

**Project Fiche – IPA Annual Action Programme 2007 for Bosnia and Herzegovina**  
**Support for Rural Development Programming (SRDP) in B&H**

**1. Basic information**

**1.1. CRIS Number:** 43040 Rural Development

**1.2. Title:**

Strengthening of the BiH Rural Development programming capacities"

**1.3. ELARG Statistical code:** 03.11 – Agriculture and rural development

**1.4. Location:** Bosnia & Herzegovina (B&H)

**1.5. Contracting Authority:** EC Commission in Bosnia and Herzegovina

**1.6. Implementing Agency:** EC Commission in Bosnia and Herzegovina

**1.7. Beneficiary:** State, Entity and Municipal level governance structures in the sector and rural stakeholders

**1.8. Overall cost:** €1,000.000

**1.9. EU contribution:** €1,000.000

**1.10 Final date - contracting:** N+2

**1.11 Final date - execution:** N+4

**1.12 Final date - disbursement:** N+5

**2. Overall Objective and Project Purpose**

**2.1 Overall Objective:**

The overall objective, to which this project will contribute, is the development of a sustainable, competitive and dynamic agriculture, forestry and food sector in BiH by strengthening governance structures, fostering harmonisation and approximation of the sector with the EU through an enhanced economic and social development of rural communities.

**2.2 Project purpose:**

The purpose of this project will be to strengthen agriculture and rural development programming and payment capacities in BiH, promoting participatory bottom up-approaches in the design and management of rural development measures demonstrated through the application of pilot activities.

**2.3 Link with AP/NPAA / EP/ SAA**

The European Partnership for BiH calls, in the medium term, for the implementation of a comprehensive, country-wide, agriculture and rural development strategy and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and internationally accepted auditing standards. In addition, in order to prepare for absorption of the future IPA Rural Development component, there is a need for BiH to reinforce its administrative structures aimed at implementing the agricultural and rural development strategies and policy instruments in terms of capability to design, financially manage, monitor, control and evaluate rural development programmes implemented at national level.

## **2.4 Link with MIPD**

MIPD has identified within the chapter 2.2.3. related to the European Standards, that rural households and communities will be benefiting from enhanced rural support policies and measures and increased prosperity as a result of the implementation of the rural development IPA 2007-09 programme. This project will provide the foundations for this support to be realised.

## **2.5 Link with National Development Plan**

The BiH Mid-Term Development Strategy (2004) highlights the importance of strengthening institutions, which are responsible for managing and coordinating the sector. Further, the MTDS emphasises the need to improve support for the sector, improve the effectiveness and monitoring of existing subsidies and redirect measures of support in line with agriculture and rural development priorities. In response, both Entity governments have developed sector strategies that outline plans to improve support, including specific support for rural development. At state level a draft law on agriculture, food and rural development has been prepared defining the areas of rural development support envisaged, which mirror those defined under the three core axis of the *Acquis*. The draft law has been approved by the Council of Ministers but has yet to be presented to the BiH Parliament for consideration. However, the framework is accepted at Entity level as the guidelines for development of new measures to be supported in 2007-9. How any specific measures will be chosen, designed and/or implemented remains undefined at this time. EU support is being provided to assist in this process through the on-going EC "Support for implementation of the Functional Review Recommendations" (SESMARD) project which is supporting the development of a BiH harmonized rural development programme and providing assistance to support development of operational programmes at entity level. The project will further develop this support and capacity, ensuring that interventions both complement and contribute to National development goals.

Progress Report for 2006 recognised that the BiH agricultural sector needs to address a number of weaknesses, such as uncertainties regarding land ownership, modernisation of the production and processing industry, low productivity, low land use and access to market. Insufficient financial resources for agriculture and rural development – approximately 4% of the total budget allocated – and the absence of consistent policy are preventing the sector's development. The envisaged IPA 2007 assistance is aimed to address the rural development aspect of the above problem in order to enhance the sectoral policy, stimulate increase of funding and improve efficiency of rural development measures.

## **2.6 Link with national/ sectoral investment plans**

In both Entities and Brcko District increased funding has been pledged by the respective governments for 2007 in support of both agriculture and rural development. Current estimates suggest that approximately €5 million will be invested in rural development type measures in 2007 in BiH, with plans to increase this level annually, subject to results achieved with the introduction of new programmes in 2007. In addition, the World Bank's envisaged support to the Sector includes allocation of some 0.6 MEUR for support to creation of MoFTER based Rural Development Coordination Unit that will be responsible for the collation and compilation of farm and clients' registry information and payments for the future reporting to the EU. The Unit was recently staffed with 3 employees and further equipping is envisaged from the World Bank's facility. Further assistance of 6 MEUR will be provided for establishment of IPARD compliant payment system infrastructure at MoFTER and entities levels along with an additional 6 MEUR to be disbursed in grant funding. The envisaged EC technical assistance and pilot projects will be fully complementary to the World Bank's loan funds in view of the needs for intensive institutional and capacity building activities that will facilitate creation of *acquis* compliant structures.

### 3. Description of project

#### 3.1 Background and justification:

Major support to the BiH agricultural sector has been provided in the past to production support measures, primarily in the dairy, livestock and tobacco sectors. Support to the rural development is anticipated that will significantly impact on the economy of rural areas in terms of improved agricultural production patterns and enhanced productivity, improved land management methods, increased employment and enhanced rural social and economic welfare.

The main recommendation of the EU funded 'Functional Review of Agricultural Sector' (2004) relates to the establishment of the State level MoAFRD with its key functions related to development and coordination of the BiH policy and strategy for agriculture, food and rural development. In addition, this document emphasizes the need to improve coordination and monitoring of sectoral policies and implementation strategies, as well as for the preparation of State-level legislation in support of the sector. In order to support the development of BiH harmonized agriculture and rural development policy and gradually aligning the sector with the EU *acquis*, a recently prepared draft BiH Law on Agriculture, Food and Rural Development provides for creation of the strategic framework for B&H agriculture and rural development. The draft law also defines the following objectives related to the BiH rural development: (i) To encourage the diversification of economic activity, improve employment and income opportunities and the quality of life in rural areas; (ii) To ensure the rational use and protection of natural resources and biodiversity. The law further defines the areas in which support will be provided to contribute to the achievement of these objectives, namely:

- (a) *Measures for increasing competitiveness*: This will include measures to increase investments in agricultural holdings and the food industry, support to sector education services, support to early retirement, support to young farmers, support to development of infrastructure in rural areas and other related measures linked to competitiveness of rural areas.
- (b) *Measures for protection of the rural environment*: This will include measures for less favoured rural areas, support to agro-environment programs including organic production, integrated production, environmentally-friendly production, support to animal welfare and other related rural environment measures.
- (c) *Measures for diversification of activities in rural areas and measures for improving quality of life in rural areas*: This will include support to on-farm activities, support to off-farm activities, measures for improving villages and preserving natural and cultural heritage in rural areas and related measures.

Although the Law has not been yet adopted, there is a general consensus amongst the majority of BiH agriculture sector stakeholders that this document presents a major qualitative development towards definition of the BiH Agro-food Strategy and Rural Development plan, which is currently being drafted, with implementation to be mainly assigned to the Entities and lower administrative levels (cantons and municipalities). With support of the related EC technical assistance "Support for implementation of the Functional Review Recommendations in Agriculture Sector" (SESMARD project), a process of definition of the above mentioned draft BiH strategic documents is expected for completion by mid-2007. It is anticipated that by this time a group of priority measures will have been agreed to reflect the BiH rural development priorities. This will include the definition of expected results and corresponding indicators to measure the effectiveness of individual measures. SESMARD will also be laying the foundations for establishment of harmonised payment systems and procedures for sector support between the Entities and Brcko District. In conclusion, the SESMARD project is anticipated to create the basic institutional, financial and legislative framework for the harmonized

implementation, control and monitoring of rural development measures to be implemented at local level. However, to fully develop such a system will take time and will require further dedicated investment and support.

Ultimately, certain administrative structures will need to be developed to a sufficient standard to manage, control and monitor future EU rural development support provided through the IPA Rural Development component. The main areas requiring greater investment would include (i) Rural Development Programme Management capacity building; (ii) Financial management, control and accounting for Rural Development funds; (iii) Monitoring, evaluation and reporting, (iv) Training of rural stakeholders and creation of rural networks who will engage in the planning (and implementation) process, as well as other activities aimed at promotion of locally-based, bottom-up participatory approaches to rural development.

As the system matures at all levels, it is anticipated that this will lead to revision and improvement of the BiH strategy and specific measures over time, thereby enhancing effectiveness in Rural Development policy implementation. In parallel to this process and independently from the status of adoption of the state level legislation, the Entities will be implementing a whole range of new rural development measures from 2007 onwards based on their existing sectoral priorities. It should be noted that they strongly support all initiatives that would lead to creation of harmonized procedures and methodologies for more efficient implementation of measures, despite the differences in political positions as regards a need for institutional strengthening at state level. Nevertheless, given the increasing need for harmonized policies in the sector, it is expected that the state level institutions will start assuming a more active role in this process during 2007, with the expansion of the MoFTER Sector for Agriculture and its sub-department for Rural Development. A potential transposition into a new Ministry of Agriculture, Food and Rural development, which is currently pending subject to political commitment, will lead to further strengthening of the capacities of BiH administrative structures to effectively handle the rural development component of agricultural expenditures, being one (of two) explicit *acquis* related requirements in this field.

The aim of the proposed EC assistance in this area is therefore to strengthen the Rural Development Programme Management capacity building and to promote the locally- based bottom-up participatory approaches to rural development. The project will also assist in initiating of the complementary financial management systems as well as monitoring and evaluation capacity. The project will also promote application of rural development measures through the selected pilot project(s) in a participatory manner in order to demonstrate in practice a process of preparation, control and monitoring of implementation of rural development programmes.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

The implementation of this project is expected to impact positively upon: (i) The efficiency and effectiveness of current agricultural support measures/funds at Entity level by improvement of programme management capacity and systems, including exchange of knowledge and experience in innovative fields, such as agro-environment; (ii) The transparency and accountability in the use of funds, through improved financial management systems and the development of clear performance indicators, linked to effective policy monitoring and evaluation; (iii) The development of a more harmonised, integrated and dynamic national rural development programming framework, based on a more inclusive planning process, engaging a broad range of rural stakeholders.

In addition, the improved application of rural development measures are expected to have beneficial effects on the quality of life and growth of job opportunities for women and young farmers, to economic effects of value-added production, through improved agro-environment farming practices,

organic production, improved hygiene standards, biodiversity and other measures targeting prosperity and growth in rural areas. The participatory bottom-up approach will require the creation of locally based development plans that will be incorporated into the overall national strategy and priorities. This will require the reinforcement of inter-sectoral cooperation and integration of agriculture and rural development with other development programmes and strategies, such as regional development, environment, employment, transport and communication, renewable energy and other relevant programmes. The project will support institutional capacity building in these areas to enhance sustainability and overall impact.

The cross-border impact of the project is likely to be minimal although there may be opportunities for expanding cooperation between the rural development networks within the region and internationally.

### **3.3 Results and measurable indicators:**

The following results are anticipated:

**(i) Harmonised BiH Rural Development Programme Management capacity established.**

- a. Procedure for preparation and implementation of the BiH multi-annual rural development plan and regional operational programmes defined and agreed based on participatory bottom up approach.
- b. The role of institutions involved in preparation of the BiH rural development planning defined by taking into account a cross-sectoral dimension of rural development.
- c. Capacities created within the various Ministries to apply the regional and local approaches to rural development programming based on the national rural development plan.
- d. Implementation mechanisms developed for the range of the rural development measures (including agro-environment measure) by definition of beneficiaries, eligibility and ranking criteria, monitoring and target indicators, description of operating structure for implementation, as well as definition of the authorities and bodies responsible for carrying out the programme.
- e. Practical demonstration of selected rural development measure(s) with preference to agro-environment measures.

**(ii) Harmonised BiH RD application and payment procedures and public dissemination programme established**

- a. Proposal for an improved transparency and accountability of the existing subsidy programme defined.
- b. Reviewed application procedures and information flow at local and regional levels.
- c. Action plan prepared for communication and public relations programmes to improve the dissemination process and broaden participation and uptake of new schemes.
- d. Developed framework for harmonised payment systems and procedures and training of entity and state level staff in their operation and use

**(iii) Harmonised BiH RD Monitoring, evaluation and reporting system established**

- a. Integrated Monitoring and Evaluation system for rural development programmes in BiH developed.
- b. Composition and mandate of the BiH rural development monitoring committee agreed.
- c. Agricultural annual report updated with relevant information and experiences from implementation of the rural measures pilot scheme.

- (iv) Creation of Local Action Groups (LAG's) in targeted pilot regions capable of engaging in the planning and implementation of local rural development programmes utilizing participatory, community-based approaches (using the LEADER approach).
  - a. Rural development planning and programming capacity of local organisations and administrations enhanced.
  - b. Pilot LAG's actively contribute to the programming, implementation and evaluation of the rural development measures.
- (v) Proposal for implementation of the larger scale EC grant scheme for support to LAG's and B&H rural network(s) defined.
  - a. Experience from the pilot schemes taken into account for definition of follow up support to the locally based actions related to rural development.

### **3.4 Activities:**

This project will build on deliverables anticipated to be achieved by the on-going SESMARD project in areas of relevance to rural development, namely:

- (i) Definition of rural areas in BiH;
- (ii) Determination of BiH rural development areas, based on a number of socio-economic variables, such as percentage of territory, population density, employment rates, income per habitant, activity rates of women, development of service sector, education levels, access to communications /internet etc.;
- (iii) Strategic framework for BiH Rural Development by identification of the areas where the use of specific rural development measures will create the most value-added to the rural economic and social development, also in line with the main priorities of the EU rural policies on growth, job creation and sustainability;
- (iv) A set of baseline indicators aimed to facilitate the reporting system to apply the principles for a common monitoring and evaluation of programming and implementation of priority measures.

It is recognized that the SESMARD project will have established a BiH basis but that further, sustained investment in all areas will be required to improve information sources, expand human resource numbers and capacity and to develop greater harmonization and gradual alignment of plans and measures with those of the EU, over the life of the project.

In practice, the process should run in a way that design and implementation of support measures for rural development are targeted towards achieving a number of recognized performance indicators in the most efficient manner, thereby contributing directly to the realization of the overall (EU aligned) sector strategic priorities including:

- Stronger economic performance, balanced with sustainable use of natural resources;
- Maintain attractiveness of rural areas for investment and living;
- Promotion of knowledge and innovation for growth and development of high quality and value-added products in the B&H agriculture, forestry and agrifood sectors;
- Creation of more and better jobs in rural areas particularly for women and young people;
- Improving governance and policy delivery by building the national networks for rural development and support creation of local action groups;
- Create mechanisms for synergy with other policies including those related to regional development and employment.

However, apart from the strategic selection and design of the rural development programme, the envisaged enhancements in the BiH rural development support system will also need to engage in strategic monitoring of the efficiency in implementation of the national strategy, with a set of common

indicators and methodology for assessment of the (i) baseline situation (ii) development of programme of measures and (iii) impact and effectiveness of support.

The project will be designed to provide support in four main components, namely:

**Component 1: Support to capacity building of rural development programme management and participation at all levels**

To strengthen the capacity of the existing governance structures in the sector in rural development programme management there is a need to institutionalise the process of preparing and implementing multi-annual rural development plans utilising more broad-based, participatory planning methods. The implementation of the BiH rural development plan should both help BiH to tackle priority rural development needs (including protecting the natural, social and historic environment, gender mainstreaming, minority rights and the need to integrate refugees and internally displaced persons into society) and to prepare for the future implementation of the *acquis communautaire*.

In accordance with EU best practice in the programming of rural development support measures, the project will support the various Ministries in the implementation of 'regional' and 'local' approaches to rural development programming, reflecting the various administrative regions and rural development plans being developed, which will need to be combined into a national rural development plan. The project will develop an approach that will engage participatory planning within all identified rural Municipalities of BiH. The Municipalities also have the potential to play an important role in integrated rural development actions, for which they also have budgetary resources. In addition, the Municipalities of the Federation of BiH are coordinated through Cantonal structures, which will also be significant in the planning process.

In order to train the staff of the State, Entity, Canton and Municipal level in the organisation, management and conduct of rural development programming exercises, 'regional' rural development plans, which are currently being supported, will be improved for each region in BiH. The preparation of Rural Development Plans for the selected regions should follow best practice from the European Union. The project will provide training and support at regional and local level to develop capacity in:

- (a) Developing SWOT analysis that will include analysis of local gender, environmental and other cross-cutting issues. The training and resultant analysis will also include an identification of local NGO and donor funded support for rural development in the regions concerned and the lessons that can be learnt and utilised in improved planning and implementation.
- (b) Local and regional strategic planning to address local priorities and reduce the local disparities, fill the gaps and take full advantage of the potential for rural development and a description of the measures contemplated for implementing local plans and in particular a description of the assistance schemes proposed.
- (c) Appraisal techniques for proposed strategies through which it will be possible to identify the expected economic, environmental and social impacts (including employment effects and the impacts upon gender equality, refugees and internally displaced persons).

Particular attention will need to be paid to the need to avoid the preparation of overly ambitious local plans, the required resources for which (in terms of staff, premises, equipment, and financing) are not available. The plans will be based upon, and contain, a realistic assessment of the financial resources available for implementation which will, in the main, be based upon both local and national budgetary resources available, supplemented where necessary and possible by donor grant support and the lending operations of International Financial Intermediaries (IFIs).

The project will support the governance structures at local and regional levels to reorient their budgets to provide the required resources for the implementation of the plan(s). The project will also assist in coordinating / identifying appropriate donors and/or IFIs to support specific measures as and where appropriate and will support the relevant administrations to undertake the required donor co-ordination (e.g. to support relevant Ministries to provide donors with information/briefings on needs and the results of on-going operations). Attention will be paid to the scope for creating synergy with programmes funded by other Ministries and donor support programmes in other sectors (e.g. in the fields of municipal support, enterprise generation, infrastructure, environment, social development, etc.) and the need to avoid wasteful overlap.

The project will assist the relevant Ministries to prepare the rural development plans in a fully participatory manner. To support this approach and to strengthen the diagnosis, in addition to using secondary data sources to identify the current situation and development opportunities, the project will train staff from the Ministry (and any other relevant organisations identified by the Ministries) to use rapid and participatory rural appraisal techniques (RRA and PRA). The project will also assist in establishing procedures and systems for consultation with other organisations, authorities and bodies, as well as the economic and social partners at the appropriate levels.

The project will assist the Ministries in developing detailed implementation procedures for existing and future rural development measures to ensure that rural development measures can be implemented (selected, contracted, disbursed) in the required timeframes so as to avoid available budgetary funds not being utilised.

In providing assistance to the Ministries the project will take into account the evolution of the approach to Rural Development within the European Union and in particular progress in the Commission Regulations on rural development support through the Instrument for Pre-Accession for Rural Development (IPA RD) for the next programming period (2007-2013) which includes a strengthened bottom-up approach to rural development.

Emphasis will be given to the practical demonstration of implementation of rural development measures. The project will provide guidance and support for the design and implementation of pilot measures at local level, using participatory planning methods.

**Output:** Departments at local, regional and state level trained in the use and application of participatory Rural Development Programming (which are aligned with the basic practices and principles of IPA Rural Development Programme). Practical demonstration of programming will be supported by development of pilot measures.

## **Component 2: B&H RD application and payment procedures and awareness raising process and system established**

In order to be able to ensure the sound financial management of budgetary resources in support of the rural development sector and provide the assurances in transparency and accountability applied within the entire programme management process, the project will assist in updating and strengthening of the financial management of agricultural subsidies and rural development support.

The project will review the application procedures and information flows at local and regional levels, linked to the payment of agricultural subsidies and rural development support and prepare a detailed action plan for the adaptation of these applications, procedures, communication and public relations programmes to improve the dissemination process and broaden participation and uptake of new schemes.

The project will also provide training on and support the relevant Ministries to prepare and implement the required procedures and systems. Procedures adopted will ensure the maintenance of documents justifying payments effected and of documents concerning the carrying out of required administrative and physical controls.

**Output:** Harmonised RD measures application and payment process, procedures, communication and public relations programmes established to improve the dissemination of information, broaden participation and uptake of new schemes.

### **Component 3: Harmonised B&H RD Monitoring, evaluation and reporting system established**

The Rural Development plans developed and strengthened with project support will also include a description of the required provisions to ensure the effective and correct implementation of the plans, including monitoring and evaluation, a definition of quantified indicators for evaluation, arrangements for controls and sanctions and adequate publicity. The project will establish an integrated Monitoring and Evaluation (M+E) system for rural development programmes in BiH. The M+E system will be institutionalised by the project to become an essential and significant part of the Rural Development programming function. Once operational, the Monitoring system will allow modification of on-going programmes to improve performance and the evaluation system will help in assessing overall impact of the programme and specific measures and ultimately in designing and adjusting future programmes to improve overall performance. The M+E system will introduce a continuous tracking process that can be used by BiH Rural Development policy planners and decision-makers to guide their work. The M+E system is also an effective bridge between the programming and financial control system and procedures, providing both with essential information to guide their operation and evolution. As such, it is considered significant enough to require special attention as a separate (but integrated) component of the project. The project will introduce the common set of rural development monitoring and evaluation indicators and common methodology adopted within the EU, wherever possible (subject to data restrictions), supplemented by programme specific indicators to reflect the character of each programme area. This common framework will, ultimately, allow aggregation of outputs, results, and impacts at both national and EU level. This will, over time, assist in making assessments of progress in achieving EU policy priorities in this area, linked to requirements defined in the SAA.

The system will also allow continuous assessment of progress and adjustment of on-going programmes to improve their performance and allow assessment of overall impact and efficiency, to provide information for the government and the public on the value for money of any programme and to allow comparison with similar programmes elsewhere in Europe.

In order to assess the progress, efficiency and effectiveness of the programme and pilot measures, the support will be provided to establishment of the **BiH rural development monitoring committee (MC)**. While the composition and mandate of the MC will be determined and agreed by the competent BiH authorities, the project will assist with definition of its role and establishing the coordination between the representatives of the relevant authorities and bodies and appropriate economic, social and environmental partners.

In addition, support will be provided to an update of sectoral annual report for information regarding the implementation process, achievement of set objectives, problems encountered in managing the programme and measures taken, as well as monitoring and evaluation activities carried out in course of implementation of the rural development measure (s) pilot scheme.

**Output:** **BiH rural development programme monitoring and evaluation system** in place and operational (utilising EU Monitoring and Evaluation common indicators, where practically possible, given data constraints).

**Component 4:**            **Creation of local action groups** capable of engaging in the planning and implementation of local rural development programmes utilizing participatory, community-based approaches.

Support will be provided to local organisations and administrations active in rural development to develop their planning and programming capacity. The project will also promote the development of local networks, linking similar organisations in the planning process. The aim of these structures will be to contribute to the design, preparation, dissemination, promotion and assessment of relevant Rural Development measures. The networks will be trained to provide both qualitative and quantitative assessments of the application of measures in local areas. Support in this area will also include **assessment of the role of local advisory services, credit providers and other support structures** that may be utilised to enhance the process and promote use of measures, ensuring beneficiaries have access to information and support to allow applications to be made and funds to be effectively utilised.

**Output:** Established pilot local action groups , utilising participatory planning techniques and other planning methodologies to prioritise projects for support, linked to the Entity and BiH Rural Development planning process (in line with best practices for participatory rural programming required for IPARD Implementation – LEADER type actions).

**Component 5:**            **Design of the larger scale EC rural development programme for support to the locally based actions.**

The results from these pilot initiatives will be used to guide the design of larger scale schemes, all of which will also aim to promote participatory planning and project preparation at local level.

**Output:** Terms of reference prepared for the larger scale rural development EC grant scheme.

### **3.5 Conditionality and sequencing:**

Basic conditions required to ensure project effectiveness include:

- Basic rural programme management capacity in place at State and Entity level by project start.
- Relevant Ministries dedicate sufficient staff and other resources required for the coherent and effective monitoring of rural development support over time.
- Relevant Ministries willing to actively collaborate with municipal authorities, non-governmental organisations and social and economic partners in the planning, implementation, monitoring and evaluation of rural development.

It is envisaged that implementation of the components 1 to 5 progresses gradually and in parallel with selection of the pilot schemes. In order to incorporate the lessons learnt, the component 5 related to definition of the EC grant scheme is envisaged to be implemented near the project end.

### **3.6 Linked activities**

There are a range of projects/programmes that may be associated with this initiative and that would benefit from the strategic planning, coordination and institutional support developed through the project including:

- EU planned support for improvement of collection, collation and analysis of agriculture information at local, regional and national level
- World Bank rural development project (and related investment plans for IT software and hardware and other management infrastructure) overall value of 21 M US\$.

- Other donors supporting participatory rural development approaches and development of local; action groups at municipal level including SIDA, FAO, UNDP (and possibly DFID)

### 3.7 Lessons learnt

Experience from previous EU assistance has shown that one of the major concerns linked to implementation of pre-accession programmes in rural development (primarily SAPARD) in both transitional and accession countries have been the slow rate of initial programme uptake. This was caused by a number of factors including:

- The failure of many target beneficiaries to meet eligibility criteria
- Liquidity problems on the part of potential applicants
- Restrictive credit policies on the side of commercial banks and the inherently high risk related to agriculture.
- Many beneficiaries encountered difficulties in understanding the rather complex guidelines, securing relevant supporting documents for applications
- Problems in preparing the large amounts of data concerning past and future farm or business performance in the required form (inc. business plan).
- Poor screening processes for projects, which often resulted in support for, strong business plans and insufficient account or scrutiny made of past and projected performance.
- Ineffective information and communication programmes to promote initiatives at local/ community level, which would encourage beneficiaries to become aware and seek support in making applications for the various measures.
- Insufficient preparation on the part of government institutions and bodies responsible for issuing important certificates necessary for a project application (e.g. confirmation of entries in various registries or minimum standards for health, veterinary, environment or hygiene standards etc.)

Various efforts were undertaken to improve absorption of available funds including adjustment of eligibility criteria but many changes were introduced in an ad hoc manner, leading to a negative impact on programme efficiency. To minimise such problems requires early and sustained investment in rural development programming capacity building at all levels to ensure timely and adequate preparation of plans and implementation of individual measures, ideally with carefully sequenced piloting of measures and use of feedback to introduce adjustments where necessary.

### 4. Indicative Budget (amounts in €)

SOURCES OF FUNDING												
	Total Cost	EU Contribution				National Public Contribution					Private	
		Total	% *	IB	IN V	Total	% *	Central	Regional	IFIs	Total	% *
Activities												
Contract 1.1: Technical assistance Strengthening of the BiH Rural Development programming capacities"	1,000,000	1,000,000	100	1,000,000	0	0						

<b>TOTAL</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>100</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>					
--------------	------------------	------------------	------------	------------------	----------	----------	--	--	--	--	--

\* expressed in % of the Total Cost

### 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1.1: Technical assistance: <a href="#">Strengthening of the BiH Rural Development programming capacities"</a>	Q1 2008	Q2 2008	Q2 2010

### 6. Cross cutting issues

The project will support, as part of the capacity building of relevant Ministries on Rural development programming, appropriate actions to ensure gender mainstreaming through the implementation of regional and national rural development plans and for tackling other cross-cutting issues including refugee return and resettlement, minority integration and environmental protection.

## ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: Pilot support to Rural Development Programming in BiH	
	Contracting period expires	Disbursement period expires
	Total budget : 1,000,000 EUR	IPA budget: 1,000,000 EUR

Overall objective	Objectively verifiable indicators	Sources of Verification	
Development of a sustainable, competitive and dynamic agriculture, forestry and food sector in B&H by strengthening governance structures, fostering harmonisation and promoting greater integration of the sector with the EU and by supporting the economic and social development of rural communities.	<ul style="list-style-type: none"> <li>1.1 Increase in rural incomes by 10% by 2010;</li> <li>1.2 Reduction in poverty in rural areas of B&amp;H by 5% by 2010;</li> <li>1.3 Increase in productivity and value-added production and processing in the agri-food sector by 5% by 2010;</li> </ul>	<ul style="list-style-type: none"> <li>1.1 General statistics on labour and income; Farm and rural household monitoring statistics and survey data; Agricultural census data;</li> <li>1.2 National poverty assessment data; Farm and rural household monitoring statistics and survey data; Agricultural census data;</li> <li>1.3 State and entity official production data; farm survey data and farm monitoring system data;</li> </ul>	<ul style="list-style-type: none"> <li>1.1 Project design assumes a stable and progressive policy environment, committed to gradual alignment with the EU;</li> <li>1.2 Indicators assumes data is or will be made available (some of which will be generated by project level actions)</li> <li>1.3 Accuracy and reliability of the data can be assured;</li> </ul>
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of this project will be to strengthen rural development programming capacities in BiH by promoting the participatory bottom up-approach in management of the rural development measures demonstrated through the application of pilot activities.	<ul style="list-style-type: none"> <li>1.1 Rural Development Programme management structures at state, entity and local level utilising harmonised practices and procedures for PRA, in line with EU best practice by EoP;</li> <li>1.2 RD application systems and procedures and public awareness programmes harmonised , in line with EU best practice by EoP;</li> <li>1.3 Rural networks established and linked with local, regional and national RD programme planning process within organised forums by EoP;</li> <li>1.4 Application of selected rural development measures demonstrated through the pilot projects(s) including agro-environment measures.</li> </ul>	<ul style="list-style-type: none"> <li>1.1 Internal and external audits of procedures; Baseline and end of project skills audits; Gap analysis of harmonisation of procedures and with those of the EU;</li> <li>1.2 Internal and external audits of procedures; Baseline and end of project skills audits; Gap analysis of procedures;</li> <li>1.3 Rural survey results; RD Planning Forum records; Analysis of client and beneficiary registers and rural network membership records.</li> </ul>	<ul style="list-style-type: none"> <li>1.1 Political will exists to support state level RD Programme Management capacity and coordination roles;</li> <li>1.2 Resources and capacity exists and can be made available at all levels to establish harmonised payment systems; Auditing capacity can be developed to undertake assessments;</li> <li>1.3 Rural stakeholders and networks willing to cooperate and to actively participate in the RD planning and implementation process.</li> </ul>
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
1. Harmonised B&H Rural Development Programme capacity established and engaging rural	1.1 At least 20% of B&H sector support funds allocated for use in support of rural development measures by EoP;	1.1 Rural development programming documents; Entity budgets and budget reports; Monitoring reports;	1.1 Resources are available; Commitment to financially support rural development is sustained;

<p>stakeholders in the planning process</p>	<p>1.2 Training of at least 5 State and 30 Entity staff in integrated rural development programming, PRA and budgeting by EoP; 1.3 At least 3 new pilot RD measures defined and agreed, based on transparent procedures in line with BiH and EU RD policies by EoP.</p>	<p>1.2 Training reports; skills audits; 1.3 Reports on piloting; performance indicators; rural survey results; rural forum feedback meetings;</p>	<p>1.2 Staff in place and available to be trained; staff have sufficient capacity/ minimum skills base to benefit from training; 1.3 Willingness of governments to introduce and test new measures;</p>
<p>2. Harmonised B&amp;H RD application and payment process and procedures system and PR programmes established.</p>	<p>2.1 Restructured, harmonised and coordinated application procedures, in line with EU practices, at state, entity and municipal level in place and operational by EoP; 2.2 Training of at least 20 staff at state and entity level in new payment and application and processing systems management and PR / awareness raising techniques by EoP; 2.3 Procedural manuals developed and fully harmonised between all levels by EoP;</p>	<p>2.1 New rulebooks; System audit reports; Financial records of payments; Budget records; 2.2 TNA report; Skills audits; training reports; 2.3 Manual approvals; system audit reports; gap analysis reports;</p>	<p>2.1 Willingness of Ministries to adjust existing systems and practices; Sufficient staff in place to operate new systems and administer new measures 2.2 Sufficient number, capacity and skills and availability of relevant staff for training; 2.3 Legal basis for introduction of new procedures can be adjusted in a timely manner; 2.4 Willingness and commitment of governments to establish internal audit capacity and systems; 2.5 Sufficient funds available to support procurement of necessary equipment; Cooperation with other donors is achieved to ensure optimal procurement planning and implementation;</p>
<p>3. Harmonised B&amp;H RD Monitoring, evaluation and reporting system established.</p>	<p>3.1 Rural Development Monitoring Committees established at state and entity level by EoP; 3.2 Performance monitoring system (impact assessment) to monitor the implementation of RD operational programmes measures according to common indicators, established and operational by EoP; 3.3 M&amp;E procedural manual developed and submitted for approval at all relevant levels of government by end PY1; 3.4 Ex-ante appraisal system in place to assess medium to long term benefits</p>	<p>3.1 Committee meeting reports/ minutes; 3.2 Monitoring reports; system audits; 3.3 Manual approvals; project reports; 3.4 Appraisal reports; system audit reports;</p>	<p>3.1 Commitment of relevant institutions to be included within the MC's and to participate fully; 3.2 Monitoring system supported sufficiently and fully institutionalised within the RD planning process; Sufficient dedicated staff allocated to support development of system and staff of sufficient calibre to utilise/absorb training; 3.3 Manual able to be adopted and used by</p>

<p>4. Rural networks capable of engaging in the planning and implementation of local rural development programmes utilizing participatory, community-based approaches.</p> <p>5. Proposal for implementation of the larger scale EC grant scheme for support to the rural networks defined.</p>	<p>of RD interventions by EoP;</p> <p>4.1 Training of at least 40 local government and civil society rural network organisation representatives in PRA &amp; RDP by EoP;</p> <p>4.2 Establishment of at least 3 local rural networks by EoP and organisation of at least 3 rural forums to promote participation in rural programming and implementation by EoP;</p> <p>5.1. ToR for the EC grant scheme support to the rural development.</p>	<p>Skills audit reports; training reports; project reports;</p> <p>Documents of association or other evidence of rural network group formation; Project reports; Rural forum reports; media articles;</p>	<p>relevant government departments;</p> <p>3.4 Reports used to assist in RDP at all levels;</p> <p>4.1 Rural networks already exist and are willing to be trained and to participate in project supported activities;</p> <p>4.2 Rural stakeholders willing to form new networks; Rural networks willing to participate in forums;</p>
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
<p><b>Component 1: RD Programming</b></p> <p>1.1 RDP planning and PRA training and development of operational programmes;</p> <p>1.2 TNA of target group; Training programme designed; beneficiaries commitment in training teams; Integrated training programme delivered supported by short term experts;</p> <p>1.3 Pilot RD measures defined and agreed; Implementation plans developed; budgets agreed; performance indicators defined; assessment of performance completed and evaluations developed for use in future planning process.</p> <p>1.4 Pilot project(s) implemented.</p> <p><b>Component 2: Applications systems</b></p> <p>2.1 Systems audit; harmonisation and coordination plan developed; application system adjustments introduced and tested; new systems established and operational;</p> <p>2.2 TNA of target staff; Training programme designed; Training delivery in application and PR systems, procedures and management;</p> <p>2.3 Procedural manuals defined, developed and training in their use provided;</p> <p>2.4 Training programme developed; basic system operationalised;</p>	<p><b>Technical assistance:</b></p> <ul style="list-style-type: none"> <li>• Team leader-senior rural development expert</li> <li>• Rural development expert</li> <li>• ST Agro environment expert.</li> <li>• ST Applications/ Payments</li> <li>• Short-term experts pool including experts in programming and development of measures for all three Axis + Leader</li> </ul>	<p><b>Technical assistance: Total overall cost: € 1,000,000</b></p>	<p>Assumes infrastructure costs for full RDP and payment system to be funded from other donor contributions / IFI's / government own resources;</p> <p>Assumes RD Programme funds available from government resources and/or other donors /IFI's</p>

<p><b>Component 3: RD M&amp;E systems</b></p> <p>3.1 Modus operandi and procedural guidelines developed; framework for operation and secretariat functions established; Coordination of meetings and reporting.</p> <p>3.2 Performance monitoring system designed, common indicators developed and agreed; system established and operational;</p> <p>3.3 M&amp;E procedural manual working group established; manual developed and submitted for approval; training in its use provided</p> <p>3.4 Appraisal system reviewed; new system developed; training in its introduction provided;</p> <p>3.5 Information prepared for an update of the BiH annual report,</p> <p><b>Component 4: Local Action Groups</b></p> <p>4.1 LAG's audit completed; TNA undertaken of RD networks; Training programme designed; Training delivered to broad range of local government and civil society rural network organisation representatives in participatory rural appraisal, planning and programming;</p> <p>4.2 Piloting of local rural network establishment workshops; Organisation of rural forums to promote participation in rural programming and implementation;</p> <p><b>Component 5: Design of the larger scale EC rural development programme for support to the locally based actions.</b></p> <p>5.1. Recommendations from implementation of the pilot scheme defined.</p> <p>5.1. Terms of reference prepared for CfP.</p>			
---	--	--	--

**Pre-conditions**

**ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project**

<b>Contracted</b>	<b>1<sup>st</sup> Quarter 2008</b>	<b>2<sup>nd</sup> Quarter 2008</b>	<b>3<sup>rd</sup> Quarter 2008</b>	<b>4<sup>th</sup> Quarter 2008</b>	<b>1<sup>st</sup> Quarter 2009</b>	<b>2<sup>nd</sup> Quarter 2009</b>	<b>3<sup>rd</sup> Quarter 2009</b>	<b>4<sup>th</sup> Quarter 2009</b>	<b>1<sup>st</sup> Quarter 2010</b>
Contract 1.1		1.0 M							
<b>TOTAL</b>		<b>1.0 M</b>							
<b>Cumulated</b>		<b>1.0 M</b>							
<b>Disbursed</b>	<b>1<sup>st</sup> Quarter 2008</b>	<b>2<sup>nd</sup> Quarter 2008</b>	<b>3<sup>rd</sup> Quarter 2008</b>	<b>4<sup>th</sup> Quarter 2008</b>	<b>1<sup>st</sup> Quarter 2009</b>	<b>2<sup>nd</sup> Quarter 2009</b>	<b>3<sup>rd</sup> Quarter 2009</b>	<b>4<sup>th</sup> Quarter 2009</b>	<b>1<sup>st</sup> Quarter 2010</b>
Contract 1.1		0.125M	0.125M	0.125M	0.125M	0.125M	0.125M	0.125M	0.125M
<b>TOTAL</b>		<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>	<b>0.125M</b>
<b>Cumulated</b>		<b>0.125M</b>	<b>0.25M</b>	<b>0.375M</b>	<b>0.5M</b>	<b>0.625M</b>	<b>0.75M</b>	<b>0.875M</b>	<b>1.0M</b>