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Ouvrer pour que les  
populations rurales pauvres  
se libèrent de la pauvreté

## **Bosnie-Herzégovine**

### **Programme d'options stratégiques pour le pays**

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Pour: **Examen**

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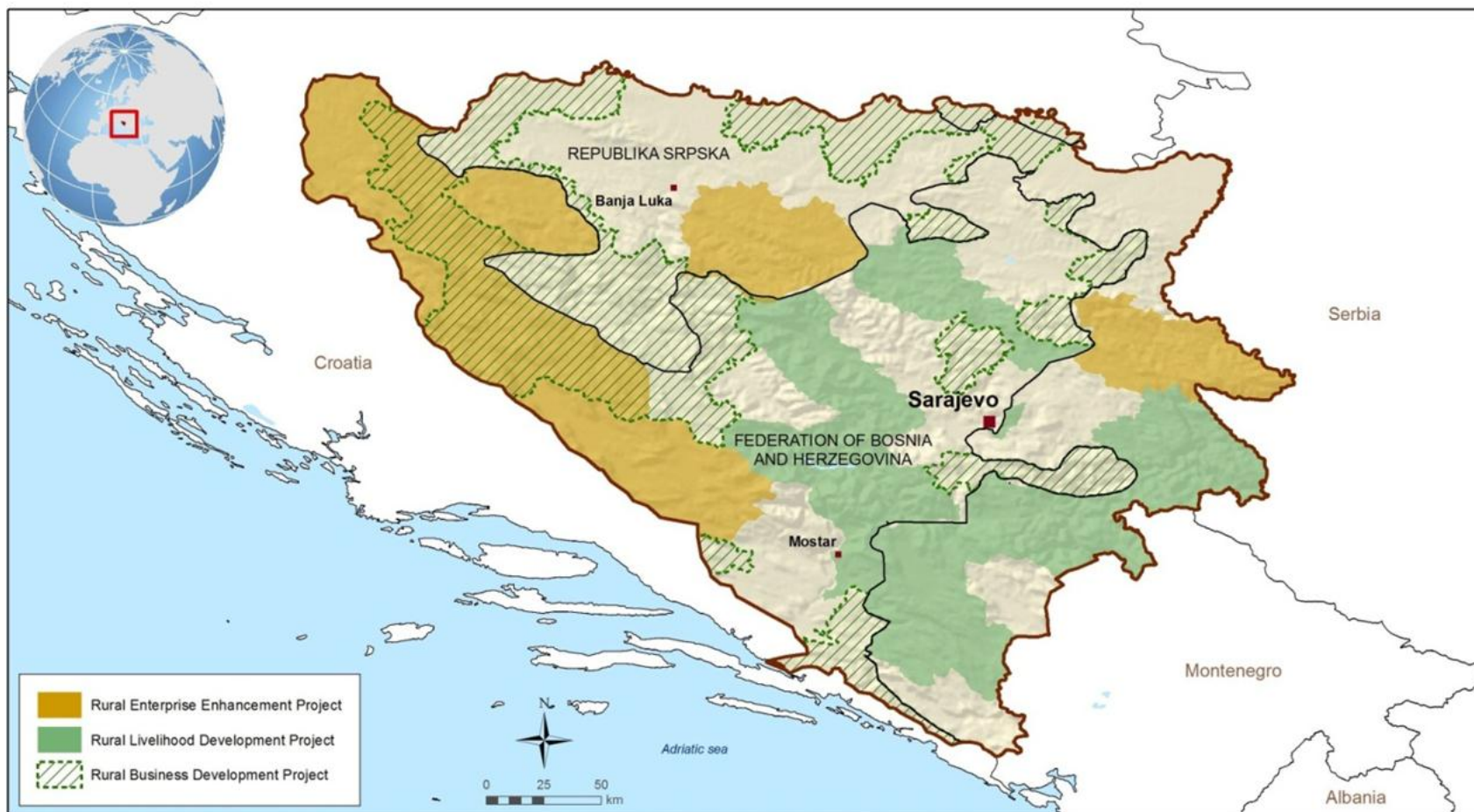
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**Sigles et acronymes**

COSOP	Programme d'options stratégiques pour le pays
PME	Petites et moyennes entreprises
SAFP	Système d'allocation fondé sur la performance

## Carte du pays indiquant les zones d'intervention du FIDA

Ongoing IFAD-funded projects



Source: FIDA; 18/03/2013.

Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.

## Résumé de la stratégie pour le pays

1. La Bosnie-Herzégovine est un pays à revenu intermédiaire de la tranche supérieure avec une population d'environ 3,8 millions d'habitants. Les petites exploitations restent prépondérantes dans la production agricole: le pays compte en effet plus de 500 000 petites exploitations privées dont la superficie moyenne, pour plus de la moitié d'entre elles, est inférieure à 2 hectares. La faiblesse des rendements, le niveau relativement faible de la mécanisation, l'accès limité à des crédits abordables et l'absence de liens systématiques fiables au niveau de la transformation, du regroupement, du stockage et de la commercialisation empêchent les agriculteurs de développer leur activité. Les agriculteurs sont désormais également exposés à des risques plus importants du fait du changement climatique, de la plus grande variabilité des conditions météorologiques, et de la modification de l'environnement dans lequel travaillent les petits propriétaires et les entreprises agroalimentaires. Bien que son secteur agricole se situe potentiellement en bonne position, ayant à son actif différents avantages comparatifs, la Bosnie-Herzégovine ne profite pas pleinement des processus de libéralisation des échanges actuellement en cours. En outre, la complexité de sa structure de gouvernance, et notamment l'absence de coordination entre les divers niveaux de gouvernement, empêche le pays d'exploiter efficacement l'assistance préaccession prévue par l'Union européenne.
2. Le FIDA est l'une des rares organisations présentes dans le pays à travailler à une échelle appréciable avec les petits exploitants agricoles commerciaux et non commerciaux et avec les entrepreneurs non agricoles de zones sous-développées. L'appui à la transition entre l'agriculture de subsistance et une agriculture commerciale viable susceptible de séduire les jeunes et les ruraux pauvres est par ailleurs l'une des grandes priorités du gouvernement.
3. Par conséquent, l'objectif global de développement de ce programme d'options stratégiques pour le pays (COSOP) axé sur les résultats est d'aider les ruraux pauvres du pays à améliorer leur sécurité alimentaire et à accroître leurs revenus moyennant un appui en faveur des exploitants agricoles commerciaux et non commerciaux, et des entreprises agricoles et non agricoles. Alignée sur la Stratégie de développement de la Bosnie-Herzégovine (2008-2013), sur sa Stratégie d'inclusion sociale (2008-2013) ainsi que sur le Cadre stratégique du FIDA pour 2011-2015, cette stratégie va aider à réduire la pauvreté d'une manière qui permettra d'exploiter plus durablement et plus efficacement les ressources naturelles, de diversifier et d'améliorer les moyens de subsistance ruraux et d'aider à atténuer les risques que pose le changement climatique, notamment pour les populations les plus vulnérables.
4. Le COSOP axé sur les résultats couvre la période 2013-2018 et est assorti de trois objectifs stratégiques: i) les organisations agricoles (associations de producteurs, coopératives agricoles) et leurs organismes faïtiers appuient efficacement les agriculteurs dans leur transition entre une agriculture de subsistance et une agriculture commerciale; ii) des regroupements de petits exploitants (commerciaux et non commerciaux), les organisations d'agriculteurs et les petites et moyennes entreprises arrivent – durablement – à accéder à l'innovation technologique, au développement de leur activité et aux services financiers pour devenir compétitifs à long terme; et iii) pour les petits exploitants agricoles et les entrepreneurs non agricoles, l'accès aux marchés progresse grâce à l'amélioration de l'infrastructure de commercialisation. L'égalité entre les sexes et la viabilité environnementale sont deux objectifs transversaux importants que l'on cherchera à atteindre.
5. Le groupe cible pour la stratégie de pays compte notamment: i) les petits exploitants pratiquant l'agriculture de subsistance et les jeunes exploitants, hommes et femmes, pratiquant l'agriculture commerciale; ii) les associations de producteurs et les coopératives agricoles en contact avec les petits exploitants pratiquant l'agriculture

de subsistance; iii) les femmes et les jeunes chômeurs intéressés par un emploi salarié non agricole ou par une activité indépendante; et iv) les petites entreprises agricoles et non agricoles possédant le potentiel nécessaire pour s'agrandir, accroître leur productivité et contribuer à l'emploi en milieu rural.

# Bosnie-Herzégovine

## Programme d'options stratégiques pour le pays

### I. Introduction

1. Le présent programme d'options stratégiques axé sur les résultats (COSOP axé sur les résultats) pour la Bosnie-Herzégovine couvre la période de six ans 2013-2018. Étant donné les changements importants intervenus dans le contexte socioéconomique et institutionnel, et conformément aux priorités fixées par la Consultation sur la neuvième reconstitution des ressources du FIDA, le COSOP cherche à consolider les approches du FIDA axées sur les résultats afin d'améliorer la qualité et l'impact sur le terrain, tout en renforçant également la contribution du Fonds à l'éradication de la pauvreté, l'accent étant mis sur l'égalité entre les sexes et l'autonomisation des femmes.
2. La stratégie est le fruit d'un processus participatif de consultation avec les principales parties prenantes, dont les petits agriculteurs et leurs organisations, les autorités municipales, les représentants gouvernementaux au niveau de l'État et des entités, les principaux organismes donateurs, et d'autres instances en jeu dans le développement rural et agricole du pays. Une mission de conception du COSOP s'est rendue en Bosnie-Herzégovine en novembre 2012 afin d'examiner certains des principaux problèmes du pays en matière de développement rural et son impact sur les moyens de subsistance en milieu rural. Toutes les stratégies pertinentes mises au point au niveau de l'État et des entités ont été passées en revue afin de garantir les synergies avec la stratégie et le programme de pays. En outre, une évaluation stratégique environnementale a été menée, et les questions ayant trait à la gestion des ressources naturelles et au changement climatique ont été intégrées à la stratégie en tant que thèmes transversaux.

### II. Le contexte du pays

#### A. Économie, agriculture et pauvreté rurale

##### Situation économique générale

3. Avec un revenu national brut par habitant de 4 700 USD (en juin 2011), la Bosnie-Herzégovine se place parmi les pays à revenu intermédiaire de la tranche supérieure. Sa population est estimée à 3,8 millions d'habitants (juillet 2011), dont 58% vivent en milieu rural. Le secteur agricole représente environ 19,7% de l'emploi total (2010). Le PIB a progressé en moyenne de 6% ces cinq dernières années, avec un faible taux d'inflation. Le pays a toutefois pris du retard s'agissant des indicateurs des Objectifs du Millénaire pour le développement: le chômage déclaré des femmes est actuellement légèrement supérieur à 40%, et le chômage des jeunes serait deux fois plus élevé que celui de la population générale.
4. En juin 2008, l'Union européenne et la Bosnie-Herzégovine ont signé un accord de stabilisation et d'association. En attendant la concrétisation de ce processus, un accord provisoire régit les relations commerciales. La majorité des produits bosniens entrent dans l'Union européenne en franchise de droits. La Bosnie-Herzégovine ne tire toutefois pas de ces accords autant d'avantages qu'elle le pourrait car, étant donné l'absence d'institutions régissant la sécurité alimentaire conformes aux normes européennes et la non-compatibilité avec les cadres réglementaires de l'Union européenne, un grand nombre de produits sont interdits d'accès aux marchés de l'Union européenne.

##### Agriculture et pauvreté rurale

5. L'agriculture ne représente pas tout à fait 10% du PIB du pays. Les terres cultivables représentent 1 million d'hectares, mais moins de 20% des terres

- agricoles conviennent à l'agriculture intensive et 1% seulement des terres cultivables est irrigué d'une manière ou d'une autre. Le secteur est très exposé aux risques liés au changement climatique.
6. La production agricole continue de relever principalement de petites exploitations. Le pays compte en effet quelque 515 000 petites exploitations privées, dont la superficie moyenne est de 0,59 hectare par habitant. L'élevage représente un tiers de la production du secteur agricole. Globalement, le secteur est très peu productif, s'agissant aussi bien des rendements que de la productivité de la main-d'œuvre; il souffre également de l'absence d'investissements dans l'infrastructure rurale (commerciale). L'accès limité à l'innovation technologique et à des services efficaces de développement des entreprises constitue un obstacle supplémentaire qui empêche les petits agriculteurs de développer tout leur potentiel compétitif.
  7. La libéralisation des échanges (et la suppression correspondante des droits de douane) ne s'est pas nécessairement accompagnée de meilleurs "termes de l'échange" pour les petits agriculteurs. Le prix des intrants a augmenté tandis que les débouchés étaient souvent captés par les commerçants et les exportateurs. Au cours des décennies écoulées, les sous-secteurs de l'agriculture et de l'élevage ont souffert de l'absence d'investissements et de la disparition des liens traditionnels avec les marchés. L'absence de liens fiables pour ce qui relève de la transformation, du regroupement, du stockage et de la commercialisation reste l'obstacle principal auquel se heurtent les agriculteurs soucieux de se développer. L'incertitude concernant l'évolution des politiques (par exemple, les subventions versées pour telle ou telle culture changent pratiquement tous les ans) mine plus encore la motivation des agriculteurs à s'adapter à l'évolution des marchés.
  8. L'accès au crédit à des taux abordables est restreint (et ce plus encore dans les secteurs agricole et rural). Ce phénomène s'explique en partie par la couverture inégale d'institutions financières principalement concentrées dans les centres urbains et les municipalités les plus riches, mais aussi par le fait que les banques commerciales hésitent à prendre des risques.
  9. Malgré ce contexte, le secteur agricole est potentiellement bien doté. Les conditions climatiques modérées sont favorables à tout un ensemble de cultures et de races d'élevage et permettent une saison agricole plus précoce que dans la plupart des pays européens. Le transport est relativement peu onéreux, et les prix du foncier, de la main-d'œuvre et de l'électricité restent compétitifs. Malgré ces avantages, la Bosnie-Herzégovine reste un importateur net de produits agricoles et de produits alimentaires, ne couvrant que 35 à 40% de ses besoins (à l'exception de la pomme de terre, des œufs et de la viande d'agneau). Le pays n'ayant pas encore atteint l'autosuffisance, il existe un fort potentiel de croissance pour les filières agricoles locales répondant aux besoins des marchés locaux, ce qui permettrait d'améliorer la sécurité alimentaire du pays. Pour préserver l'accès préférentiel aux marchés de l'Union européenne et d'autres marchés à l'exportation, ainsi que leur part actuelle de ces marchés, les agriculteurs devront ajuster leurs systèmes de production et leurs technologies pour répondre aux normes de sécurité alimentaire et aux normes de qualité requises.
  10. La Bosnie-Herzégovine se situe au 81<sup>e</sup> rang (sur 187) de l'indicateur du développement humain de 2012 du Programme des Nations Unies pour le développement; son niveau de développement humain est donc élevé. Le pays a beaucoup progressé ces derniers temps pour ce qui est de l'égalité entre les sexes. Pour ce qui est de la pauvreté, il ne s'agit pas tellement de dénuement absolu, mais plutôt d'exclusion sociale et de manque d'accès aux services de base qui rendent un niveau de vie acceptable. Une analyse récente de la pauvreté menée dans le pays conclut que l'"extrême pauvreté" (alimentaire) est rare, voire inexistante, mais que 21% des ménages souffrent de privations matérielles chroniques et que 20 à 30%



des ménages risquent de tomber dans la privation matérielle. Dans l'ensemble du pays, la pauvreté touchait 16% de la population en 2010 et 18% en 2011.

**Questions transversales: parité hommes-femmes et environnement**

11. Le taux déclaré de la participation des femmes à l'activité économique est de 43,1%, mais celles-ci ne perçoivent que 27% du revenu total. Au plan national, 19% des ménages ruraux sont dirigés par une femme.
12. Le changement climatique risque d'avoir un fort impact sur les principaux secteurs économiques tels que l'agriculture, la sylviculture et l'énergie; le pays a connu depuis les années 1990 de graves sécheresses et de graves inondations.

**B. Politiques, stratégies et contexte institutionnel**

**Le contexte institutionnel national**

13. Aux termes de l'Accord de paix de Dayton de 1995, la structure de gouvernance de la Bosnie-Herzégovine est complexe, comptant au niveau national un Conseil des ministres dont relèvent deux entités autonomes – la Fédération de Bosnie-Herzégovine et la Republika Srpska – ainsi que le district autonome de Brčko. Cet environnement institutionnel et politique complexe aide à expliquer les blocages politiques fréquents, assortis d'effets délétères sur les processus de réforme économique et sur la création d'une infrastructure institutionnelle nationale propice à une économie de marché et à l'intégration dans l'Union européenne.
14. Au niveau administratif local, le pays est découpé en 142 municipalités: 79 dans la Fédération de Bosnie-Herzégovine (FBiH) (regroupées en dix cantons), 62 dans la Republika Srpska et une dans le district de Brčko. Les municipalités, qui jouent un rôle essentiel dans le système d'autogouvernance qui existe dans le pays, varient beaucoup en taille et en nombre d'habitants. De nombreuses municipalités apportent une aide au développement rural (essentiellement à l'agriculture), notamment en élaborant des stratégies de développement local; en allouant de petites subventions aux producteurs (et en aidant les demandeurs de subventions); en accordant l'usufruit des terres municipales à des particuliers, des entreprises ou des coopératives; en finançant des "pépinières" d'entreprises agroalimentaires; en aidant les petits centres de regroupement; et en assurant des services d'appui aux producteurs. Des investissements ont permis de renforcer le rôle moteur des municipalités dans le développement local.
15. Le Ministère national des finances et du trésor assure la supervision des programmes bénéficiant de l'aide de donateurs et assure la coordination avec les ministères des finances des entités, qui sont responsables des projets bénéficiant d'un financement extérieur. Cela étant, le pays ne dispose pas d'un ministère national de l'agriculture. Le Ministère national du commerce extérieur et des relations économiques joue un rôle dynamique dans la coordination des programmes de donateurs dans le pays et travaille en étroite collaboration avec les donateurs dans le secteur de l'agriculture et du développement rural.
16. La responsabilité globale de la coordination et de la gestion des projets financés par le FIDA relève des deux entités, par le biais de leurs ministères respectifs de l'agriculture. La coordination, la mise en œuvre et le suivi des projets relèvent de deux unités de coordination de projet. On trouvera dans le dossier clé 2 une analyse des forces, faiblesses, possibilités et menaces des principales organisations partenaires concernées.

**La stratégie nationale de réduction de la pauvreté rurale**

17. En 2001, la Bosnie-Herzégovine a élaboré sa première stratégie de développement à moyen terme, couvrant la période 2004-2007. Une fois cette stratégie arrivée à terme et dans le cadre du processus d'adhésion à l'Union européenne, la Bosnie-Herzégovine a établi sa Stratégie nationale de développement (2008-2013) et sa Stratégie d'inclusion sociale, qui couvre cette même période. L'un des objectifs principaux de la Stratégie d'inclusion sociale consiste à

promouvoir la participation des populations inactives et démotivées et à favoriser leur réinsertion dans la vie sociale et la vie active grâce à des politiques d' "égalité des chances". Dans le cadre de cette stratégie, une haute priorité est donnée aux programmes tenant compte de la parité hommes-femmes et aux programmes en faveur de la création d'emplois sans exclusive.

18. La stratégie de développement compte au nombre de ses cinq objectifs stratégiques le développement durable et la compétitivité. On cherche à assurer le développement durable en développant l'agriculture et les zones rurales, la gestion de l'environnement et les énergies renouvelables, ainsi que l'infrastructure des transports et les communications. Côté compétitivité, il s'agira de favoriser les entreprises locales, de renforcer la recherche-développement, de revaloriser les compétences de la main-d'œuvre, de créer une infrastructure favorable aux entreprises et de favoriser des regroupements industriels spécifiques à un secteur.
19. La Stratégie de développement du secteur agricole à moyen terme de la Bosnie-Herzégovine et le Plan stratégique pour le développement rural 2009-2015 dans la Republika Srpska s'articulent essentiellement autour de priorités stratégiques similaires, à savoir: i) améliorer la compétitivité de l'agriculture et du secteur agroalimentaire; ii) créer des institutions et améliorer les cadres juridiques afin de stimuler le développement agricole et rural; iii) promouvoir la conservation et l'utilisation durable des ressources naturelles; et iv) renforcer et diversifier les moyens de subsistance en milieu rural. L'analyse budgétaire au niveau des entités témoigne de l'importance des dépenses liées à la production.

#### **Harmonisation et alignement**

20. Au niveau du pays tout entier, le FIDA coordonne son travail avec les différents niveaux de gouvernement (les municipalités), les organismes donateurs et les agences des Nations Unies. Le Ministère du commerce extérieur et des relations économiques a mis en place un forum des donateurs pour le secteur agricole. Le FIDA n'a pas été en mesure de participer à ces rencontres (principalement en raison de l'absence d'un bureau de pays), mais l'équipe de pays du FIDA a eu, durant l'appui à l'exécution, des échanges étroits avec le gouvernement et les donateurs afin de pallier cette absence. Toutes les missions de conception et de supervision se sont concertées avec les principaux donateurs multilatéraux, dont la Banque européenne pour la reconstruction et le développement, l'Union européenne, la Société financière internationale, le Fonds de l'OPEP pour le développement international et la Banque mondiale, et avec les principaux donateurs bilatéraux tels que l'Ambassade tchèque, l'Ambassade de Suède, la Direction du développement et de la coopération de la Confédération suisse et l'Agence des États-Unis pour le développement international. Lors de la phase d'identification de projets, le FIDA travaille en étroite collaboration avec l'ensemble des principaux donateurs et le gouvernement, afin de partager les enseignements tirés de l'expérience et d'éviter tout chevauchement.

### **III. Enseignements tirés de l'expérience du FIDA dans le pays**

#### **A. Résultats, impact et performance des opérations antérieures**

21. L'assistance que le FIDA offre à la Bosnie-Herzégovine remonte à 1996, peu de temps après le rétablissement de la paix. À l'heure actuelle, le portefeuille du FIDA dans le pays est constitué de six projets, pour une valeur de 167,0 millions d'USD, que le FIDA finance à hauteur de 70,0 millions d'USD. Les premiers projets portaient sur les secours d'urgence et la reconstruction et visaient à relancer le secteur de l'élevage. Les projets de deuxième génération visaient essentiellement les régions les plus pauvres et les plus défavorisées du pays, apportant une aide organisationnelle et technique de base aux associations de producteurs et renforçant les liens avec les marchés. Les projets les plus récents financés par le

FIDA visent la diversification des revenus, le renforcement des moyens de subsistance en milieu rural dans le contexte de la transformation économique et de la stabilisation post-conflit, et les préparatifs en vue de répondre aux nouvelles conditions nées du processus d'adhésion à l'Union européenne.

22. Globalement, plus de 116 000 ménages de Bosnie-Herzégovine (soit 18% de la population rurale du pays) ont bénéficié des projets financés par le FIDA. Ces projets ont permis de créer ou d'appuyer 85 associations et coopératives de producteurs comptant 12 581 hommes (78%) et 3 551 femmes (22%). Dans le cadre de ces projets, 5 687 prêts ont été accordés à de petits agriculteurs (pour une valeur de 22 millions d'USD) et 146 prêts ont été accordés à de petites et moyennes entreprises (PME) (pour une valeur de 6,6 millions d'USD). Ils ont permis de financer la construction de 285 petites infrastructures rurales visant à améliorer les liens avec les marchés ainsi que les conditions de vie en milieu rural.
23. En ce qui concerne leur impact, ces projets ont permis d'augmenter de plus de 60% le revenu agricole moyen mensuel pour les ménages qui en ont bénéficié. La production de fruits a augmenté de 57%. Le volume de la production laitière que les petites entreprises vendent aux laiteries a augmenté de 58%, et la vente de fruits et légumes de 57%. La sécurité alimentaire globale s'est donc améliorée; et les moyens de subsistance en milieu rural se sont diversifiés et sont désormais mieux capables de résister aux variations imputables au changement climatique.

## **B. Enseignements tirés**

24. Grâce aux investissements dans les municipalités rurales défavorisées, le programme de pays du FIDA a dynamisé les moyens de subsistance en milieu rural et redonné vie aux petites exploitations agricoles. L'appui aux associations de producteurs et aux coopératives d'agriculteurs a permis aux petits exploitants de commencer à réaliser des économies d'échelle et d'accéder aux marchés dans des conditions concurrentielles. L'expérience acquise par le FIDA montre que les petits agriculteurs (pratiquant l'agriculture commerciale ou non commerciale) adhérant à un groupe de producteurs dans les filières du lait ou des fruits ont réussi à accroître leur part de marché et, partant, leurs revenus. L'approche filière s'est avérée efficace s'agissant de renforcer les liens commerciaux entre petits producteurs et secteur privé. Les investissements réalisés dans l'infrastructure commerciale (par exemple, construction de routes rurales ou de petits ponts) ont beaucoup profité aux ménages ruraux tout en stimulant la croissance en milieu rural. L'accès au financement a favorisé la création d'emplois en milieu rural pour les jeunes, femmes et hommes, et a stimulé la croissance agricole dans l'économie rurale.
25. En outre, s'agissant des enseignements actuellement retenus, il est devenu manifeste que: i) les associations de producteurs, les coopératives d'agriculteurs et les PME rurales devront être davantage axées sur les services et les entreprises afin de répondre à l'évolution des marchés et pour que leurs membres puissent en profiter; ii) les prestataires de services financiers devront étendre la gamme et améliorer la pertinence et le caractère abordable de leurs services en milieu rural; iii) les services de développement des entreprises rurales vont revêtir une importance cruciale s'agissant de faciliter la transformation d'associations de producteurs pratiquant une agriculture de subsistance en coopératives rentables; iv) les investissements dans l'infrastructure commerciale rurale à petite échelle peuvent dynamiser la croissance agricole mais aussi la création de petites entreprises. Le FIDA a testé un certain nombre d'innovations et en a tiré des enseignements par le biais de son programme de dons, en reproduisant ces innovations à plus grande échelle dans le cadre des projets financés sous forme de prêts. L'expérience acquise dans le cadre des dons accordés au titre du guichet régional ou du guichet-pays a également aidé le FIDA à affiner son ciblage des femmes et de l'environnement.

## **IV. Cadre stratégique du FIDA pour le pays**

### **A. Avantage comparatif du FIDA**

26. Le travail de développement mené par le FIDA auprès de petits exploitants commerciaux et non commerciaux et d'entrepreneurs non agricoles en Bosnie-Herzégovine a déjà porté ses fruits, mais c'est maintenant que les enjeux pour les petits exploitants agricoles et pour le développement rural en général se précisent. Le FIDA estime donc que l'avantage comparatif dont il bénéficie réside dans la poursuite de sa collaboration avec ces groupes cibles, y compris les femmes et les jeunes chômeurs, de manière à ce que: i) les agriculteurs augmentent sensiblement leur productivité et renforcent leur compétitivité sur des marchés en voie de mondialisation; ii) les petits agriculteurs obtiennent une plus large part du marché dans les filières les plus prometteuses; iii) les filières alimentaires (par exemple, la transformation) soient améliorées pour répondre aux attentes, tant locales que régionales (y compris dans le cadre de la conformité aux normes de l'Union européenne), pour ce qui est de la qualité et de la sécurité alimentaire; et iv) l'on arrive à réduire les risques auxquels les petits agriculteurs sont exposés du fait de la variabilité imputable au changement climatique. Le FIDA est l'un des rares organismes dans le pays à aborder de manière intensive ces questions avec les petits agriculteurs.
27. Le FIDA a soutenu des processus d'innovation technologique et institutionnelle qui ont conduit à l'apparition d'organisations paysannes et de leurs organismes faïtiers, au renforcement de certaines filières favorisant la création d'environnements économiquement porteurs au niveau municipal, ainsi qu'à l'élargissement de l'accès aux services de développement des entreprises. Cependant, deux difficultés persistent: tout d'abord, il faudrait renforcer les prestataires de services publics et privés de manière à ce qu'ils puissent offrir les services stratégiques nécessaires (formation commerciale, appui à la commercialisation, information et expertise sur les marchés, développement et transfert de technologie); ensuite, il faudrait veiller à ce que ces services stratégiques touchent effectivement les groupes cibles du FIDA. Le programme de pays du FIDA va exploiter les possibilités existantes en approfondissant et en renforçant son appui aux petits agriculteurs (services de développement commercial, innovation technologique et accès au financement), aux associations de producteurs (développement organisationnel et commercial), aux coopératives (développement commercial, innovations technologiques, accès aux services financiers), aux PME agricoles (développement commercial), aux activités économiques non agricoles innovantes (développement commercial et accès au financement) et aux municipalités (création d'un milieu favorable au développement local et à l'infrastructure commerciale).

### **B. Objectifs stratégiques**

28. L'objectif de développement du présent COSOP axé sur les résultats est de permettre aux ruraux pauvres de Bosnie-Herzégovine d'améliorer leur sécurité alimentaire et d'accroître leurs revenus moyennant un appui aux agriculteurs non commerciaux et commerciaux et aux entreprises agricoles et non agricoles. Le COSOP contribuera à réduire la pauvreté selon des modalités qui permettront d'utiliser les ressources naturelles de manière plus durable et plus rentable, de diversifier et d'améliorer les moyens de subsistance en milieu rural et d'aider à réduire les risques que pose le changement climatique, notamment pour les populations les plus vulnérables. Ce COSOP axé sur les résultats va également aider la Bosnie-Herzégovine à se conformer aux directives de l'Union européenne régissant la transformation de l'agriculture et à atteindre les objectifs fixés pour l'adhésion à l'Union européenne s'agissant des normes relatives à la sécurité et à la production alimentaires. Pour la période 2013-2018, les objectifs stratégiques (OS) ci-après sont proposés:

- **OS 1: les organisations paysannes (associations de producteurs, coopératives agricoles) et leurs organismes faitiers aident efficacement les agriculteurs à passer d'une agriculture de subsistance à une agriculture commerciale.** Les organisations paysannes doivent être renforcées et leurs compétences, capacités et moyens doivent être constamment revalorisés, dans la mesure où leur "évolution" – d'associations de producteurs à des coopératives commerciales ou à des PME – nécessite l'acquisition de compétences organisationnelles et de capacités de gestion spécifiques. Un soutien s'imposera au niveau technologique, organisationnel et de gestion. Les projets financés par le FIDA seront conçus dans une optique d'étroite collaboration avec les organisations paysannes qui apportent un appui effectif aux petits exploitants pratiquant l'agriculture de subsistance dans leurs efforts pour saisir les occasions qu'offre le marché et satisfaire aux conditions imposées par les marchés locaux et étrangers (par exemple, s'agissant des normes de sécurité alimentaire).
- **OS 2: les groupes de petits agriculteurs (commerciaux et non commerciaux), d'organisations paysannes et de PME sont en mesure d'accéder – de manière durable – à l'innovation technologique, aux services de développement des entreprises et aux services financiers afin de parvenir à la compétitivité à long terme.** La fourniture de services sera coordonnée en vue d'établir des liens fonctionnels et fiables avec les marchés entre petits agriculteurs, agrégateurs et PME. L'offre et la capacité de ces services seront renforcées grâce à la création de réseaux de prestataires de services à l'échelle municipale, régionale et nationale. Un appui technologique sera assuré à divers niveaux (exploitants agricoles, organisations paysannes). Pour ce qui est des services stratégiques de développement des entreprises, le FIDA favorisera une approche multidirectionnelle s'appuyant sur: i) la création de réseaux d'organisations de développement économique et de prestataires de services privés au niveau local jouant un rôle actif dans l'amélioration des services de développement rural ou de développement des entreprises (par exemple, création de pépinières d'entreprises agroalimentaires); ii) l'appui à un partage structuré de ressources entre les différents participants à un réseau, y compris l'échange de connaissances techniques spécialisées, la planification et les appels d'offres conjoints, et la commercialisation conjointe; et iii) le renforcement de la demande (et de la concurrence) pour de tels services en fournissant les ressources nécessaires aux organisations de producteurs souhaitant obtenir des services stratégiques précis de développement des entreprises. Le FIDA ciblera les initiatives facilitant l'accès à de petits prêts et appuiera les interventions susceptibles de créer les conditions requises pour la mise en place de systèmes de financement durables grâce à la stimulation de la demande (par exemple, en facilitant les liens entre les organisations paysannes axées sur le marché ou les petits agriculteurs individuels les plus intéressés par l'agriculture commerciale, et le secteur bancaire privé). Le FIDA aidera les petits agriculteurs, les entreprises non agricoles liées au secteur agricole et les petits entrepreneurs ruraux à accéder à ces services financiers. Il mettra au point des programmes spécifiques de progression pour veiller à ce que les jeunes chômeurs en milieu rural aient accès à un appui financier leur permettant de créer une entreprise productive. Le FIDA encouragera également la création d'initiatives innovantes et de nouvelles entreprises commerciales dans les secteurs non agricoles en milieu rural (agrotourisme, transformation alimentaire, artisanat, services).
- **OS 3: l'accès aux marchés pour les petits exploitants et les entrepreneurs non agricoles est amélioré grâce au renforcement de l'infrastructure commerciale.** Les investissements dans l'infrastructure commerciale viendront compléter les efforts déployés dans le cadre de l'OS 2. Cette infrastructure contribuera à l'amélioration des dispositions logistiques pour améliorer le flux des produits tout au long des filières.

29. **Questions transversales:** grâce à un appui, à des investissements et à des formations visant explicitement les femmes rurales (et plus particulièrement les plus jeunes d'entre elles), le FIDA contribuera à renforcer les capacités des femmes afin qu'elles soient à même de jouer un rôle plus important dans la croissance économique. Pour ce qui est du changement climatique, le FIDA favorisera l'adoption de pratiques agricoles durables, y compris le choix de variétés culturales et de races d'élevage mieux adaptées. Le FIDA favorisera également les activités économiques résistant mieux au changement climatique, susceptibles d'exploiter les atouts naturels du pays. Un financement additionnel du Fonds du Programme d'adaptation de l'agriculture paysanne sera mobilisé afin de lutter contre les problèmes relatifs à l'environnement et au changement climatique dans le cadre de l'exécution des interventions figurant dans la réserve de projets.

### **C. Perspectives d'innovation**

30. Le programme de pays du FIDA reproduira à plus grande échelle son expérience concluante de création de liens entre les filières et les petits agriculteurs non commerciaux et commerciaux, par le biais des associations de producteurs et des coopératives agricoles. Il facilitera l'accès des petits agriculteurs aux marchés et aux services financiers par le biais d'arrangements tripartites innovants entre prestataires de services financiers, transformateurs de produits agricoles et organisations paysannes. Les petits exploitants, les organisations paysannes et les entrepreneurs ruraux bénéficieront d'un appui pour les aider à se conformer aux normes de l'Union européenne en matière de sécurité alimentaire et d'environnement. De concert avec les organisations paysannes et le secteur privé, le programme de pays s'attachera également à explorer les possibilités de commercialisation au moyen du géo-marketing et de l'attribution d'une appellation d'origine pour les spécialités alimentaires.
31. La coordination de la prestation de services s'appuiera sur des partenariats et des réseaux efficaces. Une coordination renforcée s'imposera: i) au sein des groupes (entre les acteurs des filières); et ii) entre prestataires de services. Pour fournir des innovations technologiques au service du développement des entreprises et des services financiers, ce de manière coordonnée et durable, les acteurs publics (ministères, agences de développement économique au niveau local, agences de développement au niveau régional, municipalités), les acteurs privés (organismes privés de développement économique au niveau local, associations d'entrepreneurs) et les acteurs de la société civile (organisations paysannes) devront acquérir les compétences, les capacités et les connaissances stratégiques requises. Les compétences stratégiques concerneront le développement des entreprises et la planification des activités, la gestion de l'innovation, l'agriculture sous contrat, ou encore l'adoption d'approches programmatiques de développement agricole. Le développement des capacités appellera l'amélioration de la coordination et du transfert de connaissances entre les décideurs et les organismes de recherche et de vulgarisation; par savoirs stratégiques, on entend ce qui touche aux questions comme la production et la certification de produits biologiques, les appellations d'origine et la commercialisation, et la conformité aux normes de l'Union européenne.
32. Pour aider le secteur à acquérir les connaissances et compétences requises, le FIDA étudiera les possibilités d'externaliser certaines des tâches immédiates.
33. Soucieux de renforcer l'accès des populations pauvres à des services financiers abordables, le FIDA continuera de promouvoir des moyens innovants permettant aux banques commerciales et aux organismes de microcrédit d'assurer leurs services dans les zones rurales pauvres.

### **D. Stratégie de ciblage**

34. Le groupe cible retenu pour la stratégie pour le pays comprendra: i) les petits agriculteurs non commerciaux et les jeunes agriculteurs commerciaux, femmes et

hommes; ii) les associations de producteurs et les coopératives agricoles, ainsi que les petits agriculteurs non commerciaux; iii) les femmes et les jeunes sans emploi intéressés par un emploi salarié non agricole ou par une activité autonome; et iv) les petites entreprises agricoles et non agricoles ayant la possibilité de s'agrandir, d'accroître leur productivité et de contribuer à la création d'emplois en milieu rural.

35. L'approche de ciblage sera articulée comme suit: i) un ciblage géographique, la priorité étant accordée aux municipalités les plus pauvres, y compris celles qui n'ont pas bénéficié de projets antérieurs financés par le FIDA; ii) un ciblage des filières présentant un intérêt pour les petits agriculteurs et les ruraux pauvres; iii) un ciblage direct en faveur des femmes, des jeunes, des ménages ruraux et des institutions de défense des pauvres; et iv) un autociblage, visant les personnes désireuses de participer aux activités des projets.

## **E. Articulation au niveau des politiques**

36. Le programme du FIDA en matière de concertation sur les politiques s'inscrira dans le droit fil des objectifs stratégiques du Fonds et de son orientation stratégique. Pour définir son programme d'action en Bosnie-Herzégovine, le FIDA suivra l'évolution du pays dans le contexte du processus d'adhésion à l'Union européenne. D'autres donateurs mettent eux aussi en œuvre un programme solide par le biais de toute une gamme d'interventions de développement. Le FIDA donnera suite à ces processus, s'agissant notamment de l'agriculture et du développement rural, afin d'aligner ses propres efforts sur les efforts de réforme au sens large déployés par le pays.
37. Le FIDA saisira toutes les occasions de renforcer la concertation sur les politiques à mener avec le gouvernement. Ainsi, i) il engagera avec le gouvernement une concertation sur les politiques reposant sur des faits concrets afin de voir comment renforcer au mieux ses efforts afin de mettre en place un environnement politique et réglementaire porteur; ii) il participera, avec d'autres donateurs, au forum des donateurs dans le secteur agricole; et iii) il renforcera l'aptitude des petits agriculteurs, des organisations paysannes et de leurs organismes faitiers à faire pression sur le gouvernement pour les questions les concernant. Le FIDA apportera également un appui sous la forme de dons au titre du guichet-pays pour financer des études thématiques sur les grandes orientations.

## **V. Gestion du programme**

### **A. Suivi du programme de pays**

38. Le suivi sera assuré par le biais d'un examen annuel organisé par l'Équipe de gestion du programme du pays (EGPP). Ces examens annuels regrouperont les indicateurs clés pour chacun des objectifs stratégiques. (On trouvera à l'appendice III un cadre de gestion axé sur les résultats). Ce sera également l'occasion d'actualiser le cadre logique. Un examen à mi-parcours du COSOP axé sur les résultats sera réalisé en 2015, et des dispositions seront prises en vue de l'autoévaluation qui sera conduite en 2018, à la conclusion du COSOP axé sur les résultats.

### **B. Gestion du programme de pays**

39. Le chargé de programme de pays (CPP) devra jouer un rôle de premier plan s'agissant de veiller à ce que les possibilités qui se dégageront durant la période du COSOP axé sur les résultats soient exploitées, qu'il s'agisse d'activités de prêt ou hors prêt. Le CPP tiendra des réunions avec l'EGPP afin de faire le point sur l'état d'avancement, organisera des séminaires d'échange des savoirs ainsi que des ateliers sur des thèmes ayant trait au programme de pays, mettra l'accent sur les questions ayant trait à l'innovation et à la reproduction à plus grande échelle, et tirera les enseignements des échecs et des succès. Il ou elle jouera également un rôle pivot s'agissant d'assurer la coordination permanente entre les donateurs et de recenser les occasions de partenariat pour les activités de prêt et hors prêt – concertation sur les politiques, cofinancement et gestion des savoirs.

## C. Partenariats

40. Le FIDA a forgé toute une série de partenariats dans le pays. Au niveau de l'État, le FIDA travaillera de concert avec le Ministère des finances et du trésor et le Ministère du commerce extérieur et des relations économiques. Au niveau des entités, le FIDA collaborera étroitement avec les ministères des finances et de l'agriculture de chaque entité. Les autorités municipales ont été d'importants partenaires pour le FIDA et ont joué un rôle essentiel pour ce qui est d'identifier et de financer une partie des coûts de l'infrastructure matérielle et commerciale en milieu rural. Le FIDA appuiera activement les organisations de développement économique au niveau local (privées et publiques) en vue de renforcer leur aptitude à fournir des services de développement.
41. Des synergies continueront d'être forgées avec d'autres donateurs et organismes de financement, dont la Banque européenne pour la reconstruction et le développement, le Fonds européen pour l'Europe du Sud-Est, l'Union européenne, la Société financière internationale, le Fonds de l'OPEP pour le développement international, l'Organisation des Nations Unies et la Banque mondiale, mais aussi l'Agence tchèque pour le développement, l'Ambassade suédoise, la Direction du développement et de la coopération de la Confédération suisse et l'Agence des États-Unis pour le développement international. Le programme de pays participera également à des partenariats susceptibles de favoriser l'utilisation durable des ressources naturelles grâce des possibilités de cofinancement ou d'assistance technique.
42. Les coopératives agricoles et les associations de producteurs deviennent des acteurs importants qui aident à créer des liens entre les petits producteurs et les marchés. Le FIDA aidera les coopératives agricoles performantes à établir des contacts avec les petits agriculteurs non commerciaux et à exploiter les marchés compétitifs. Le secteur privé assurant la fourniture de services de développement des entreprises (consultants privés), de services financiers, l'agroalimentaire, la commercialisation et l'exportation auront tous une place importante dans la stratégie du FIDA pour le pays.
43. Les banques commerciales et les organismes de microcrédit seront des partenaires essentiels s'agissant d'assurer des services financiers au groupe cible du FIDA. En facilitant l'accès aux prêts, le FIDA examinera également la possibilité de structurer et d'appuyer la demande de crédit adressée aux banques privées, afin d'améliorer l'accès des petits agriculteurs à des prêts à taux compétitifs et de faciliter les partenariats public-privé dans les zones rurales.

## D. Gestion des savoirs et communication

44. Le processus de gestion des savoirs et de communication devrait être une constante tout au long de la période du COSOP axé sur les résultats. Le FIDA a mis à profit son programme de prêts et de dons afin de tirer des enseignements et de les partager, et il continuera sur cette voie à l'avenir. La création de savoirs se situe principalement à trois niveaux (les bénéficiaires, l'organisme d'exécution et le donateur). L'unité de coordination de projet/l'unité de coordination des projets agricoles tiendra des ateliers réguliers inter-entités afin de partager les données d'expérience, que le FIDA recueillera à l'occasion des processus de supervision et d'examen.

## E. Cadre de financement SAFF

45. Le présent COSOP axé sur les résultats couvre deux cycles de système d'allocation des ressources fondé sur la performance (SAFF): 2013-2015 et 2016-2018. En 2012, la Bosnie-Herzégovine s'est vue attribuer une note de 4,04 pour la performance du secteur rural. Sur la base de cette performance et de son revenu national brut, le pays dispose d'environ 12,7 millions d'USD pour 2013 et 2015. Les



sommes allouées pour 2016-2018 correspondront vraisemblablement, au minimum, à ces montants.

## **F. Risques et gestion des risques**

46. **Mauvais ciblage des agriculteurs pauvres ou accaparement par les élites, à savoir par les organisations paysannes les plus fortes ou par leurs membres.** Ce risque sera atténué par: i) la désagrégation des données de suivi-évaluation par type d'exploitation (enregistrée ou non); ii) le renforcement des capacités d'un large éventail de membres dans une optique de transparence, de bonne gouvernance et de systèmes de gestion efficaces; et iii) le ciblage des coopératives comptant un nombre relativement élevé de membres.
47. **Environnement et changement climatique.** Dans le contexte des investissements, on veillera à ce que l'utilisation des ressources en eau et en terres soient adaptées à la variabilité climatique, et que les actifs naturels et l'énergie soient utilisés de manière efficiente. Le FIDA engagera un processus de concertation sur les politiques afin de favoriser l'adoption d'un appui institutionnel et de mesures susceptibles d'accélérer la mise en place de mesures d'adaptation au changement climatique dans le secteur agricole.
48. **Difficultés d'accès aux services de développement des entreprises et aux services financiers.** La fourniture des services financiers se fera par le biais de toute une gamme de dispositifs institutionnels – banques commerciales et organismes de microcrédit touchant un large public – et de partenariats entre le secteur privé et les organisations paysannes afin que celles-ci puissent mettre en place des mécanismes de financement au sein des filières, susceptibles d'atténuer les risques encourus par les institutions financières participantes et d'augmenter l'attrait, pour celles-ci, de consentir des prêts en milieu rural.
49. **Le surendettement.** Un bureau d'information sur les crédits est désormais en place et permet de vérifier l'endettement des emprunteurs potentiels. Il propose également une assistance technique aux emprunteurs potentiels pour s'assurer de la qualité de leur plan d'activités avant de procéder à un investissement. Par ailleurs, les organismes de microcrédit participants ont mis en place des stratégies d'atténuation des risques et ont renforcé les moyens dont ils disposent pour étudier les demandes de prêt.
50. **Mauvaise gestion des infrastructures et des équipements collectifs détenus par des intérêts privés.** L'aide ne sera accordée qu'aux organisations assurant le cofinancement d'une part importante du projet, comptant un grand nombre de membres et dotées de solides capacités de gestion interne. Les aspects fiduciaires et les risques liés à la gestion financière sont jugés moyens et en voie d'amélioration. Au nombre des principaux risques figurent: i) la complexité de la structure de gouvernance du pays; ii) l'absence d'une discipline budgétaire uniforme et systématique dans l'ensemble du système de gestion des ressources publiques; iii) le faible respect de la législation en matière de passation des marchés; iv) la faible capacité d'audit interne; et v) la corruption généralisée. La Banque mondiale procède actuellement à la première évaluation des dépenses publiques et de la responsabilité financière en Bosnie-Herzégovine, évaluation qui permettra au FIDA d'obtenir des informations plus exhaustives sur l'état de la gestion des finances publiques.

## Appendix I: RB-COSOP formulation and consultation process

### RB-COSOP FORMULATION AND CONSULTATION PROCESS

#### *Initiation of the RB-COSOP Approval and Formulation Process:*

1. The process for planning for the RB-COSOP was initiated in November 2010 when preparatory studies and a background and strategic note in the context of scaling up was undertaken. In September 2012 a Country Programme Management Team was set up at headquarters and planning for the in-country work mission was initiated. A formulation mission visited the country between November 11 and November 29, 2012 under the guidance of the Country Programme Manager. The mission was also joined by a team undertaking a Strategic Environmental Assessment for the country to assess how environmental and climate change aspects could be incorporated as an integral part of the country strategy. The COSOP Design Mission also benefitted from the findings of the Supervision and Implementation Support Mission in the country to supervise the Rural Enterprise Enhancement Project (REEP) and the Rural Livelihoods Development Project (RLDP).
2. The RB-COSOP design mission met key stakeholders in the country including Government representatives at the State level and the and two Entity levels, donor agencies investing in the agriculture sector, potential implementing partners, farmer organizations, small holder farmers and rural entrepreneurs. To build government ownership for the process and make them a key partner in the preparation of the new RB-COSOP, meetings were held with the Ministry of Foreign Trade and Economic Relations and Ministry of Finance and Treasury at the State level to keep them informed of the process. At the Entity level, meetings were held in the Federation of Bosnia and Herzegovina with the Ministry of Agriculture Water Management and Forestry and in Republika Srpska meetings were held with the Ministry of Agriculture, Forestry and Water Management and the RS Ministry of Finance. Meetings were also held with all main donors such as the World Bank, the European Commission, the European Bank for Reconstruction and Development, Internal Finance Corporation, UNDP, USAID, Swedish Embassy, Swiss Development Cooperation, etc. A list of people met is in Appendix 13.
3. **Members** of the RB-COSOP mission participated in two workshops. The first was conducted on November 17, 2012 as part of the consultation process for the Strategic Environmental Assessment. The COSOP mission made a presentation to share the process of identifying overall strategic objectives at the country level and invited participant feedback on some of their key constraints in enhancing agriculture growth and productivity and other issues in the rural areas of the country linked specifically to environmental and natural resource management issues. A stakeholder workshop dedicated exclusively to the RB-COSOP design was held on November 27th, 2012 in Sarajevo to share the findings of the mission and the strategic objectives of the country strategy and other key parameters. Wrap-up meetings were held at the Entity and State level to finalize the main elements of the RB-COSOP for Bosnia Herzegovina and identify pipeline projects.
4. The draft COSOP was submitted for review to members of the CPMT in December 2012. After formal peer review by the OSC Secretariat on May 30, 2013 and incorporation of all comments received, the RB-COSOP was further fine-tuned, and the final version was discussed and validated during an in-country wrap-up meeting held on July 18, 2013. The document would be submitted to the Executive Board for Approval in December 2013.

## Appendix II: Country economic background – Bosnia and Herzegovina

Land area (km <sup>2</sup> thousand) 2010 1/	51	GNI per capita (USD) 2010 1/	4 700
Total population (million) 2010 1/	3.76	GDP per capita growth (annual %) 2010 1/	1
Population density (people per km <sup>2</sup> ) 2010 1/	74	Inflation, consumer prices (annual %) 2011 1/	4
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population growth (annual %) 2010 1/	0	GDP (USD million) 2010 1/	16.58
Crude birth rate (per thousand people) 2010 1/	9	GDP growth (annual %) 1/	5.5
Crude death rate (per thousand people) 2010 1/	10	Agriculture growth	0.8
Infant mortality rate (per thousand live births) 2010 1/	8		
Life expectancy at birth (years) 2010 1/	75		
		Sectoral distribution of GDP 2010 1/	
Total labour force (million) 2010 1/	1.48	% agriculture	10
Female labour force as % of total 2010 1/	40	% industry	26
<b>Education</b>		% services	64
School enrolment, primary (% gross) 2010 1/	17		
Adult illiteracy rate (% age 15 and above) 2010 1/	n/a	Consumption 2010 1/	
		Government expenditure (as % of GDP)	21
		Household final consumption expenditure, etc. (as % of GDP)	80
<b>Nutrition</b>		Gross domestic savings (as % of GDP)	-1
Child undernourishment	1.6%		
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a	<b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	Merchandise exports 2010 1/	4 803
		Merchandise imports 2010 1/	9 223
<b>Health</b>		Balance of merchandise trade	-4 420
Health expenditure, total (as % of GDP) 2011 1/	5.6		
Physicians (per thousand people) 2010 1/	n/a	Current account balances (USD million)	
Population using improved water sources (%) 2010 1/	99	before official transfers 2010 1/	-3 505
Population using adequate sanitation facilities (%) 2010 1/	95	after official transfers 2010 1/	-1 008
<b>Agriculture and Food</b>		Foreign direct investment, net 2010 1/	188
Food imports (% of merchandise imports) 2010 1/	18		
Fertilizer consumption (kilograms per ha of arable land) 2010 1/	n/a	<b>Government Finance</b>	
Food production index (2004-2006=100) 2010 1/	n/a	Cash surplus/deficit (as % of GDP) 2010 1/	-2
Cereal yield (kg per ha) 2010 1/	3 858	Total expense (% of GDP) a/ 2010 1/	41
		Present value of external debt (as % of GNI) 2010 1/	37
<b>Land Use</b>		Total debt service (% of GNI) 2010 1/	8
Arable land as % of land area 2010 1/	20		
Forest area as % of total land area 2010 1/	43	Lending interest rate (%) 2010 1/	8
Agricultural irrigated land as % of total agric. land 2010 1/	n/a	Deposit interest rate (%) 2010 1/	3

a/ Indicator replaces "Total expenditure" used previously.

1/ World Bank, *World Development Indicators* database CD ROM 2012-2013

## Appendix III: RB-COSOP results management framework

Country Strategy Alignment	Strategic Objectives (SOs)	Key Results for RB-COSOP Outcome that RB-COSOP is expected to influence.	Milestone indicators showing progress towards SO	RB-COSOP Institutional, Policy Objectives
<p>BiH's Development Strategy: (i) sustainable development (SD); (ii) employment generation; and (iii) European integration. Agriculture and Rural Development (ARD) is under SD – FBIH is currently developing ARD strategy whereas RS has recently updated. Both ARD strategies are prioritising: (i) competitiveness and improvement of the agricultural and food sector, (ii) institutional development and improvement of the legal framework in order to stimulate agricultural and rural development, (iii) conservation and sustainable use of natural resources, and (iv) improvement of rural livelihoods and diversification.</p>	<p><b>SO 1: FO (PAs and Cooperatives) and their apex organizations are effective in supporting farmers in their transition from subsistence to commercial agriculture</b></p>	<p><b>Likelihood of sustainability of PAs/cooperatives/SMEs</b> <u>Strengthened organizational skills and capabilities</u> enable 180 Agricultural Cooperatives, PA and SMEs to provide effective services to their members and 'cooperants'. <u>Inclusion of non-commercial farmers, women and youth</u> is ensured by supported FOs. Strengthened <u>organizational skills</u> allows FOs and SMEs to meet market requirements (local and foreign) in terms of quantity and quality of produce</p>	<p>180 PAs/ cooperatives/ SMEs, grouping 12,000 subsistence and commercial smallholders, youth and women, are <b>strengthened</b> in their <b>organizational capabilities</b>. In order to include subsistence smallholders, FOs <b>adopt specific approaches</b>. N. of PAs (or % of total) that <b>graduate</b> into <u>business-oriented</u> Cooperatives or SMEs.</p>	<p>Given the rather supportive policy framework for PAs and Agriculture Cooperatives, policy dialogue will focus on ensuring that non-commercial farmers (subsistence) remain included and benefit from state-led support initiatives, in particular the unemployed youth and women</p>
<p>SD strategies seek to enhance long term competitiveness of the agricultural sector. Support in the RS is organized through centralized systems; in FBIH, support is structured through municipalities and cantons. Support to rural financing especially for capital investments is also identified as a priority.</p>	<p><b>SO 2: Clusters of smallholders (both non- and commercial), FOs (Producer Associations, Agricultural Cooperatives), and SMEs are able to access - on a sustainable basis - technological innovation, business development and financial services to attain long-term competitiveness.</b></p>	<p><b>Improved performance of service providers to selected clusters</b> <u>Networks of BDS providers</u> are: (i) coordinating private and public (e.g. LED) 'strategic' BDS providers; and (ii) supporting the continuous improvement of their performance. FOs and SMEs are able to <u>select and contract out</u> the necessary strategic BDS. Networked private/public service providers are <u>offering 'strategic' BDS</u> to PAs, Cooperatives and SMEs.</p>	<p><b>N. of FOs and SMEs that have access to technical innovation and 'strategic' BDS</b> 180 FOs and 600 SMEs benefit from specialised technical assistance and 'strategic' BDS to expand their businesses. 400 young men and 200 young women trained in business skills for rural entrepreneurship.  <b>N. of farmers adopting economically viable and</b></p>	<p>Policy dialogue on setting up strategic BDS networks while strengthening the demand side for these services.</p>
		<p><u>Technological innovation to be</u></p>		

Country Strategy Alignment	Key Results for RB-COSOP		Policy dialogue on supporting private-public partnerships and ensuring that environmental concerns are included into the design.
Investment in rural (including market) infrastructure is a key priority of the two Entity Governments.	<p><b>SO 3: Smallholders' and off-farm entrepreneurs' access to markets is improved through upgraded market infrastructure.</b></p>	<p><b>Producers benefit from improved access to markets</b> 150,000 people (50% women) benefit directly from market infrastructure.</p> <p><b>Likelihood of sustainability of market infrastructure (e.g. storage facilities, collection points, rural roads)</b></p> <p><b>Likelihood of sustainability of groups managing infrastructure</b></p>	<p><b>N. of market infrastructure constructed or rehabilitated</b> 330 market infrastructure schemes constructed or rehabilitated.</p> <p><b>N. of groups formed/strengthened to manage infrastructure</b></p>
	<p><u>provided:</u> (i) at farmer level through qualified TA (e.g. production technologies for high-value crops); (ii) at FO level through specialised TA (e.g. on compliance to food standards required by the local, regional and international markets) combined with targeted investments (e.g. for storage, grading, sorting, packaging).</p> <p><u>Improved access of the rural poor to affordable financial services.</u> Smallholders, FOs, small rural entrepreneurs and non-farm enterprises are able to access cost-effective and quasi-market based financial services. Rural unemployed youth enabled to initiate productive enterprises.</p> <p><b>Creation of employment opportunities</b> Innovative initiatives and new business ventures in off-farm rural sectors (agro-tourism, food processing, handicrafts or the service sector) generate employment. Beneficiaries adopt sustainable agricultural practices, are less vulnerable to climate change, and use water and energy efficiently.</p>	<p><b>environmentally sound production technologies</b> 18,000 smallholder farmers (non-commercial and commercial, including 25% women) are adopting technological innovations that (i) improve labour productivity, (ii) raise crop yields and (iii) improve the productivity of their livestock and respond to market and environmental requirements (e.g. those related to EU food safety).</p> <p><b>N. of active borrowers</b> 4000 households (including 400 female-headed) and 250 rural entrepreneurs (30% women and youth) obtain loans and expand their production capacity by 30%.</p> <p><b>Off-farm employment</b> 600 jobs (of which 200 for women and youth) created in rural areas through the initiation of 200 rural enterprises, using natural resources sustainably. % change in water and energy efficiency.</p>	

## Appendix IV: Previous COSOP results management framework

Project	LRFDP (Note 1)	REEP (Note 2)	RLDP (Note 2)
<b>Project Status</b>	Closed (2001-2008)	Closing (2006-2012)	On-going (2010-2015)
<b>Project Area</b>	21 poorer and disadvantaged Municipalities (10 in FBiH and 11 in RS)	25 poorer and disadvantaged municipalities (14 in FBiH and 11 in RS)	29 poor and disadvantaged municipalities (15 in FBiH and 14 in RS)
<b>Total Project Cost</b>	USD 29.45 million (IFAD US\$ 14.04 million OPEC Fund USD 5.0 million Italian FFAM Grant US\$ 0.77 million Government USD 6.38 million CEN Gender Grant USD 0.10 million beneficiaries USD 3.15 million)	US\$ 26.9 million (IFAD US\$ 11.9 million, OFID US\$ 6.0 million, Government US\$ 2.8 million, Beneficiaries US\$ 4.0 million, PFIs US\$ 2.3 million)	USD 25.7 million (IFAD US\$ 11.11 million OFID US\$ 6.0million, Government US\$ 2.5 million, Beneficiaries \$ 3.9 million, PFIs US\$ 2.1 million)
<b>Beneficiary households</b>	38,600	48,300	29,100
<b>OUTPUTS</b>			
<b>Farmer Organisation</b>	<b>Established/supported 23 PAs and I cooperative</b> <ul style="list-style-type: none"> <li>Total members 3,396 (39% women)</li> <li>100 milk collection centres (65,000 litre capacity)</li> <li>Milk sold to dairies increased from 2.5 to 11.3 million litre/annum (between 2004 and 2008)</li> <li>Training milk production/ hygiene provided to 4,150 trainees (25% women)</li> </ul>	<b>Established/supported 36 PAs and cooperative</b> <ul style="list-style-type: none"> <li>Total members 7,044 (17% women)</li> <li>Training provided to 13,734 persons (18% women) in milk hygiene, silage, vegetable and berry production and beekeeping</li> <li>Milk collected by project supported PAs from 3,701 producers and sold to one dairy processor and 2 cheese processors amounted to litre 32.1 million (2011)</li> <li>6 SMEs supported introduced international food safety standards (HACCP, ISO, Global GAP and HALAL)</li> </ul>	<b>Established/supported 25 associations and cooperatives</b> <ul style="list-style-type: none"> <li>Total members 1,590 (14% women)</li> <li>Training in animal husbandry provided to 1,386 trainees (31% women)</li> <li>Training in fruit production provided to 298 trainees (20% women)</li> </ul>
<b>Access to Finance</b>	<b>9 commercial banks and 2 micro-credit organisations collaborated with project and delivered:</b> <ul style="list-style-type: none"> <li>3,462 Farm and off farm enterprise loans for total amount of BAM 14.7 million (US\$ 9.8 million)</li> <li>71 SME loans for total amount of BAM 6.4 million (US\$ 4.3 million)</li> </ul>	<b>5 commercial banks and 5 micro-credit organisations collaborated with project and delivered:</b> <ul style="list-style-type: none"> <li>2,842 Farm and off-farm micro loans for total amount of BAM 18.8 million (US\$ 12.5 million)</li> <li>98% of farmer and micro loans are of less than BAM 10,001 (US\$ 6,600) compared to GNI/capita of US\$ 4,770</li> <li>73 SME loans for total amount of BAM 3.5 million (US\$ 2.3 million)</li> <li>Women borrowers received 46% of the number of loans and 35% of the loan amount</li> <li>88% of the loan amount disbursed by MCOs and 12% by commercial banks</li> </ul>	

Market Linking Infrastructure	Financed 139 market linking sub-projects	Financed 134 market linking sub-projects	Financed 25 market linking sub-projects
<ul style="list-style-type: none"> <li>cost of US\$ 10.5 million</li> <li>97 feeder roads (163.9 km)</li> <li>5 small bridges and stream crossings</li> <li>17 Village water supply systems</li> <li>20 animal watering points</li> </ul>	<ul style="list-style-type: none"> <li>Total cost of BAM 18.4 (US\$ 12.3 million)</li> <li>Beneficiaries contributed BAM 6.1 million (33% of total cost)</li> <li>84 feeder roads (112.9 km)</li> <li>9 small bridges and stream crossings</li> <li>29 village water supply systems</li> <li>12 miscellaneous other investments</li> </ul>	<ul style="list-style-type: none"> <li>Total cost BAM 2.9 million (US\$ 1.9 million)</li> <li>Beneficiaries contributed BAM // million (//% of total cost)</li> <li>13 feeder roads (15.7 km)</li> <li>6 Water supply</li> <li>6 other</li> </ul>	
EFFECT and IMPACT			
Project	LRFDP	REEP (Note 3)	RLDP
	<p>Average livestock ownership/household</p> <ul style="list-style-type: none"> <li>From 2.5 to 8.4 cows</li> </ul> <p>Average milk yield/cow/lactation/year</p> <ul style="list-style-type: none"> <li>From 1,750 to 2,744</li> </ul> <p>Total Job creation by SME obtaining project loans</p> <ul style="list-style-type: none"> <li>83 full time and 420 part time</li> </ul> <p>Household agricultural income</p> <ul style="list-style-type: none"> <li>Data from one dairy company (Agrocentar in FBiH) show individual producers increased annual milk delivery to dairy from 3,000 to 6,000 litre and thus increased their milk sale revenue from KM 1,488 to 3,364 over 2002-2007 period</li> </ul>	<p>Average livestock ownership/household</p> <ul style="list-style-type: none"> <li>From 2.1 to 5.5 cows</li> </ul> <p>Average milk yield/cow/lactation/year</p> <ul style="list-style-type: none"> <li>From 2,800 to 4,500</li> </ul> <p>Total Job creation by 50 SME which received BAM 2.68 million of project loans</p> <ul style="list-style-type: none"> <li>116 full time and 81 part time jobs (BAM 13,500 per job created)</li> </ul> <p>Average monthly household agricultural income</p> <ul style="list-style-type: none"> <li>From BAM 11,700 to BAM 12,800 in 2011</li> </ul>	

(BAM/US\$ average exchange rate about 1.5 BAM/1 US\$)

**Note 1:** Output and Impact data for LRFDP from PCR

**Note 2:** Output data for REEP and RLDP from M&E system and Supervision Reports

**Note 3:** Impact data for REEP from Panel Impact Surveys in both FBiH and RS

## Appendix V: Project Pipeline during the RB-COSOP period

### Concept Note: BOSNIA AND HERZEGOVINA: Rural Competitiveness and Diversification Project (RCDP)

#### A. Background

1. The complex governance structure in BiH and ineffective coordination between various levels of government not only hinders the country in making effective use of the EU's pre-accession assistance for the transposition and implementation of the EU 'acquis' but also constraints the country in increasing its competitiveness and in improving its longer term economic perspectives. For this reason, given the 2013-2015 PBAS allocation, only one intervention is considered for the present lending cycle. Additional funding will also be mobilized<sup>1</sup> to tackle environmental issues identified during the SEA exercise.
2. The present RB-COSOP will be assessed in 2015, and the country's progress as regards the EU-accession process will orient the intervention to be financed under the 2016-2018 lending cycle.
3. In close coordination with the State Government and the two Entity Governments, a project tentatively titled the 'Rural Competitiveness and Diversification Project (RCDP)' has been pre-identified for financing by IFAD during the current RB-COSOP period. This project, identified by the two Entity Governments, aims to capitalize on the lessons from previous IFAD and other donors' investments. RCDP would replicate some of the most successful IFAD experiences in the country. These experiences relate to (i) strengthening of farmer organizations and rural enterprises; (ii) technological innovation, business development and financial services; and (iii) upgrading of market infrastructure. The intervention would also tackle environmental issues related to climate change.
4. IFAD would field a mission to the country in October/November 2013 to elaborate the design of the RCDP. The choice of specific geographical areas would be made during the project identification.
5. It is also foreseen that the pipeline projects (a second one to be identified in 2015) will keep on capitalizing on on-going interventions. In fact, during the 2013-2018 period, two interventions will still be under implementation: (i) the Rural Livelihood Development Project (RLDP); and (ii) the Rural Business Development Project (RBDP). RLDP is scheduled for completion in June 2015; RBDP is a five-year intervention that was approved by the IFAD Executive Board in December 2011, and the ratification process is, to-date, still underway. RBDP start-up is foreseen by beginning of 2014, and expected completion is in 2018.
6. **Geography.** BiH is a country in the southeast Europe on the Balkan Peninsula with an area of 51,129 km<sup>2</sup> (47% of its area is covered with forests). It is virtually a land-locked country with a small (about 20 km) coastline on the Adriatic Sea and borders with Serbia, Montenegro and Croatia. Only some 20% of the total agricultural land can be classified as favourable for intensive agricultural production, mostly in lowland areas located in the valleys of the Una, Sava, Vrbas, Bosna, Drina, Sana and Spreca rivers. The geographical location and the complex mountainous reliefs lead to a diversity of climatic conditions across the country. Overall, BiH is located in two main climate zones. The southern part of the country has a Mediterranean climate characterized by sunny warm summers and mild rainy winters, and central and northern parts have continental climate that is characterized by hot summers and cold and snowy winters. The average annual temperature is 10.4°C. Summer is moderate, with an average temperature of around 16-17°C.

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<sup>1</sup> Possible sources of funding may comprise the Adaptation Fund.



Winters are quite harsh with average temperatures reaching below freezing for 2-3 months; the average winter temperature in Bosnia and Herzegovina is around  $-3^{\circ}\text{C}$ . The annual average precipitation is about 800-1,000 mm.

7. Studies by the United Nations Framework Convention on Climate Change (UNFCCC) suggest that current development efforts and the livelihoods of the rural households and communities – and key economic sectors such as agriculture and forestry more in general – are at threat due to climate change; noticeable droughts and flooding incidences have been experienced since the 1990s. A regional analysis of the South-Eastern Europe, also affecting BiH, found that among the most relevant climate change-induced alterations affecting the agricultural sector are (i) increasing temperatures (extreme weather events, frost damage, increases in hot days and decreases in rainfalls), (ii) reduced total growing season of some crops, (iii) reduced yields of stone fruits (due to warmer winters), and (iv) adverse effects on livestock (due to greater heat stress).
8. **Population.** BiH has not had a population census since 1991, shortly before the Civil War which tore the country apart between 1992 and 1995. Since then, the three constituent parts (i. Federation of Bosnia and Herzegovina – FBiH, ii. Republika Srpska – RS, and iii. Brcko District – BD) have been unable to agree on the information to be collected. However, agreement was apparently reached and a census was due to take place in April 2013. Meanwhile all agencies operate on the assumption of a total population of 3.5 million in 2007, increased to 3.75 million according to 2011 estimates. This figure is substantially lower than the 1991 figure of 4.38 million. About 200,000 people were killed during the war and many more remained disabled. The war also resulted in a change in the ethnic composition throughout the country, with a visible decrease in Croats residing in BiH. Furthermore, population estimates in 2010 showed that 64.2 percent of total people resided in FBiH, 33.8 percent in RS and 1.9 percent in BD.
9. **History, political system, governance.** The 1992-95 conflict in BiH caused almost complete destruction of the economy, infrastructure, livelihoods and the social fabric of rural life. As mentioned above, the conflict has resulted in about 200,000 people's deaths and many becoming disabled; it has also resulted in changes in the ethnic composition. BiH consists of a complex governance structure that was established in accordance with the Dayton Peace Agreement of 1995. It consists of a Council of Ministers at the State-level and two autonomous Entities - the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS) - plus the self-governing Brcko District (BD) under State sovereignty. The complex institutional and political environment leaves scope for political obstruction of many reforms and frequent political gridlocks, which in turn have impeded rapid advances on economic reform. This has retarded the development of a nationwide institutional infrastructure fully supportive of a market economy and EU integration. At the local administrative level, the country has 142 municipalities: 79 in the FBiH, 62 in RS and 1 in BD. The municipalities of FBiH are organized into ten cantons whereas RS does not have an administrative tier at the canton level. The municipalities are extremely variable in terms of size and population. Considerable investment has been made in the capacity of the municipalities for local development and governance.

## **B. Strategic context and rationale for IFAD involvement, commitment and partnership**

10. Poverty and rural development context. Poverty in BiH is not so much about absolute destitution but it is rather defined by social-exclusion and a lack of access to the basic services that make up an acceptable standard of living. BiH's Social Exclusion Index is 50.32%, indicating that half of the BiH population is, in some way, excluded within the society, being denied access to social, economic, and political rights. The country is placed 74th in UNDP's Human Development ranking, with a value 0.733 in 2011. The most recent analysis of poverty in the country indicates that while there is

little or no "extreme (food) poverty" in BiH, between 19 to 21% of the households (HH) suffer from chronic material deprivation and between 20 to 30% are "at risk" of falling into material deprivation.

11. During the recent period of strong growth (2004-2007), poverty in BiH dropped from 17.7% in 2004 to 14.0% in 2007 but has increased to 16% in 2010 and 18% in 2011. The country is thus unlikely to achieve its Millennium Development Goals regarding the eradication of poverty and extreme hunger and unemployment set for 2015. Many of the poor households have a high dependency ratio, lower levels of educational attainment, limited access to a regular source of cash income from formal employment, pension or remittances. Of these poor households, around 75% live in rural areas.
12. Despite overall improvements in terms of poverty alleviation, progress has been uneven between urban and rural areas and rural communities suffer from a number of limitations constraining agricultural production and general well-being (harsh climatic conditions, ineffective agricultural technologies, underdeveloped rural infrastructure). In particular, rural poverty correlates strongly with altitude and uneven access to land, irrigation, agricultural equipment, finance and advisory services. In BiH rural poor are: (i) unemployed or with limited employment opportunities, especially affecting rural youth, (ii) households (HH) with insufficient assets or without access to pensions or remittances and (iii) female-headed HH who earn on average 20% less than male-headed HH.
13. Economy, policy and institutional issues. With a per capita Gross National Income (GNI) of US\$ 4,700 in June 2011, BiH ranks as an upper middle-income country. The long inter-ethnic war in BiH caused widespread destruction of the economy, of infrastructure and livelihoods, and has also damaged the social fabric of society. The destruction of rural infrastructure, housing and public utilities has considerably hampered growth and development; production decreased by 80% from 1992 to 1995 and unemployment rose to unprecedented levels. After a period of successful post-conflict reconstruction, the economy has picked up and the Gross Domestic Product (GDP) growth has averaged 6% for the past five years with a low inflation rate.
14. The service sector is the largest contributor to employment, with 49.3%, followed by the industry sector at 31%, and agriculture with 19.7% in 2010. The country has however fallen back on its MDG indicators, especially with regards to employment and women's share in the non-farm sector. Official or registered unemployment for women now stands now at just above 40%, and unemployment amongst young people is also reported to be approximately twice as high as among the population as a whole.
15. In June 2008, the EU and BiH signed the Stabilization and Association Agreement (SAA). Pending completion of the process for the SAA to enter into force, an Interim Agreement now regulates trade relations. The EU is the main trading partner of the country representing 63% of total imports and 73% of total exports. The majority of Bosnian products can enter the EU duty-free. BiH is however not reaping the full benefits of these agreements as, due to the absence of EU-compliant food safety institutions and an overall lack of compliance to the EU regulatory frameworks, a broad range of products still remains banned from entering EU markets.
16. Following the Dayton Peace Agreement, BiH has a complex governance structure, as mentioned above. Municipalities (as well as cantons in FBiH) play a key role in the self-governance system in BiH. Although municipalities are not directly in charge for defining policies and supporting agricultural / rural (or economic) development, many of them support rural development (mostly agriculture). Their support ranges from formulation of local development strategies, to provision of small scale subsidies to producers, assistance to apply for subsidies and provision of municipal land for agriculture to individuals and companies / cooperatives. In tandem with

other development actors, municipalities also provide support to agribusiness incubators, channelling support services to producers, or even setting up a credit guarantee fund or cover part of the interest rates. Considerable investments have been made in strengthening their capacity as drivers for local development and municipalities (and cantons) have historically represented the entry-point for the implementation of IFAD interventions.

17. The State-level Ministry of Finance and Treasury (MOFT) keeps oversight of donor supported programmes and coordinates with the Entities' Ministries of Finance, which are responsible for externally-funded projects. In addition, the State Ministry of Foreign Trade and Economic Relations (MOFTER) plays an active role in coordinating donor programmes in the country and works closely with the donors in the agriculture and rural development sector.
18. In 2001, with the support of the World Bank and the UNDP, BiH prepared its first Medium Term Development Strategy (MTDS, 2004-2007). Upon expiration of the MTDS and as part of the EU accession process, BiH prepared its national Strategy for Development (SD) and its Strategy of Social Inclusion (SSI, 2008-2013). These strategic documents benefitted from a broad stakeholder consultation process. A key goal for the SSI is to increase the participation of inactive and discouraged populations and fostering their re-integration in social life and in labour markets through 'equal opportunity' policies. Gender-sensitive and inclusive employment programmes are of high priority in this strategy. The SD identifies five strategic objectives: (i) Macro-economic stability; (ii) Competitiveness; (iii) Employment; (iv) Sustainable Development; and (v) European integration. The 'Sustainable Development' objectives are pursued through the following: faster and more efficient development of agriculture and of rural areas, environmental management and renewable energy, as well as transport infrastructure and communications. The 'Competitiveness' objective is meant to be attained through fostering of local business chains, strengthening research and development, upgrading workforce skills, establishing a supportive business infrastructure and fostering of sector-specific industrial clusters.
19. The two Entities have formulated their respective strategies for agricultural/rural development, the Medium-Term Strategy of Agricultural Sector in FBiH (2006-2010) and the RS Rural Development Strategy (2009-2015). These two strategic programmes are essentially construed around similar strategic priorities, and namely: (i) improving the competitiveness of the agricultural and food sector; (ii) institutional development and improvement of the legal frameworks in order to stimulate agricultural and rural development, (iii) conservation and sustainable use of natural resources; and (iv) improvement of rural livelihoods and diversification .
20. The IFAD Country Programme. IFAD's assistance to BiH commenced in 1996, soon after peace was restored in the country. To date, IFAD's BiH portfolio comprises six projects valued at US\$ 167.0 million, of which IFAD funding amounts to US\$ 70.0 million. The first two IFAD-supported projects, focused on emergency relief and rehabilitation, were aimed at the reestablishment of the livestock sector which has been decimated by the war. These projects contributed significantly to the post-war revival of rural livelihoods through herd restocking (introduction of over 15,000 high quality dairy cows and 13,000 sheep of improved breeds). IFAD's second generation projects have mainly focused on the poorer and disadvantaged regions of the country. In these regions, support to smallholders has mainly been operationalized through the provision of basic organizational and technical support to Producer Associations (e.g. support on how to develop the Association's activities, on how to improve milk quality etc.). The Livestock and Rural Finance Development Project (LRFDP), for example, has succeeded in developing farmer's small-scale commercial livestock operations by strengthening the market linkages along the dairy chain. This approach was replicated with horticultural crops, non-timber forest products and organic produce, in subsequent IFAD interventions. In line with the

2005 COSOP, the most recent generation of IFAD projects supported income diversification, strengthening of rural livelihoods in the context of economic transformation and post-conflict stabilization, and preparing to meet the new requirements introduced by the EU accession process. Projects included the Rural Enterprise Enhancement Project (2008-2012), the on-going Rural Livelihoods Development Project (2010-2015) and the soon-to-be initiated Rural Business Development Project (2014-2018).

### **C. Possible geographic area of intervention and target groups**

21. The specific municipalities in the two Entities where the project will be implemented will be selected based on: (i) municipalities' ranking in terms of socio-economic development (priority will be given to the most underdeveloped municipalities, including those that have not benefited from previous IFAD projects); (ii) potential for capitalizing upon the opportunities provided by the project; and (iii) willingness of the Municipal Government to contribute to the project activities.
22. The target group for the project would comprise the (i) non-commercial (subsistence) and commercial smallholder farmers, both women and men; (ii) Producer Associations and Agriculture Cooperatives with an outreach to non-commercial smallholder farmers; (iii) women and unemployed youth interested in non-farm wage employment and enterprise development; and (iv) on-farm and off-farm small enterprises with the potential to grow and enhance their productive potential and contribute to rural employment.
23. Priority will be given to the following: (i) landless poor rural people who are able to become economically self-sufficient; (ii) rural poor people who have given up livestock and are reliant on crop production only on less than 3 ha; (iii) smallholders with up to 5 cattle and/or 3 ha of rain-fed land; (iv) poorer rural women; (v) rural youth; (vi) micro and small on-farm/off-farm entrepreneurs; and (vii) organizations and rural and agricultural small operators, including Producers' Associations and Cooperatives.
24. The project will roughly cover 50 municipalities (about 25 in each entity), and will directly target 60,000 rural households. The final selection of municipalities – the geographic targeting – would be made during project design. As explained below (under the Project Components and activities section), the geographic coverage of the 'network of specialized service providers' sub-component under the 'Business Development Services and Competitiveness' Component (Component 2) will be nation-wide, as it will aim at creating a functioning and sustainable network of service providers in tandem with other local and international partners.

### **D. Justification and Rationale**

25. The justification for the Rural Competitiveness and Diversification Project (RCDP) is based on the need to help smallholder farmers become more competitive and enable non-farm households to diversify their livelihoods. This is in line with the State and Entity level rural and agriculture development strategies, as well as the BiH Social Inclusion Strategy (2008-2013). This transformation is considered key for economic growth and rural development in the country. The IFAD financed investment will help smallholders capitalise upon the opportunities for production of niche products and assist rural households in undertaking a range of non-farm activities. The development hypothesis on which this project is premised is that organizing smallholder farmers and providing them technological, organizational and managerial skills, together with business development and financial services, and upgraded market infrastructure to enhance their access to markets can improve their competitiveness.
26. It is important to note that IFAD is one of the few agencies in the country working with the poorest segments of rural societies in under-developed municipalities; this is essentially IFAD's comparative advantage in Bosnia and Herzegovina. IFAD's

previous project experience has demonstrated the high impact of working with smallholder farmers.

27. Taken together, IFAD projects have directly benefited over 116,000 households or some 394,000 people or nearly 18% of the country's rural population (the number of indirect beneficiaries is not included in this figure). The interventions have established or supported 85 Producer Associations (PAs) and Cooperatives, with a total membership of 12,581 men (78%) and 3,551 women (22%) in their endeavours to link up with the dairy, meat, fruit and vegetable value chains and markets. The Partner Financial Institutions have disbursed 5,687 smallholder loans (valued at US\$ 22 million) and 146 on-farm and off-farm SMEs loans (valued US\$ 6.6 million). The interventions have funded the construction of 285 small rural infrastructure schemes (196 feeder roads with a total length 285.5 km, 14 small bridges, 52 village water supply systems and 20 animal watering points), aimed at improving market linkages and rural living conditions. In terms of impact, these projects resulted in an increase in average monthly agricultural income for beneficiary households of over 60%, mainly as a result of increased sales of milk, meat and fruits. The increases in annual milk (51%) and meat production (17%) was mainly the result of an increase in animal ownership (32%), but also through increases in milk yields per lactation (16%). Fruit production has increased by 57%, while yield per hectare increased by 3%. The volume of smallholder milk production marketed to dairies has increased by 58% (and from 2.5 million litres to 11.3 million litres under the Livestock and Rural Finance Development Project), and sales of fruit and vegetables has increased by 57%. As a result, the overall food security situation has improved and rural livelihoods have become more diverse, strengthening their resilience in dealing with climate change induced variability.
28. IFAD experience has shown that Farmers Organizations (FOs), comprising PAs and 'Agricultural' Cooperatives, supported by the project, have also played a noteworthy role in influencing public policy to the benefit of certain sub-sectors. For instance, these have played an important role in the creation of incentive schemes for dairy producers and subsidies or the creation of a supportive legal framework for apiculture. The IFAD-supported projects have also assisted FOs in their negotiations with commercial banks and microcredit organizations encouraging them to increase their presence in rural areas and offer financial services for poor rural households. Through its investments in rural disadvantaged municipalities, IFAD's country programme has considerably contributed to the rejuvenation of rural livelihoods and invigoration of smallholder farming. Support to PAs and Agriculture Cooperatives has provided smallholders with a pathway to start realizing economies of scale and to access markets on a competitive basis.
29. Experience has also shown that (non-commercial and commercial) smallholders that joined producer groups in the milk and fruit value chains, were able to increase their market share as well as their incomes. The value chain approach proved to be effective in the nurturing of commercial linkages between small-scale producers and the private sector. The investments in market infrastructure (e.g. rural roads, small bridges), benefitting an important number of rural households, has also spurred rural growth. Access to finance, allowing for the start-up of new enterprises or the expansion of existing businesses, contributed to the creation of rural employment opportunities for young men and women. This either directly through the development of new agro-based industries or indirectly through multiplier effects contributed to agricultural growth in the rural economy.
30. Additionally, in terms of emerging lessons, it has become clear that: (i) PAs, Agriculture Cooperatives and rural SMEs, though already operational as instruments in helping (non-commercial) smallholders to access improved production technologies and markets, will need to become much more service- and business-oriented to be able to respond to changing markets and benefit their constituencies; (ii) financial services providers, key for rural growth and employment

generation, will need to further extend the range and appropriateness of their services to rural areas; (iii) rural BDS will be crucial to facilitate the PAs transition from not-for profit into for-profit cooperatives and to support cooperatives in making realistic plans regarding the scale of their trading and their processing activities, their capacities in terms of service provision and the financial viability of their activities; (iv) investment in small scale rural market infrastructure can be catalyst for both agriculture growth and small enterprise development.

31. In addition to capitalizing on lessons learned from previous IFAD (and other donors' experiences), the innovative aspect of this project would include a greater focus and more active engagement with the private sector and rural entrepreneurs in creation of incomes and employment in BiH.

### **E. Key Project Objectives**

32. The development objective of the project would be to help smallholder farmers enhance their productivity and become more competitive at local and international level, and help in developing the non-farm enterprise sector for rural employment and income generation. The project would be expected to directly benefit 60,000 rural households. The expected outcomes of the project would include:
  - (i) sustainable and economically viable organizations of smallholders and non-farm enterprises;
  - (ii) improved performance of service providers both for technological innovation and for BDS;
  - (iii) increased access to productive opportunities through sustainable access to technological innovation, business development and financial services;
  - (iv) improved access to markets through upgraded market infrastructure;
  - (v) improved access to financial services;
  - (vi) increased employment opportunities in the rural areas specially for youth and women.

### **F. Ownership, Harmonization and Alignment**

33. The project follows up on a request from the RS and FBiH for the entirety of the country allocation of the present cycle. Throughout the years IFAD has forged a range of partnerships with the Government at the State, Entity and Municipal level, as well as with financial institutions, the private sector and farmer organizations. At the State level, IFAD will work closely with the Ministries of Finance and Treasury and the Ministry of Trade and Economic Relations to agree and coordinate the implementation of the overall country programme. At the Entity level, IFAD will work in close partnership with the two Ministries of Finance and the Ministry of Agriculture to identify priority areas of investment, geographical location of investment and the scope of the projects. Municipal Governments have been important partners for IFAD and have played a key role in identifying and financing part of the costs of physical and market infrastructure in rural areas. They would also help to facilitate opportunities for rural employment generation through a host of measures such as creation of special business zones, part financing, and access to facilities and incentives. IFAD would capitalise on these opportunities to catalyse rural growth and employment creation. IFAD will actively support Local Economic Development organizations (private and public) to strengthen their capacity to deliver strategic BDS.
34. The IFAD country programme will carry on building synergies with other donors and financing agencies. IFAD will work closely with the European Union to identify opportunities to assist the smallholder farmers in meeting EU production standards. The country programme will coordinate closely with the UN, World Bank, EBRD, EFSE and USAID in sharing lessons from their investments in the provision of financial services, infrastructure and agriculture value chain development. IFAD will build on the positive experiences of USAID's FARMA and LAMP projects and the work of the Czech Development Agency, Swedish Embassy and the Swiss Development Cooperation. EU, World Bank and IFC's investments in technical capacity building regarding Food Safety Standards in the country will be utilized for the benefit of smallholders by IFAD projects. Through its projects, IFAD will provide financing which

is complementary to EFSE and the World Bank SME Project as it will focus on loans for agriculture and agribusiness and rural enterprise development whereas these other initiatives focus on housing loans, medium sized enterprises and do not finance start-ups. IFAD will also build on its lessons from the grant provided to OXFAM Italia to pilot territorial marketing and explore the potential for branding products, expected to start in mid-2013.

## **G. Project Components and activities**

35. The RCDP would include four components (i) Organizational and skills development; (ii) Business Development Services and competitiveness; (iii) Improved access to markets; and (iv) Project management and coordination. The components are expected to work in close complementarity with each other to maximize impact on the targeted households.
36. Organizational and skills development. This component would aim at enhancing the organizational and skills of smallholders (non-commercial and commercial), Producers' Associations, Agriculture Cooperatives, and of on-farm and off-farm enterprises. Activities would include training, on-the-job mentoring, and provision of advice to farmers to enhance their productivity, marketability of products as well as profitability. In this regard, the project would promote the production of high-value products, also those suitable for niche markets (in this regard, the formulation will capitalize on the market studies undertaken during the formulation of the Rural Business Development Project, on dairy, meat and fruits and vegetables products). The component would result in the graduation from subsistence to commercial farming (at individual level) and from Producers' Association to Agriculture Cooperatives (at Farmers' Organization level). The project would target those Agriculture Cooperatives that interact with the primary project beneficiaries (smallholders), which can guarantee their inclusiveness in value chains, and help them adopt food safety standards. The project would also target those enterprises that are able to guarantee the employment of youth and women.
37. Business Development Services and competitiveness. This component would have two main sub-components: (i) networks (local and national) of specialized service providers; and (ii) Voucher Systems to improve access to service providers. The first one will aim at improving the capacity of local service providers, resulting in the provision of 'specialized' services to the final client (namely smallholder farmers, their organizations, and related enterprises). In doing so, the project will also aim at fostering and setting up of a local (within the RCDP targeted municipalities) and then nation-wide network of service providers (through a phased approach); in this regard the geographic coverage of this sub-component would be wider in scope than that of RCDP, and for this synergies with other partners will be necessary to initiate a functioning network of BDS. The second sub-component would ensure beneficiaries' hiring and contracting of specialized services, including business, technological innovation services in order to improve competitiveness of their on-farm and off-farm enterprises. In this regard, and taking into account the natural comparative advantage of BiH in the area of non-timber forest products, medicinal aromatic plants and berries, the services would foster and support these sectors also taking into account their benefits vis-à-vis gender empowerment and climate change adaptation and increased smallholders' resilience.
38. Improved access to markets. This component would aim at increasing access to markets and business opportunities of the on-farm (including smallholders, Producers Association, and Agriculture Cooperatives) and off-farm enterprises. This would include construction/rehabilitation of rural roads – considered a priority from the borrowing government -, and the provision of more market-specific infrastructure, including but not limited to collective warehouses, collection points, cold storage facilities, grading, sorting and packaging equipment. The market infrastructure would complement efforts under Components 1 and 2 of the project, and to enhance the efficiency of specific value chains with market potential. The

dairy, meat, and fruits and vegetable sub-sectors have been analyzed during the formulation of the Rural Business Development Project; RCDP will capitalize on such studies to determine the most promising value chains, in terms of potential for improved competitiveness and market share. To this end, the project would also ensure that groups are in place that can collectively manage such equipment, to ensure their operations and maintenance (sustainability) after project end. In general, specific criteria will be put in place to ensure the right allocation of 'sub-project' grants, in terms – for instance – of maximization of number of beneficiaries for each investment, technical feasibility of the sub-project including sound exit strategy, direct linkage to viable value chains and others.

39. Project management and coordination. The project will capitalize on existing management and coordination models of the previous and on-going IFAD interventions, and namely on the implementation structures represented by the two Project Coordination Units in the two entities - PCU and APCU. This would also allow for capitalizing on IFADs' interventions past experiences.

## **H. Costs and financing**

40. Based on past experience, it is estimated that the total project cost could range from USD 25.0 to USD 30.0 million. IFAD would provide a loan of USD 12.7 million approximately. IFAD would also try and secure a country grant associated with the loan (approximately USD 0.3 million). The Fund would try and mobilize additional funding (up to USD 10.0 million, e.g. from the Adaptation Fund) to integrate innovative technology contributing to climate change-related adaptation and mitigation efforts. The Government of Bosnia and Herzegovina would contribute part of the financing with Municipal Governments, Participating Financial Institutions, Farmer Organizations and small entrepreneurs contributing part of the share. IFAD would also assess the potential for co-financing or parallel financing opportunities in collaboration with other donor agencies during project design. The lending terms for BiH, as of April 2013, are Blend terms.

## **I. Organization and management**

41. The RCDP would be built on the tested and proven arrangements for project coordination and management already in place for the on-going IFAD supported projects in BiH. The State Government would pass the proceeds of the loan and IFAD grant, if any, to the two Entity governments of the FBiH and RS through two subsidiary loan agreements. In each Entity, project implementation would be entrusted to the existing PCU/APCU implementing the on-going IFAD projects and are well versed in the systems, procedures and requirement of government, service providers, IFAD and co-financiers. PCU/APCU will implement the project in accordance with annual work plans and budgets prepared in consultation with the target group representatives, municipalities and service providers and approved by IFAD.

## **J. Monitoring and Evaluation indicators**

42. The key monitoring indicators for the project would be refined during the project design. A tentative Project Logframe is attached (see Annex I of this Appendix). The relevant RIMS indicators would be identified once project components and activities have been finalised. The M&E indicators would try and capture the outputs, outcome and impact of the project. All data would be disaggregated by gender.

## **K. Risks**

43. There are no major risks identified for the project at this juncture. Specific risks and mitigation strategies will be identified during project design.



**L. Timing**

44. It is expected that the project design would commence during the second half of 2013 and the project would be submitted to the IFAD Executive Board in September 2014. Tentative schedule includes the following:

- Oct/Nov 2013: Project design and Quality Enhancement (QE) inputs
- Dec 2013: PDR to QE
- Mar/Apr 2014: Submission to QA Panel, finalization and President's Report
- Jun/Jul 2014: Loan negotiations
- Sep 2014: Presentation to the IFAD Executive Board

## Key File 1: Rural poverty and rural sector issues

Priority areas	Affected group	Major issues	Actions needed <sup>2</sup>
<b>Agricultural income</b>	<ul style="list-style-type: none"> <li>Smallholders - subsistence producers (e.g. non-commercial smallholders combining dairy and crop production).</li> <li>Smallholder - producers of high value crops.</li> <li>Poorer women involved in farming and female-headed households.</li> </ul>	<ul style="list-style-type: none"> <li>Low labour productivity.</li> <li>Low milk and crop yields.</li> <li>Unfavourable farm-gate prices and high input costs.</li> <li>Fragmentation of agricultural holdings.</li> <li>Unclear land tenure and land usage rights.</li> <li>Agricultural education and training not suited to needs of smallholders.</li> <li>Technical weakness of extension services.</li> <li>Climate change (increased frequency of extreme events).</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen rural economic organisations, including PAs and Cooperatives involved in production and marketing.</li> <li>Maximise use of natural advantages in high-value production.</li> <li>Improve competitiveness of BiH agricultural sectors (quality, cost, quantity, food standards).</li> <li>Move away from direct production support to focus on supporting structural changes in agricultural sector (rural development - CAP second pillar).</li> <li>Integrate climate change adaptation to agricultural policies.</li> <li>Improve farmers' access to technological innovation.</li> </ul>
<b>Rural Unemployment</b>	<ul style="list-style-type: none"> <li>Youth.</li> <li>Women.</li> <li>Returnees and internally displaced people.</li> </ul>	<ul style="list-style-type: none"> <li>Returnees facing important difficulties to (re)build up their livelihoods.</li> <li>Lack of rural job opportunities (skilled and unskilled).</li> <li>Limited access to specialized technical training.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading and diversification of skills.</li> <li>Contribution to the creation of an enabling business environment, for SME development.</li> <li>Fostering the creation of small enterprises that offer employment.</li> <li>Awareness raising and promotion of potential rural growth sectors and activities (e.g. agro-tourism, NTFPs etc.).</li> <li>Provision of grants<sup>3</sup> for promising enterprises, particularly those initiated by youth and women.</li> </ul>

<sup>2</sup> Actions needed are not exhaustive, and are essentially focussing on actions that can be supported by IFAD.

<sup>3</sup> Matching grants with Municipalities in RS and Cantons in FBiH to establish assets with a public goods element for the benefit of the target groups and innovation grants with the private sector and possibly donors/NGOs to support research in value-addition and technological innovation uptake.

Priority areas	Affected group	Major issues	Actions needed <sup>2</sup>
<b>Smallholder farmers facing a difficult transition process</b>	<ul style="list-style-type: none"> <li>Small scale/subsistence producers</li> </ul>	<ul style="list-style-type: none"> <li>Civil society organizations (e.g. PAs) are legally considered as non-for-profit. This constrains their possibilities to develop business ventures.</li> <li>Characterized by: (i) poor record keeping of membership and assets; (ii) low level of business planning; (iii) strong focus on state support programmes and attracting donations; (iv) poor integration of members in decision making; (v) low level of transparency in accounting; (vi) low level of integration in the marketing chain.</li> <li>Cooperatives - mostly operating similarly to limited liability share companies - active in marketing and input supply; - not inclined to open membership to small scale producers (this is even more so for the so-called 'private (family) cooperatives'); - often set up to capture subsidies. Characterized by: (i) weak identification with the needs of their members; (ii) poor level of business planning (based on donor funding); (iii) distinguish between founders and members ('cooperants') in transparent business and profit sharing; (iv) weak links with agribusiness sector (direct access to market is preferred).</li> <li>Databases on cooperatives are very poorly maintained and many cooperatives are inactive.</li> <li>The 'old' cooperatives also face lingering constraints, e.g. unresolved property rights.</li> </ul>	<ul style="list-style-type: none"> <li>Support farmers' transition from subsistence to commercial agriculture, by ensuring the inclusion of non-commercial farmers in FOs.</li> <li>Support to FOs and their organizational development.</li> <li>Strengthen associative dynamics in both PAs and Cooperatives of recent establishment (support their operations on sound business and on cooperative principles).</li> </ul>

Priority areas	Affected group	Major issues	Actions needed <sup>2</sup>
<b>Competitiveness and innovation</b>	<ul style="list-style-type: none"> <li>• Smallholders in agriculture and livestock.</li> <li>• Isolated rural households.</li> <li>• Rural Micro and Small enterprises.</li> <li>• New rural entrepreneurs.</li> </ul>	<ul style="list-style-type: none"> <li>• Under-developed extension services (RS: extension providers organized in an Agency; FBiH: extension providers organized at cantonal level).</li> <li>• Absence of structured information on operating privately-organized advisory services (and the provided services).</li> <li>• Lack of official policy, action plan and registry on the skills transferred – limited number of advisors.</li> <li>• Advisory services lack expertise (business planning, local development, PPP, marketing, managing producer organizations, ..), and strategy to build up capacity lacking.</li> <li>• Extension services essentially geared towards ‘commercial’ (registered farmers) with a strong focus on ‘capturing’ subsidies using the ‘subsidy rulebook’.</li> <li>• Limited coordination between research and extension.</li> <li>• In RS an official network of government-constituted agencies exists, under the RS SME Development Agency. FBiH has no entity-level agency. In RS, the Agency’s functionality remains constrained by lack of clear policies, implementation plans and financial support.</li> <li>• Underdeveloped factor and output markets, e.g.: poorly defined property rights leads to ‘thin’ land markets and fragmented landholdings.</li> <li>• Unclear land tenure &amp; land usage rights.</li> <li>• Limited infrastructure (rural roads, but also market facilities such as storage and warehousing), especially in the more remote areas.</li> <li>• Agricultural produce not compliant with EU standards as regards food safety and required export quality.</li> <li>• Insufficient market information.</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural and business advisory services.</li> <li>• Technological innovation.</li> <li>• Investments in market infrastructure.</li> <li>• Improved market information systems (on price, quality, in national and international markets).</li> <li>• Support joint activities by farmers and small processors through PAs and cooperatives.</li> </ul>

<b>Priority areas</b>	<b>Affected group</b>	<b>Major issues</b>	<b>Actions needed<sup>2</sup></b>
<b>Access to rural finance</b>	<ul style="list-style-type: none"> <li>Subsistence producers.</li> <li>Smallholder producers of high value crops.</li> <li>Rural (on-farm and off-farm) entrepreneurs.</li> <li>Rural women and youth.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of access to medium term loans for asset financing.</li> <li>Constrained liquidity especially to non-commercial smallholders.</li> <li>Relatively high interest rates and non-adapted repayment schedules.</li> <li>Collateral requirements for asset-less youth and women.</li> <li>Limited outreach in the rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>Interactions and discussions with several MFIs and commercial banks to boost competition by improving lending terms for the target group.</li> <li>Structure and facilitate linkages between smallholder and the private banking sector in order to increase the outreach to the rural areas including to IFAD's target group.</li> <li>Adaptation of repayment schedules to the timing of cashflows of borrowers.</li> </ul>
<b>Resilience to climate change</b>	<ul style="list-style-type: none"> <li>Subsistence producers.</li> <li>Smallholder producers of high value crops.</li> <li>Rural (on-farm and off-farm) entrepreneurs.</li> <li>Rural women and youth.</li> </ul>	<ul style="list-style-type: none"> <li>Increased vulnerability of the agriculture sector to climate change.</li> <li>Increased frequency and intensity of extreme weather events, such as: (i) pronounced water scarcity during the summer; (ii) changes in the seasonal distribution of precipitations.</li> <li>Forest fires and floods: (i) put at risk complementary sources of revenues for poor-asset farmers; (ii) increase the risk of erosion and pollution.</li> </ul>	<ul style="list-style-type: none"> <li>Promote the adoption of sustainable farming practices based on water saving, minimal soil disturbance and reduced use of agro-chemicals, and the adoption of better adapted crop varieties and livestock breeds.</li> <li>Promote adaptation measures such as land use diversification and the introduction of resilient economic activities that build on the country's natural assets.</li> <li>When possible, when infrastructure investments are made, ensure that environmental assessments are built into formal operational procedures governing investment decision-making, to conform to the principles of sustainable management of natural resources.</li> </ul>
<b>Policy constraints</b>	<ul style="list-style-type: none"> <li>Non-commercial farmers (subsistence producers).</li> <li>Commercial farmers.</li> <li>PAs and Cooperatives.</li> <li>Service providers.</li> <li>Private sector operators.</li> <li>Sector development perspectives.</li> </ul>	<ul style="list-style-type: none"> <li>'Ad-hoc' agricultural support programmes.</li> <li>The composition and timing of subsidies: direct production support (incl. subsidies).</li> <li>Public expenditure mostly targeted to commercial farmers.</li> <li>Underexploited potential.</li> </ul>	<ul style="list-style-type: none"> <li>Existing policy framework supports the growth of PAs and Agriculture Cooperatives. Policy dialogue will be focused on how to ensure that non-commercial farmers keep on benefitting from state-led support initiatives to PAs and Cooperatives.</li> <li>Agriculture Cooperatives in RS also need policy support to resolve the issue of land titles and asset ownership. An approach which has worked well in this regard is to strengthen the Cooperative Unions and PAs and enable them to lobby for their own rights.</li> <li>Policy dialogue on designing, setting up, and funding stable and effective entity-level and local level systems for technological innovation and business development.</li> </ul>
<b>Social exclusion phenomena in rural areas</b>	<ul style="list-style-type: none"> <li>Returnees and internally displaced people.</li> </ul>	<ul style="list-style-type: none"> <li>Poverty, insufficient education, lack of 'life' skills or as a consequence of discrimination.</li> </ul>	<ul style="list-style-type: none"> <li>Measures (targeting approach adopted by the interventions) to ensure inclusion of the most vulnerable groups.</li> </ul>

## Key File 2: Strengths, weaknesses, opportunities and threats (swot analysis)

Institution	Strengths	Weaknesses	Opportunities	Threats
State-level Ministry of Foreign Trade and Economic Relations (BiH-MOFTER). State-level Ministry of Finance and Treasury (BiH MOF).	<ul style="list-style-type: none"> <li>Active role in coordinating donor programs in the country and works closely with the donors in the agriculture sector.</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient coordination between Entity and State-level institutions in the planning and implementation of agriculture and rural development policies.</li> <li>Lack of resources.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced intra-Entity dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>Further political destabilization through Entity-level political gridlocks.</li> </ul>
FBiH Ministry of Finance (FBiH-MOF). RS Ministry of Finance (RS-MOF).	<ul style="list-style-type: none"> <li>Main decision-makers in sector-specific resource allocations.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate capacity for informed follow-up and monitoring of agricultural development programs.</li> </ul>	<ul style="list-style-type: none"> <li>Involvement in articulation of sector policies and plans.</li> <li>RS-MOF strong involvement in development of rural finance policy/institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate appreciation of constraints facing projects.</li> </ul>
FBiH Ministry of Agriculture, Water Management and Forestry (FBiH-MoAWMF) in Sarajevo. RS Ministry of Agriculture, Forestry and Water Management (RS-MoAFWM) in Banja Luka.	<ul style="list-style-type: none"> <li>Agricultural/rural development strategies.</li> <li>Experience working with IFAD and other donor projects.</li> <li>Well-established implementation arrangements for project coordination.</li> </ul>	<ul style="list-style-type: none"> <li>Direct support to production (60% 'amber box' support measures).</li> <li>Centralized approach to planning and implementation of rural development policies (all responsibilities in the hand of Agric. Ministry departments).</li> <li>Under-developed lower institutional level, in charge for implementing rural development policies.</li> <li>Fragmented institutional structure/Entity/Canton/ and Municipality levels.</li> <li>Inadequate capacity for policy analysis.</li> <li>Inadequate farm support services in extension/research.</li> <li>At project level: increased transaction costs.</li> </ul>	<ul style="list-style-type: none"> <li>Political commitment for sector modernization.</li> <li>EU and donor support.</li> <li>Opportunities for benefit from access to EU markets.</li> <li>Possibility of replicating successful models for commercialization of smallholder production.</li> <li>Road map for growth, modernization and transformation in the context of EU accession.</li> </ul>	<ul style="list-style-type: none"> <li>Political tensions between the Entities rendering cooperation and technological exchanges difficult</li> <li>Inability to effectively manage some of the natural resources such as land, pastures, watersheds.</li> </ul>

<b>Institution</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
State Veterinary Office, Food Safety Agency and Phytosanitary Agency.	<ul style="list-style-type: none"> <li>• Donor-support towards alignment with EU food safety standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Slow alignment to the EU acquis.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued donor support (e.g. EU and WB) to further strengthen the existing capacity.</li> </ul>	<ul style="list-style-type: none"> <li>• State-level coordination not succeeding.</li> </ul>
Agricultural extension and business development services, including organizational development.	<ul style="list-style-type: none"> <li>• RS-MoAFWM has established an agency for agricultural extension services (support to production).</li> <li>• In FBIH production support services are structured at cantonal level.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of expertise and limited number of competent rural advisors.</li> <li>• Low level of institutional organization.</li> <li>• Lack of record keeping on knowledge and skills transferred.</li> <li>• Ineffective extension methods (e.g. emphasis on lectures).</li> <li>• Limited opportunities for capacity development.</li> <li>• Extension services focused on obtaining agricultural subsidies.</li> <li>• Limited capacity to support farmers in developing their business activities (e.g. preparation of business plans, and understanding of entrepreneurial mindset).</li> </ul>	<ul style="list-style-type: none"> <li>• Donor support (WB) for the strengthening of agricultural extension services.</li> <li>• EU alignment will require set-up of farmer advisory services (focussed on compliance with EU legislation as regards environmental standards, animal welfare, etc..).</li> </ul>	<ul style="list-style-type: none"> <li>• Predominant direct production support approach that orients agricultural advisors to 'administrative tasks' e.g. for the obtaining of subsidies.</li> </ul>
Local Government (Municipalities and Cantons).	<ul style="list-style-type: none"> <li>• Elected and accountable to local citizens.</li> <li>• Interaction/mobilization of local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Despite systematic (donor) support their managerial capacity remain limited.</li> <li>• Limited funding for development initiatives.</li> <li>• Some municipalities focus only on "commercial" farmers.</li> </ul>	<ul style="list-style-type: none"> <li>• With support from EU further progress in building up capacity and management capabilities.</li> <li>• Possibilities of collaboration with IFAD project in rural infrastructure funding and O&amp;M responsibility.</li> <li>• Municipal governments have created 'green' business zones where they provide special incentives such as tax breaks, investment support and partial grant financing.</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-occupation with firstly improving local services may undermine their desire to support development activities.</li> </ul>

<b>Institution</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
Former Agriculture cooperatives.	<ul style="list-style-type: none"> <li>Capacity to deal directly with producers to aggregate produce.</li> <li>Large network.</li> <li>Large membership base.</li> <li>Appreciable assets in land and buildings.</li> <li>Mostly deal with production.</li> </ul>	<ul style="list-style-type: none"> <li>Relics from socialist system.</li> <li>Limited managerial capacity.</li> <li>Uncertain public confidence.</li> <li>Lack clear title to assets curtail their use as collateral.</li> <li>Most inactive at present.</li> </ul>	<ul style="list-style-type: none"> <li>Recognized as essential instruments for linking small producers to markets.</li> <li>Facilitate exploitation of economies of scale.</li> <li>Good legal framework exists.</li> <li>Apex organizations exist to articulate for supportive policies.</li> <li>Government and donor support for capacity building.</li> <li>development of strategies and business plans, investment grants and project funding.</li> </ul>	<ul style="list-style-type: none"> <li>Poor implementation of the cooperative law.</li> <li>Issue with the ownership of old cooperative property remain unresolved.</li> <li>Cash flow bottlenecks facing cooperatives due to delays in receiving timely payment from buyers and government subsidies.</li> <li>Apex organizations still have limited policy influence.</li> <li>Difficulty of accessing credit for investments.</li> </ul>
Newly established Co-operatives.	<ul style="list-style-type: none"> <li>Mostly business-oriented.</li> <li>Many with professional management.</li> <li>Generally involved in produce aggregation and marketing.</li> <li>Some value adding.</li> </ul>	<ul style="list-style-type: none"> <li>Under-capitalized.</li> <li>Some oriented to capture support/subsidy and provide little value added.</li> <li>Limited value adding activity.</li> <li>Limited access to credit.</li> </ul>	<ul style="list-style-type: none"> <li>Proven relevance for market linkages.</li> <li>Government and donor support for cooperatives for capacity building, development of strategies and business plans, investment grants and project funding.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequacy of existing framework which restricts their ability to operate on fully commercial basis.</li> <li>Uneven level of participation of poorer households and women.</li> <li>Cash flow bottlenecks facing PAs due to delays in receiving timely payment from buyers and government subsidies.</li> <li>Difficulty of accessing credit for needed investments.</li> </ul>
Producer Associations.	<ul style="list-style-type: none"> <li>Large membership base.</li> <li>Demonstrable success in produce aggregation.</li> </ul>	<ul style="list-style-type: none"> <li>Legal constraints on not-for-profit status on Producers Associations. This limits their scope to develop commercial activities.</li> <li>Most are service rather than business oriented.</li> </ul>	<ul style="list-style-type: none"> <li>Proven relevance for market linkages.</li> <li>Government and donor support for cooperatives for capacity building, development of strategies and business plans, investment grants and project funding.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequacy of existing framework which restricts their ability to operate on fully commercial basis.</li> <li>Uneven level of participation of poorer households and women.</li> <li>Cash flow bottlenecks facing PAs due to delays in receiving timely payment from buyers and government subsidies.</li> <li>Difficulty of accessing credit for needed investments.</li> </ul>



<b>Institution</b>	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
Private enterprises.	<ul style="list-style-type: none"> <li>• Political commitment to private sector development.</li> <li>• Over 30,000 registered and over 25,000 operating enterprises.</li> <li>• Willingness to exploit opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Weak legal framework.</li> <li>• Unfriendly business environment in comparison to neighboring countries.</li> <li>• Constrained access to finance and venture capital.</li> <li>• Proliferation of informal enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Multilateral and bilateral assistance in support of private sector development.</li> <li>• Efforts to improve business environment.</li> <li>• Progress with registration of property facilitates access to finance.</li> <li>• Need to create conditions to formalize informal enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>• Restrictive business environment could constrain formation of needed new businesses and deter foreign direct investment.</li> <li>• Continuation of the economic crises may undermine sector confidence and lead to entrenchment.</li> </ul>

## Key File 3: Complementary donor initiative/partnership potential

Donor	Nature of Project Program	Coverage	Status	Complementarity/Synergy
World Bank Group	<p>The Bank's new country partnership strategy (FY 2012 to FY 2015) aims to support the process of EU integration through a series of measures designed to strengthen competitiveness, environmentally sustainable growth and social inclusion. The World Bank supports a portfolio of 12 operations with commitments totaling US\$302.3 million (June 30, 2011). These operations are financed by seven IDA credits totaling US\$154 million, three IBRD loans of US\$130 million, and three GEF grants of US\$18.3 million</p> <p>World Bank operations relevant to IFAD country program include:</p> <ul style="list-style-type: none"> <li>• Agriculture and Rural Development Project (ARDP)</li> <li>• Small and Medium Enterprises Access to Finance Additional Finance</li> <li>• Enhancing SME Access to Finance</li> <li>• Irrigation Development Project</li> </ul>	<p>Country wide</p> <p>Country wide</p> <p>Country wide</p> <p>Country wide</p>	<p>On-going</p> <p>On-going</p> <p>Closing 2013</p> <p>Just started</p>	<p>The World Bank is focussing on improving the overall macroeconomic and policy environment in order to make it conducive to sustained growth including the rural sector. IFAD and the World Bank collaborate by exchanging information and seeking complementarities whenever operations overlap.</p> <p>The World Bank ARDP has strengthened the State Veterinary Office and the Food Safety Agency, which will benefit all agricultural producers in the country marketing their produce by ensuring its conformity to local and international food safety and sanitary standards. It also aims at improving the efficiency of state and entity level institutions to develop agricultural programs and accelerate eligibility of BiH for IPARD.</p> <p>Small Enterprise Access to Finance could be tapped for loans by SMEs and PAs/cooperatives supported under IFAD projects.</p> <p>Experience gained by World Bank from the Irrigation project would also be helpful to IFAD if it becomes involved in small-scale irrigation projects in the future.</p>
EBRD	<p>The EBRD's focus will be on infrastructure and the financial and enterprise sectors. Its operations include</p> <ul style="list-style-type: none"> <li>• In the financial sector, fostering small businesses, assisting of locally-owned banks and encouraging new investors</li> <li>• In the enterprise sector, activities range from support to large enterprise privatisations to advisory services for small businesses and energy efficiency investments</li> </ul>	Country wide	On-going	<p>Farming is not a target for EBRD. However, EBRD operations in the financial and enterprise sectors will indirectly impact IFAD project beneficiaries who could also benefit from development of new financial products and from support given to small businesses.</p>

Donor	Nature of Project Program	Coverage	Status	Complementarity/Synergy
<b>UNDP</b>	<p>UNDP and in close collaboration with other UN Agencies is focused on four key sectors in its BiH programme</p> <ul style="list-style-type: none"> <li>• <u>Justice and Security</u></li> <li>• <u>Social Inclusion and Democratic Governance</u></li> <li>• <u>Rural and Regional Development</u></li> <li>• <u>Energy and Environment</u>.</li> </ul> <p>The Rural and Regional development sector includes:</p> <ul style="list-style-type: none"> <li>• Improving local government capacity to plan, identify priorities and deliver results</li> <li>• Stimulating economic recovery through entrepreneurial activity and investment, increasing the competitiveness of local producers and income generation</li> <li>• Strengthening local priority infrastructure</li> <li>• Sustainable use of natural resources and energy efficiency</li> </ul>	Country wide	On-going	<p>Of particular relevance to IFAD is UNDP's Rural and Regional Development Program which is helping 70 least developed municipalities to develop a comprehensive approach to development at the local level, where IFAD project operate in close collaboration with local government (municipality) authorities.</p> <p>UNDP and IFAD would also collaborate in information dissemination through innovative partnerships which the UNDP has established with Al-Jazeera and national Geographic to broadcast a series on rural development.</p> <p>UNDP Resident Representative has also offered to highlight the work of IFAD in the country through his participation in local level events which show case IFAD investments at the municipality level.</p>
<b>EU</b>	<p>Since 2007 BiH has benefited from about more than €295 million from the Instrument for pre-accession assistance (IPA) which aims at providing targeted assistance to countries which are candidates and potential candidates for membership to the EU.</p> <p>In the period 2007-2013 BiH could potentially benefit from more than €660 million worth of EU assistance.</p> <ul style="list-style-type: none"> <li>• Reform public administration,</li> <li>• Carry out economic reforms</li> <li>• Respect for human rights and gender equality</li> <li>• Support the development of civil society</li> <li>• Contribute to sustainable development and poverty reduction</li> </ul>	Country wide	On-going	<p>EU's strong support is instrumental in bringing BiH closer to EU standards in social, political and economic affairs.</p> <p>Of particular relevance to small producers is EU support to the country to develop and applying food safety and sanitary standards that would allow it continue to access the EU market. This is of tremendous importance as almost 92% of BiH's agricultural exports target EU or EU candidate countries.</p>

<b>Donor</b>	<b>Nature of Project Program</b>	<b>Coverage</b>	<b>Status</b>	<b>Complementarity/Synergy</b>
<b>USAID</b>	<p>USAID aim is to stabilize the country, closer to Euro-Atlantic integration.</p> <ul style="list-style-type: none"> <li>• Democracy and governance work focuses on accountable institutions that meet citizens' needs.</li> <li>• support economic growth which focuses on a competitive, market-oriented economy that provides better opportunities for all</li> <li>• In addition to the FIRMA and FARMA Projects implemented in partnership with SIDA (see below), USAID has initiated the Fostering Entrepreneurship in Rural Areas by Improving Competitiveness and Market Potential in BiH Project.</li> </ul>	Country wide	On-going	<p>Of particular relevance to IFAD is the Program for Fostering Agricultural Markets Activity (FARMA) finance jointly by USAID and SIDA.</p> <p>FARMA provides assistance to agricultural associations, cooperatives, market integrators and small and medium enterprises in targeted sectors to take advantage of domestic, regional and international market opportunities. FARMA has already delivered results in the form of (i) increased competitiveness of BiH farmers and agribusinesses; and (ii) established new and profitable markets for BiH products.</p> <p>IFAD program has worked closely with FARMA in training project beneficiaries in milk hygiene. It uses of FARMA sectoral studies in Milk/meat, fruit/vegetables and MAPS to refine its approaches and its project beneficiaries can access FARMA technical and financial support.</p>
<b>SIDA</b>	<p>The target of Sweden's co-operation project in Bosnia is to combat poverty and to support the country in its move towards joining the EU.</p> <ul style="list-style-type: none"> <li>• SIDA contributes to the construction of organizations that work with microcredit. Increasing employment and improving the conditions for growth for small and medium-sized enterprises is important.</li> <li>• In collaboration with USAID it finances FARMA and Fostering Interventions for Rapid Market Advancement (FIRMA) projects. The projects target interventions in the fields of: (i) market linkages; (ii) access to finance; (iii) technical support and capacity building; and (iv) EU integration and standards. The covered sectors include: (i) dairy; (ii) MAP and honey; (iii) fruits and vegetables.</li> </ul>	Country wide	On-going	<p>USAID/SIDA and Czech Development Agency (CzDA) are also funding a joint pilot project to build capacity within BiH veterinary laboratories and inspection services to help the country establish an EU-compliant food safety control system. The project is important for all BiH producers: Without it, BiH will not be able to export products of animal origin to the European Union.</p> <p>CzDA support to cattle improvement, bee keeping and cooperative and private farming would also present IFAD program with opportunities to coordinate with it for the benefit project area cooperatives and small producers. IFAD would identify opportunities with it on an on-going basis through participation in donor coordination meetings.</p>

<b>Donor</b>	<b>Nature of Project Program</b>	<b>Coverage</b>	<b>Status</b>	<b>Complementarity/Synergy</b>
<b>Czech Developm. Agency</b>	<p>Recent examples of development cooperation include the following projects in transport, waste treatment, human health training, mining etc</p> <p>In the agricultural sector CzDA support is focussed on</p> <p>Genetics fund and improvement of characteristics of cattle, introduction of environmentally friendly methods of bee breeding, and support of cooperative and private farming. It is also collaborating with USAID and SIDA in the establishment of an EU-compliant food safety control system.</p>	Country wide	On-going	
<b>GIZ</b>	<p>GIZ operates on behalf of the German Federal Ministry for Economic Cooperation and Development. Its aim is transforming the country's economy from a centrally planned system into a competition-based market economy</p> <p>Among GIZ priorities program are:</p> <ul style="list-style-type: none"> <li>• Achieving greater domestic stability</li> <li>• Furthering economic integration with the EU</li> <li>• Sustainable economic development</li> </ul>	Country wide	On-going	IFAD would identify opportunities with it on an on-going basis through participation in donor coordination meetings.
<b>Italian Cooperation</b>	<p>Italian Cooperation has focused its interventions towards the support to sustainable development, rural development, actions for institutional strengthening and the protection of the most vulnerable category of the population through numerous initiatives of social nature.</p> <p>In particular, the initiatives in the <b>agricultural sector</b> aim at facilitating the diffusion of sustainable agricultural systems with a low environmental impact, cooperatives, access to market and credit for small producers, the elaboration of national plans for the management of natural resources and the protection of biodiversity.</p>	Country wide	On-going	<p>In the previous COSOP, Italian Cooperation provided direct support to IFAD BiH program through the Facility for Farmers Access to Markets (FFAM) by helping PA establish milk collection networks, acquire new skills in modern milk collection technologies and exposed producers to the technologies and management practices of milk producers in Italy.</p> <p>During the present COSOP, synergy and complementarity would be sought especially in the areas of diffusion of sustainable agricultural systems with a low environmental impact, cooperatives, access to market and credit for small producers,</p>

<b>Donor</b>	<b>Nature of Project Program</b>	<b>Coverage</b>	<b>Status</b>	<b>Complementarity/Synergy</b>
<b>SDC</b>	<p>During and after the war (1992 to 1995), Switzerland provided emergency aid and reconstruction assistance. From 1999, the focus shifted to long-term support for market-economy and democratic reforms and to reconciliation among the ethnic groups. The SDC/SECO programme for 2013-2016 is proposed to have three main thrusts:</p> <ul style="list-style-type: none"> <li>• Local government and Municipal services</li> <li>• Health</li> <li>• Economy and Employment</li> </ul>	Country wide	On-going	SDC Bosnia program for 2013-2016 as proposed provide opportunities for synergy and complementarity with IFAD program in its Economic and Employment thrusts which provide vocational training to youth in agriculture, agro industries and other artisanal skills needed in rural areas, as well as providing support to SME development
<b>Norway</b>	<p>The Royal Norwegian Embassy in BiH operates an Embassy Fund from which it gives grants for different types of projects. The size of grants ranges from KM 10.000 to 50.000. There are specific procedures for applying for grants under this Fund.</p>	Country wide	On-going	PAs, Cooperatives and individual producers under the IFAD program would be assisted to apply to support from the Norwegian Embassy Fund whenever appropriate.

## Key File 4: Target groups for the COSOP and proposed IFAD response

Typology	Poverty Level and Cause	Coping Actions	Priority Needs	COSOP Response
Very poor and vulnerable rural households with marginal farming activities (mainly unemployed or under-employed farmers with very small holdings; or landless, often use MAP and NTFP collection as income source).	<p>Severe</p> <ul style="list-style-type: none"> <li>Loss of employment in large, enterprises after collapse of Yugoslavia.</li> <li>Returnees and Internally Displaced People).</li> <li>Drop in access to productive assets and rural job opportunities.</li> <li>Household level crises.</li> </ul>	<ul style="list-style-type: none"> <li>Subsistence farming.</li> <li>Seasonal casual labour on and off-farm, including gathering of MAPs, NTFPs.</li> <li>Remittances.</li> <li>Migration to urban areas and international.</li> <li>Heavy reliance on pensions.</li> </ul>	<ul style="list-style-type: none"> <li>Job opportunities.</li> <li>Retraining in technical and management skills.</li> <li>Support to grassroots organisation and build-up of social capital.</li> <li>Microloans / basic financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Targeting to increase participation of the very poor in FOs.</li> <li>Support to their inclusion in PAs and Cooperatives (through a targeting approach at PA and Coop. level based on mobilisation, training, empowerment).</li> <li>Access to advisory services.</li> <li>Micro credit to develop farm and off-farm activities.</li> <li>FOs with access to technical and strategic business advisory services.</li> </ul>
Very poor rural women (a special case of the very poor).	<p>Severe</p> <p>As above, plus:</p> <ul style="list-style-type: none"> <li>social, economic exclusion.</li> <li>double burden of domestic and farm labour.</li> <li>inadequacy of welfare support system.</li> </ul>	<ul style="list-style-type: none"> <li>As above.</li> </ul>	<p>As above, plus.</p> <ul style="list-style-type: none"> <li>Targeted opportunities.</li> <li>Gender sensitisation of institutions to increase commitment.</li> </ul>	<p>As above, plus:</p> <ul style="list-style-type: none"> <li>gender-targeting to ensure woman participation in project activities (ensure 30% minimum participation of women).</li> <li>women holding leadership positions in organisations support by the interventions.</li> <li>investment in labour saving rural infrastructure.</li> </ul>
Poor Rural households (involved in crop and/or livestock production and on a pathway to commercial farming, as well as primary processing and off-farm activities such as handicrafts).	<p>Moderate, variable</p> <ul style="list-style-type: none"> <li>small holdings.</li> <li>high cost of inputs.</li> <li>low productivity of animals and crop yields.</li> <li>insufficient technical knowledge.</li> <li>insufficient of access to markets and credit.</li> </ul>	<p>As above, plus:</p> <ul style="list-style-type: none"> <li>more, higher value remittances.</li> <li>international migration of youth.</li> <li>involvement in associations.</li> <li>involvement in commercial agriculture.</li> </ul>	<p>As above, plus:</p> <ul style="list-style-type: none"> <li>investment capital for livestock, crops and equipment.</li> <li>access to advice to improve output and product quality.</li> <li>remunerative, reliable links to markets, including information services.</li> </ul>	<ul style="list-style-type: none"> <li>investment in market infrastructure.</li> <li>support to the organizational development of PAs and Cooperatives.</li> <li>access to technical and strategic business advisory services for producers, FOs, SMEs.</li> <li>enhanced and competitive financial services.</li> </ul>

<b>Typology</b>	<b>Poverty Level and Cause</b>	<b>Coping Actions</b>	<b>Priority Needs</b>	<b>COSOP Response</b>
Unemployed Rural Youth.	Moderate, variable <ul style="list-style-type: none"> <li>• absence of employment opportunities.</li> <li>• ambitions beyond local potential.</li> <li>• constraints on access to capital and training.</li> </ul>	<ul style="list-style-type: none"> <li>• Migration to cities.</li> <li>• Migration to EU, mostly nearby states, but many to Germany as a preferred destination.</li> </ul>	As above, plus: <ul style="list-style-type: none"> <li>• Special access to financing, reducing collateral demands.</li> <li>• Technical training.</li> <li>• Information on advantages of rural life at home.</li> </ul>	As above, plus: <ul style="list-style-type: none"> <li>• Foster development of innovative initiatives in the non-farm rural sector including agro-tourism, handicrafts, service sector.</li> </ul>