuss current and planned activities and potential synergies with the EU4Agriculture Action. Some of the priorities in the upcoming period include:

- Support to implement software to track sampling for plant disease ID. With this support, inspectors (including staff at Institutes) could use tablets to enter sampling location (automatically using GPS) and disease ID (tablets would have info on disease symptoms). This information would then be collated and will be possible to examine at the entity and state Level i.e. observe maps of sampling locations, and specific locations where diseases have been noted. Italy and the UK has a good system. In BIH, Ministries still report through correspondence, so such information is not readily available. The above is a precondition for implementing monitoring programs (plant diseases). Sub-activities would include adaption and implementation of software and training on its use for inputs and reporting.
- Improvements in the register systems in Ministries of Agriculture. Currently, Ministries have multiple registers (fertilizers; seeds; plant material producers etc) and these are all kept in excel sheets.
- Equipment for phytosanitary inspection. Procure small equipment.
- Support annual gathering of inspectors in BIH (19 RS, 7 FBIH, 3 BD) to conduct training on procedures to harmonise approaches; discuss issues etc.
- Training on specific topics: Training is needed but it should be very practical (in the field), ensuring that trainers leave behind a procedure/manual e.g. standard procedure for sampling in citrus fruits.

There is already on-going support provided in the phytosanitary field including that provided by CzDA, EU TAIEX and past twinning projects (e.g. EU FITO project). Future EU twinning project, as well as a project funded by the Government of Italy, will provide further support in the phytosanitary field. Therefore, the EU4 Agriculture Action should look at opportunities for establishing synergies/complementary activities with on-going and future projects.

<b>Stakeholder:</b>	BIH Food Safety Agency
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo
<b>Date and time:</b>	15 May, 09.00 – 10.30

**Summary:** The purpose of the meeting was to discuss current and planned activities and potential synergies with the EU4Agriculture Action. Following were raised as priority topics: (i) Monitoring plan for contaminants in food to be drafted and (ii) Improved capacities of food laboratories for laboratory analysis of contaminants in food.

System of official controls of food in BIH needs to be improved in order to guarantee high level of human health protection and to enable the country to meet requirements and standards for export of food on EU and global market. Among priorities, the Director highlighted the field of food contaminants monitoring - to be improved as

a part of official controls system. Although there is no current or foreseen support from other donors in the field of food contaminants, the activity would fall under Chapter 12, which is not the focus of the Action. The Action can also seek synergies with planned support through the planned EU twinning project.

<b>Stakeholder:</b>	BIH Plant Health Administration
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Sarajevo
<b>Date and time:</b>	15 May, 11.00 – 12.00
<p><b>Summary:</b> The focus of the meeting was to discuss current and planned activities and potential synergies with the EU4Agriculture Action. The on ongoing CzDA-funded project and the planned EU twinning project and the project funded by the Government of Italy are expected to provide comprehensive support in the phytosanitary field. Two areas that may be considered for support relate to description of indigenous varieties as well as biological control as part of Integrated Pest Management (IPM). The Action may explore opportunities for synergies in these areas.</p>	

<b>Stakeholder:</b>	Brčko District Department of Agriculture, Forestry and Water Management
<b>Representative name, title and contact details:</b>	
<b>Place:</b>	Brčko
<b>Date and time:</b>	25 June 2019, 9.00 – 10.45
<p><b>Summary:</b> The purpose of the meeting was to inform about the upcoming EU4Agriculture Action, as well as to obtain update on Brčko District ongoing activities and priorities in the sector.</p> <p>The representatives of the Brčko District confirmed their interest to take active part in the Action, specifically in the process of GIP measures design, implementation, monitoring and evaluation. Brčko District has recently started the process of establishing a Rural Development Sector, which should focus on providing investment in primary production, processing and diversification of rural economy.</p> <p>Brčko District sees support to private extension services providers as a valuable effort for the development of capacities to support agri-food operators, including for the preparation of sound projects and business plans. Currently, Brčko District has a small extension services unit consisting of three officers, who are mostly burdened</p>	

with administrative works related to direct payments. Participants also raised the need to improve the current Law on Agricultural Cooperatives in Brčko District. It would also be useful to explore ways to ensure more flexibility regarding legislations regulating artisanal and on-farm processing in order to boost the diversification of rural economic activities. Brčko District representatives also acknowledged weaknesses in their current agricultural holding registry and asked for both technical and software support to develop it and enable its eventual integration in the state level registry. With support of FAO, Brčko District has drafted Agriculture and Rural Development Strategy (2019 – 2025), which awaits adoption by the District Assembly. Support to preparing a new strategic framework beyond 2021 would be very important, and Brčko District would be ready to engage in these activities.

