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Dar a la población rural  
pobre la oportunidad  
de salir de la pobreza

## **Bosnia y Herzegovina**

### **Programa sobre oportunidades estratégicas nacionales**

#### **Nota para los representantes en la Junta Ejecutiva**

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Para **examen**

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## **Acrónimos y siglas**

COSOP	programa sobre oportunidades estratégicas nacionales
FODA	fortalezas, oportunidades, debilidades y amenazas
GNI	renta nacional bruta
GPP	Gerente del Programa en el País
OPEP	Organización de Países Exportadores de Petróleo
PBAS	sistema de asignación de recursos basado en los resultados
PIB	producto interno bruto

## Mapa de Bosnia y Herzegovina

Proyectos en curso financiados por el FIDA



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 18-03-2013

**Fuente:** FIDA

*Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.*

## Resumen de la estrategia en el país

1. Bosnia y Herzegovina es una economía de ingresos medios altos cuya población ronda los 3,8 millones de personas. La producción agrícola del país sigue dominada por las pequeñas explotaciones, cuyo número asciende a más de 500 000 de propiedad privada, de las cuales más de la mitad tienen una extensión media inferior a 2 hectáreas. El bajo rendimiento, un nivel de mecanización relativamente bajo, el acceso limitado a servicios de crédito asequibles y la poca fiabilidad de los vínculos al por mayor con fines de elaboración, acumulación, almacenamiento y comercialización restringen aún más la capacidad de los agricultores de ampliar su actividad empresarial. Los agricultores también encuentran riesgos ulteriores derivados del cambio climático, una mayor variabilidad climática y cambios en el entorno en que se desenvuelven los pequeños productores y los elaboradores de productos agrícolas. Aunque su sector agrícola ocupa en potencia una buena posición y ofrece varias ventajas comparativas, Bosnia y Herzegovina no está percibiendo como debiera los beneficios de los procesos en curso de liberalización del comercio. Además, la complejidad de su estructura administrativa, que limita la coordinación entre los diversos estratos gubernamentales, impide al país aprovechar con eficacia la asistencia de preadhesión facilitada por la Unión Europea.
2. El FIDA es uno de los pocos organismos en el país que colabora apreciablemente con pequeños agricultores comerciales y no comerciales y con empresarios no agrícolas en municipios subdesarrollados. El apoyo al paso de la agricultura no comercial a la organización de empresas comerciales viables y atractivas para los jóvenes y la población rural pobre es otra prioridad gubernamental básica.
3. En consecuencia, el objetivo general de desarrollo del presente programa sobre oportunidades estratégicas nacionales (COSOP) basado en los resultados consiste en permitir a la población rural pobre del país mejorar su seguridad alimentaria y elevar sus ingresos prestando apoyo a agricultores comerciales y no comerciales y a empresas agrícolas y no agrícolas. De conformidad con la estrategia de desarrollo de Bosnia y Herzegovina (2008-2013), su estrategia de inclusión social (2008-2013) y el Marco Estratégico del FIDA (2011-2015), la estrategia contribuirá a la disminución de la pobreza permitiendo un aprovechamiento más sostenible y eficiente de los recursos naturales, diversificando y mejorando los medios de vida rurales y contribuyendo a la mitigación de los riesgos planteados por el cambio climático, especialmente a la población más vulnerable.
4. El COSOP basado en los resultados, que abarca el período 2013-2018, tiene tres objetivos estratégicos: i) las agrupaciones de agricultores (asociaciones de productores, cooperativas agrícolas) y sus organizaciones centrales apoyan con eficacia la transición de los productores de la agricultura no comercial a la comercial; ii) los grupos de pequeños agricultores, tanto no comerciales como comerciales, las organizaciones de agricultores y las pequeñas y medianas empresas consiguen acceder de forma sostenible a la innovación tecnológica, el fomento de la actividad empresarial y los servicios financieros para dotarse de competitividad a largo plazo, y iii) el acceso a los mercados de los pequeños agricultores y los empresarios no agrícolas mejora gracias a una infraestructura de comercialización perfeccionada. La equidad de género y la sostenibilidad ambiental constituirán dos cuestiones transversales importantes.
5. El grupo objetivo de la estrategia en el país constará de: i) pequeños agricultores no comerciales y pequeños agricultores comerciales jóvenes, tanto hombres como mujeres; ii) asociaciones de productores y cooperativas agrícolas que están en contacto con pequeños agricultores no comerciales; iii) mujeres y jóvenes

desempleados interesados en el empleo asalariado y el desarrollo empresarial al margen de las explotaciones agrícolas, y iv) pequeñas empresas agrícolas y no agrícolas con potencial de crecer, mejorar su productividad y contribuir al empleo rural.

# Bosnia y Herzegovina

## Programa sobre oportunidades estratégicas nacionales

### I. Introducción

1. El presente programa sobre oportunidades estratégicas nacionales (COSOP) basado en los resultados para Bosnia y Herzegovina abarca los seis años que van de 2013 a 2018. En vista de las notables modificaciones del contexto socioeconómico e institucional, y de conformidad con las prioridades de la Consulta sobre la Novena Reposición de los Recursos del FIDA, el COSOP va orientado a fortalecer los enfoques del FIDA basados en los resultados a fin de aumentar la calidad y la repercusión sobre el terreno a la vez que se refuerza la contribución del Fondo a la erradicación de la pobreza sobre la base de la igualdad de género y el empoderamiento de la mujer.
2. La estrategia es resultado de un proceso participativo de consulta con las principales partes interesadas, entre ellas los pequeños agricultores y sus organizaciones, los gobiernos municipales, representantes gubernamentales del Estado y las entidades, los principales organismos donantes y otras instancias que toman parte en el desarrollo rural y agrícola del país. Una misión de diseño del COSOP visitó Bosnia y Herzegovina en noviembre de 2012 para examinar algunas de las principales dificultades del país en el ámbito del desarrollo rural y su repercusión en la sostenibilidad de los medios de vida rurales. Se revisaron todas las estrategias pertinentes adoptadas por el Estado o las entidades para garantizar sinergias con la estrategia y el programa en el país. También se llevó a cabo una evaluación ambiental estratégica y se incorporaron cuestiones relativas a la ordenación de los recursos naturales y el cambio climático a título de temas transversales de la estrategia.

### II. Contexto nacional

#### A. Situación económica, agrícola y de la pobreza rural

##### Antecedentes de la economía del país

3. Bosnia y Herzegovina, cuya renta nacional bruta (RNB) per cápita es de USD 4 700 (junio de 2011), se considera economía de ingresos medios altos. Su población se estima en 3,8 millones de personas (julio de 2011), de las cuales un 58 % vive en zonas rurales. El sector agrícola genera cerca del 19,7 % del empleo total (2010). El producto interno bruto (PIB) ha crecido los cinco últimos años a una media del 6 %, y la tasa de inflación ha sido baja. No obstante, el país ha quedado rezagado en el cumplimiento de varios indicadores de los Objetivos de Desarrollo del Milenio: el desempleo de mujeres registrado se sitúa actualmente en algo más del 40 %, mientras que se comunica que el desempleo juvenil duplica aproximadamente al del conjunto de la población.
4. En junio de 2008 la Unión Europea y Bosnia y Herzegovina firmaron el Acuerdo de Estabilización y Asociación. Mientras se ultima este proceso, las relaciones comerciales se rigen por un acuerdo provisional. La mayoría de los productos bosnios pueden entrar en la Unión Europea libres de derechos. Sin embargo, Bosnia y Herzegovina no está percibiendo plenamente los beneficios de estos acuerdos, pues, al no existir instituciones encargadas de la inocuidad alimentaria que cumplan lo dispuesto por la Unión Europea y al quedar, por lo general, incumplidos los marcos reglamentarios de la Unión Europea, son numerosos los productos cuya entrada en los mercados de la Unión Europea sigue estando prohibida.



### **La agricultura y la pobreza rural**

5. La agricultura representa algo menos del 10 % del PIB del país. Las tierras cultivables ocupan 1 millón de hectáreas, pero la práctica de la agricultura intensiva solo es posible en menos del 20 % de los terrenos agrícolas, y apenas un 1 % de la tierra arable es objeto de riego de uno u otro tipo. El sector está notablemente sujeto a riesgos derivados del cambio climático.
6. Las pequeñas explotaciones siguen dominando la producción agrícola en Bosnia y Herzegovina. Hay unas 515 000 pequeñas explotaciones agrícolas de propiedad privada cuya superficie media es de 0,59 hectáreas per cápita. La producción pecuaria representa cerca de un tercio de la producción del sector agropecuario. En general, la productividad de este sector es baja por lo que se refiere al rendimiento y a la productividad de la mano de obra y está limitada por la falta de inversión en infraestructura rural (de comercialización). La limitación del acceso a la innovación tecnológica y a servicios eficaces de desarrollo empresarial supone otra restricción que impide a los pequeños agricultores estar a la altura de su potencial competitivo.
7. La liberalización del comercio, junto con la correspondiente eliminación de los derechos de aduana, no ha reportado obligatoriamente mejores "condiciones de intercambio" a los pequeños agricultores. Han aumentado los precios de los insumos, mientras que los comerciantes y exportadores son quienes han acaparado con más frecuencia las oportunidades de mercado mejoradas. A lo largo de los últimos decenios los subsectores agrícola y ganadero se han resentido de la falta de inversiones y de la disolución de los vínculos de mercado establecidos. La poca fiabilidad de los vínculos al por mayor con fines de elaboración, acumulación, almacenamiento y comercialización siguen siendo un destacado obstáculo para los agricultores que se proponen ampliar su actividad empresarial. Las incertidumbres derivadas de las variaciones en las políticas (como los cambios casi anuales en las subvenciones a los cultivos) desincentivan todavía más a los agricultores en su respuesta a la demanda cambiante del mercado.
8. Es limitado el acceso a crédito asequible, especialmente en los sectores agrícola y rural, en parte por la desigualdad en la cobertura de las instituciones financieras, que se concentran principalmente en las zonas urbanas y los municipios más prósperos, pero también como consecuencia de la tendencia de los bancos comerciales a evitar los riesgos.
9. No obstante lo señalado, el sector agrícola está, en potencia, provisto de medios. Las condiciones climáticas moderadas favorecen la creación de diversos tipos de empresas agrícolas y ganaderas y permiten que la temporada agrícola empiece antes que en la mayoría de los países europeos. Los gastos de transporte son relativamente bajos, y los costos de las tierras, la mano de obra y la electricidad siguen siendo competitivos. Pese a estas ventajas, Bosnia y Herzegovina sigue siendo importador neto de productos agrícolas y alimentarios; la producción local, con excepción de las patatas, los huevos y la carne de cordero, apenas cubre entre un 35 % y un 40 % de sus necesidades. En espera de que el país alcance la autosuficiencia, sigue siendo considerable el potencial de crecimiento a efectos de establecer cadenas de valor agrícola locales que atiendan las necesidades de los mercados locales y mejoren la seguridad alimentaria nacional. Para conservar su acceso preferencial a los mercados de la Unión Europea y a otros mercados de exportación, así como su actual participación en ellos, los agricultores deberán adaptar sus sistemas y tecnologías de producción para respetar las normas prescritas de calidad e inocuidad alimentaria.
10. Bosnia y Herzegovina, que en el índice de desarrollo humano de 2012 del Programa de las Naciones Unidas para el Desarrollo ocupa el puesto 81 de un total de 187 países, presenta un nivel alto de desarrollo humano. Recientemente ha avanzado considerablemente en el logro de una mayor equidad de género. La

pobreza en Bosnia y Herzegovina no se traduce tanto en una indigencia absoluta como en la exclusión social y la falta de acceso a los servicios básicos que conforman un nivel de vida aceptable. En un reciente análisis de la pobreza en el país se indica que, aunque no se observa una "pobreza (alimentaria) extrema", el 21 % de los hogares sufre privaciones materiales crónicas, y del 20 % al 30 % "corren riesgo" de pasar a padecer privaciones materiales. La pobreza en el conjunto del país ascendía a un 16 % en 2010 y a un 18 % en 2011.

### **Cuestiones transversales: género y medio ambiente**

11. La tasa registrada de participación de la mujer en la actividad económica es del 43,1 %, pero las mujeres apenas perciben un 27 % del total de los ingresos generados. Los hogares encabezados por mujeres constituyen un 19 % de los hogares rurales de todo el país.
12. Es probable que el cambio climático tenga repercusiones importantes en destacados sectores económicos, como la agricultura, la silvicultura y la energía, y el país sufre sequías e inundaciones graves desde los años noventa.

## **B. Políticas, estrategias y contexto institucional**

### **Contexto institucional nacional**

13. Con arreglo al Acuerdo de Paz de Dayton de 1995, la compleja estructura administrativa de Bosnia y Herzegovina se basa en un Consejo de Ministros de ámbito estatal que tiene bajo su soberanía dos entidades autónomas (la Federación de Bosnia y Herzegovina y la República Srpska) y el distrito autónomo de Brčko. La complejidad del entorno institucional y político ha provocado con frecuencia puntos muertos políticos que han tenido efectos negativos en los procesos de reforma económica; se ha creado una infraestructura institucional estatal favorable a la economía de mercado y la integración en la Unión Europea.
14. En el plano administrativo local, el país consta de 142 municipios, 79 en la Federación de Bosnia y Herzegovina (organizados en 10 cantones), 62 en la República Srpska y uno en el distrito de Brčko. Los municipios, que presentan grandes variaciones en cuanto a tamaño y población, cumplen un papel fundamental en el sistema de autogobierno del país. Muchos de ellos prestan apoyo al desarrollo rural (principalmente a la agricultura), en particular formulando estrategias de desarrollo local; concediendo pequeñas subvenciones a los productores y prestando asistencia a los solicitantes de subvenciones; otorgando el usufructo de la tierra municipal a personas, empresas o cooperativas; financiando "incubadoras" de agroindustrias; respaldando centros de acumulación en pequeña escala, y destinando servicios de apoyo a los productores. Se han realizado inversiones para fortalecer la capacidad de los municipios como motores del desarrollo local.
15. El Ministerio estatal de Finanzas y Tesorería supervisa los programas respaldados por donantes y se coordina con los ministerios de finanzas de las entidades, que se encargan de los proyectos que reciben financiación externa. Sin embargo, el país carece de un ministerio de agricultura de ámbito estatal. El Ministerio estatal de Comercio Exterior y Relaciones Económicas ocupa un lugar destacado en la coordinación de los programas de donantes en el país, colaborando con ellos en el sector de la agricultura y el desarrollo rural.
16. La responsabilidad general de coordinación y gestión de los proyectos financiados por el FIDA incumbe a las dos entidades por conducto de sus respectivos ministerios de agricultura. La coordinación, la ejecución y el seguimiento de los proyectos corresponden a dos dependencias de coordinación de proyectos. En el expediente principal 2 figura un análisis de fortalezas, oportunidades, debilidades y amenazas (FODA) de las principales organizaciones asociadas en cuestión.

### **Estrategia nacional de reducción de la pobreza rural**

17. En 2001 Bosnia y Herzegovina preparó su primera estrategia de desarrollo a medio plazo, que abarcaba el período 2004-2007. Acabado el plazo de la estrategia, y en el marco del proceso de adhesión a la Unión Europea, preparó su estrategia nacional de desarrollo (2008-2013) y su estrategia de inclusión social correspondiente a ese mismo período. Un objetivo central de esta última es aumentar la participación de los sectores de población inactivos y desmotivados y fomentar su reintegración en la vida social y los mercados de trabajo mediante políticas de "igualdad de oportunidades". En el marco de esta estrategia tienen carácter prioritario los programas de empleo inclusivos que tienen en cuenta la dimensión del género.
18. En la estrategia de desarrollo figuran el desarrollo sostenible y la competitividad como dos de sus cinco objetivos estratégicos. El desarrollo sostenible se promueve mediante el desarrollo de la agricultura y las zonas rurales, la ordenación del medio ambiente y la energía renovable y la infraestructura de transporte y las comunicaciones. Se pretende impulsar la competitividad fomentando empresas locales, fortaleciendo la investigación y el desarrollo, dotando a la mano de obra de mayor competencia, estableciendo una infraestructura empresarial favorable e impulsando la creación de grupos industriales para cada sector.
19. La estrategia de desarrollo a medio plazo del sector agrícola, en Bosnia y Herzegovina, y el plan estratégico de desarrollo rural 2009-2015, en la República Srpska, giran fundamentalmente en torno a prioridades estratégicas semejantes: i) mejorar la agricultura y la competitividad del sector alimentario; ii) fomentar instituciones y mejorar marcos jurídicos a fin de propulsar el desarrollo agrícola y rural; iii) promover la conservación y el uso sostenible de los recursos naturales, y iv) fortalecer y diversificar los medios de vida rurales. Analizando los presupuestos de las entidades se advierte la importancia de los gastos relacionados con la producción.

### **Armonización y alineación**

20. En el ámbito nacional, el FIDA coordina su labor con los distintos niveles del gobierno (municipios), los organismos donantes y los organismos de las Naciones Unidas. El Ministerio de Comercio Exterior y Relaciones Económicas ha establecido un fondo de donantes para el sector agrícola. Aunque el FIDA no ha podido participar en estas reuniones, principalmente porque carece de oficina en el país, el equipo del FIDA en el país ha mantenido contacto activo con el Gobierno y los donantes en el marco del apoyo a la ejecución a fin de compensar esta carencia. Todas las misiones de diseño y supervisión mantienen contacto con destacados donantes multilaterales, como el Banco Europeo de Reconstrucción y Desarrollo, la Unión Europea, la Corporación Financiera Internacional, el Fondo OPEP para el Desarrollo Internacional y el Banco Mundial, y con destacados donantes bilaterales como la Embajada de la República Checa, la Embajada de Suecia, la Agencia Suiza para el Desarrollo y la Cooperación y la Agencia de los Estados Unidos para el Desarrollo Internacional. Durante la determinación de un proyecto el FIDA colabora estrechamente con todos los donantes destacados y con el Gobierno para intercambiar enseñanzas y no duplicar tareas.

## **III. Enseñanzas de la experiencia del FIDA en el país**

### **A. Resultados, impacto y desempeño anteriores**

21. La asistencia del FIDA a Bosnia y Herzegovina se inició en 1996, poco después de que se reinstaurara la paz en el país. La actual cartera del FIDA en el país consta de seis proyectos cuyo valor se estima en USD 167,0 millones, de los cuales el FIDA aporta una suma de USD 70,0 millones. Los primeros proyectos, centrados en el socorro de emergencia y la rehabilitación, iban dirigidos al restablecimiento del sector ganadero. Los proyectos de segunda generación se centraron principalmente

en las regiones más pobres y más desfavorecidas del país mediante la prestación de apoyo organizativo y técnico básico a asociaciones de productores y el fortalecimiento de los vínculos de mercado. Mediante la última generación de proyectos financiados por el FIDA se ha prestado apoyo a la diversificación de ingresos, el fortalecimiento de los medios de vida rurales en el contexto de la transformación económica y la estabilización después del conflicto y la preparación para cumplir los nuevos requisitos planteados por el proceso de adhesión a la Unión Europea.

22. Globalmente, los proyectos financiados por el FIDA en Bosnia y Herzegovina han beneficiado a más de 116 000 hogares (un 18 % de la población rural del país). Mediante ellos se han establecido o respaldado 85 asociaciones de productores y cooperativas integradas en su totalidad por 12 581 hombres (un 78 %) y 3 551 mujeres (un 22 %), que han desembolsado 5 687 préstamos a pequeños agricultores (por un valor de USD 22 millones) y 146 préstamos a pequeñas y medianas empresas (por un valor de USD 6,6 millones). Mediante los proyectos se ha financiado la ejecución de 285 planes de construcción de pequeñas infraestructuras rurales cuyo objeto era mejorar los vínculos de mercado y las condiciones de vida rurales.
23. Por lo que se refiere al impacto, mediante estos proyectos han aumentado más de un 60 % los ingresos agrícolas medios percibidos al mes por los hogares beneficiarios. La producción de fruta ha aumentado un 57 %. El volumen de la producción de lácteos en pequeña escala comercializados a centrales lecheras ha incrementado un 58 %, mientras que las ventas de fruta y hortalizas han aumentado un 57 %. A raíz de ello han mejorado las condiciones generales de seguridad alimentaria y los medios de vida rurales han pasado a ser más diversos y más resistentes a las variaciones debidas al cambio climático.

## **B. Enseñanzas extraídas**

24. Mediante sus inversiones en municipios rurales desfavorecidos, el programa del FIDA en el país ha contribuido notablemente a rejuvenecer los medios de vida rurales y robustecer la agricultura a pequeña escala. Gracias al apoyo prestado a las asociaciones de productores y las cooperativas agrícolas los pequeños agricultores han empezado a plasmar economías de escala y a acceder a los mercados de forma competitiva. De la experiencia del FIDA se desprende que los pequeños agricultores, tanto comerciales como no comerciales, que pasaron a formar parte de grupos de productores en las cadenas de valor de los productos lácteos y la fruta consiguieron incrementar su cuota de mercado y sus ingresos. El enfoque basado en la cadena de valor resultó eficaz a efectos de fomentar los vínculos comerciales entre los pequeños productores y el sector privado. Las inversiones en infraestructura de comercialización (por ejemplo, caminos rurales y puentes pequeños) han beneficiado enormemente a los hogares rurales e impulsado el crecimiento rural. El acceso a las finanzas contribuyó a la creación de oportunidades de empleo rural para jóvenes y mujeres y estimuló el crecimiento agrícola en la economía rural.
25. Además, en cuanto a las enseñanzas surgidas, ha quedado claro que: i) las asociaciones de productores, las cooperativas agrícolas y las pequeñas y medianas empresas rurales tendrán que orientarse en mucho mayor medida a los servicios y la actividad empresarial para poder responder a la evolución de los mercados y reportar beneficios a sus miembros; ii) los proveedores de servicios financieros habrán de seguir ampliando la gama, la idoneidad y la asequibilidad de los servicios prestados en las zonas rurales; iii) los servicios de desarrollo empresarial rural serán decisivos para facilitar la transición de las asociaciones de productores sin fines de lucro a cooperativas con fines de lucro, y iv) la inversión en pequeña infraestructura rural de comercialización puede servir de acicate al crecimiento agrícola y al desarrollo de pequeñas empresas. Mediante su programa de donaciones el FIDA ha ensayado innovaciones y extraído enseñanzas que ha ido

ampliando en el marco de sus proyectos financiados con préstamos. La experiencia derivada de las donaciones regionales y en los países también ha ayudado al FIDA a centrarse en mayor grado en el género y el medio ambiente.

## **IV. Marco estratégico del FIDA en el país**

### **A. Ventaja comparativa del FIDA en el país**

26. La labor de desarrollo del FIDA junto con pequeños agricultores comerciales y no comerciales y empresarios no agrícolas de Bosnia y Herzegovina ya ha tenido un impacto apreciable, pero la agricultura en pequeña escala y el desarrollo rural cada vez adquieren más prominencia. En consecuencia, el FIDA considera que su ventaja comparativa consiste en seguir colaborando estrechamente con estos grupos destinatarios, entre ellos mujeres y jóvenes desempleados, para que: i) los agricultores eleven apreciablemente su productividad y sean competitivos en mercados cada vez más globalizados; ii) sea mayor la cuota de mercado de los pequeños agricultores en las cadenas de valor más prometedoras; iii) se perfeccionen las cadenas de valor alimentarias (como las de elaboración) a fin de cumplir las expectativas de calidad e inocuidad alimentaria de los consumidores a escala local y regional (incluido el cumplimiento de las normas de la Unión Europea), y iv) se mitigue la exposición de los pequeños agricultores a las variaciones y riesgos derivados del cambio climático. El FIDA es uno de los pocos organismos que se ocupa de forma apreciable en el país de estas cuestiones relativas a los pequeños agricultores.
27. El FIDA ha prestado apoyo a procesos de innovación tecnológica e institucional a raíz de los cuales se han creado agrupaciones de agricultores y sus organizaciones centrales; el fortalecimiento de las cadenas de valor ha contribuido al surgimiento de entornos económicamente propicios a escala municipal y ha facilitado el acceso a servicios de desarrollo empresarial. No obstante, persisten dos problemas: en primer lugar, debe fortalecerse a los proveedores de servicios públicos y privados para que puedan ofrecer servicios estratégicos apropiados (capacitación empresarial, apoyo a la comercialización, información y conocimientos especializados sobre los mercados, desarrollo y transferencia de tecnología), y, en segundo lugar, ha de velarse por que los grupos destinatarios perciban efectivamente estos servicios estratégicos. El programa del FIDA en el país aprovechará las oportunidades actuales intensificando y ampliando su apoyo a los pequeños agricultores (servicios de desarrollo empresarial, innovación tecnológica y acceso a las finanzas), asociaciones de productores (desarrollo organizativo y empresarial), cooperativas (desarrollo empresarial, innovaciones tecnológicas, acceso a servicios financieros), pequeñas y medianas empresas agrícolas (desarrollo empresarial), actividades económicas no agrícolas innovadoras (desarrollo empresarial y acceso a las finanzas) y municipios (entornos favorables al desarrollo local y a la infraestructura de comercialización).

### **B. Objetivos estratégicos**

28. El objetivo general de desarrollo de este COSOP basado en los resultados consiste en permitir a la población rural pobre de Bosnia y Herzegovina mejorar su seguridad alimentaria y elevar sus ingresos prestando apoyo a agricultores comerciales y no comerciales y a empresas agrícolas y no agrícolas. El COSOP contribuirá a reducir la pobreza permitiendo un uso más sostenible y eficiente de los recursos naturales, diversificando y mejorando los medios de vida rurales y ayudando a mitigar los riesgos derivados del cambio climático, en particular en beneficio de la población más vulnerable. El COSOP basado en los resultados ayudará a Bosnia y Herzegovina a respetar las directivas de la Unión Europea orientadas a la transformación de la agricultura y a cumplir las metas ligadas a la adhesión a la Unión Europea en cuanto a inocuidad alimentaria y normas de producción. Para el período 2013-2018 se proponen los siguientes objetivos estratégicos:

- Objetivo estratégico 1. Las agrupaciones de agricultores (asociaciones de productores y cooperativas agrícolas) y sus organizaciones centrales prestan apoyo eficaz a los agricultores en el marco de la transición de la agricultura no comercial a la agricultura comercial.**

Deben fortalecerse las agrupaciones de agricultores y perfeccionarse constantemente sus aptitudes, competencias y capacidades, pues el paso de su condición de asociaciones de productores a la de cooperativas de orientación empresarial o pequeñas o de medianas empresas obliga a adquirir determinadas capacidades organizativas y competencias de gestión. Hará falta prestar apoyo en los ámbitos tecnológico, organizativo y directivo. Los proyectos financiados por el FIDA se diseñarán para establecer una colaboración estrecha con las organizaciones de agricultores que prestan apoyo eficaz a la labor de los pequeños agricultores encaminada a aprovechar las oportunidades de mercado y cumplir los requisitos impuestos por los mercados locales y extranjeros (por ejemplo, normas de inocuidad alimentaria).
- Objetivo estratégico 2. Los grupos de pequeños agricultores, tanto comerciales como no comerciales, las organizaciones de agricultores y las pequeñas y medianas empresas pueden acceder de forma sostenible a la innovación tecnológica, al desarrollo empresarial y a servicios financieros para dotarse de competitividad a largo plazo.** Se coordinará la prestación de servicios para establecer vínculos de mercado funcionales y fiables entre los pequeños agricultores, quienes añaden otros servicios y las pequeñas y medianas empresas. Se ampliará el suministro y la capacidad de estos servicios formando redes de proveedores de servicios a escala municipal, regional y nacional. Se prestará apoyo tecnológico en diversos planos (agricultores, organizaciones de agricultores). En cuanto a los servicios estratégicos de desarrollo empresarial, el FIDA favorecerá un enfoque múltiple basado en: i) la formación de redes de organizaciones de desarrollo económico local y proveedores de servicios privados que se dedican activamente a perfeccionar sus servicios orientados al desarrollo rural o empresarial (como por ejemplo la creación de incubadoras de agroindustrias); ii) el apoyo a una mancomunidad estructurada de recursos entre los distintos asociados de las redes, con inclusión del intercambio de conocimientos técnicos especializados, la planificación y licitación conjuntas y la comercialización conjunta, y iii) el fortalecimiento de la demanda de esos servicios y de la competencia en su prestación dotando de los recursos necesarios a las organizaciones de productores que deseen recibir determinados servicios estratégicos de desarrollo empresarial. El FIDA se centrará en las iniciativas que facilitan el acceso a los pequeños préstamos y prestará apoyo a las intervenciones que crean las condiciones necesarias para implantar sistemas de financiación sostenible estimulando el sector de la demanda (por ejemplo, facilitando los vínculos entre las organizaciones de agricultores orientadas al mercado, o los pequeños agricultores particulares de orientación más comercial, y el sector bancario privado). Prestará apoyo a los pequeños agricultores, a las empresas no agrícolas vinculadas con el sector de la agricultura y a los pequeños empresarios rurales para que accedan a estos servicios financieros. Elaborará programas especiales de graduación para velar por que los jóvenes desempleados de las zonas rurales puedan acceder al apoyo financiero necesario para poner en marcha empresas productivas. También fomentará el desarrollo de iniciativas innovadoras y nuevas iniciativas empresariales en sectores rurales no agrícolas, como el agroturismo, la elaboración de alimentos, la artesanía o el sector de servicios.
- Objetivo estratégico 3. El acceso a los mercados por parte de los pequeños agricultores y los empresarios no agrícolas mejora gracias al perfeccionamiento de la infraestructura de comercialización.** Las inversiones en infraestructura de comercialización complementarán la labor realizada en el marco del

objetivo estratégico 2. Esta infraestructura contribuirá al perfeccionamiento de los arreglos de logística a fin de mejorar el paso de los productos por las cadenas de producción.

29. **Cuestiones transversales.** Respaldando abiertamente las inversiones y la capacitación centradas en las mujeres del medio rural, en particular en las más jóvenes, el FIDA ayudará a aumentar la capacidad de estas personas a contribuir en mayor medida al crecimiento económico. En cuanto al cambio climático, el FIDA favorecerá la adopción de prácticas de explotación sostenibles, entre ellas variedades de cultivos y razas de ganado mejor adaptadas. También promoverá actividades económicas resistentes al clima que aprovechen los activos naturales del país. Se movilizarán fondos adicionales del Fondo del Programa de Adaptación para la Agricultura en Pequeña Escala destinados a abordar cuestiones relativas al medio ambiente y el cambio climático que tienen que ver con la realización de las intervenciones cuya tramitación está prevista.

### C. Oportunidades de innovación

30. El programa del FIDA en el país ampliará su experiencia positiva de establecimiento de vínculos con las cadenas de valor en pro de los pequeños agricultores comerciales y no comerciales mediante asociaciones de productores y cooperativas agrícolas. Facilitará el acceso de los pequeños agricultores a los mercados y los servicios financieros mediante acuerdos tripartitos innovadores entre los proveedores de servicios financieros, los elaboradores de productos agrícolas y las organizaciones de agricultores. Los pequeños agricultores, las organizaciones de agricultores y los empresarios rurales recibirán apoyo para el cumplimiento de las normas de la Unión Europea en materia de inocuidad alimentaria y medio ambiente. En colaboración con organizaciones de agricultores y con el sector privado, el programa en el país también estudiará las posibilidades de intercambio comercial mediante la comercialización geográfica y la creación de marcas de alimentos especiales.
31. La prestación coordinada de servicios se basará en asociaciones y redes eficaces. Habrá que fortalecer la coordinación i) dentro de los grupos (entre partes de la cadena de valor) y ii) entre proveedores de servicios. Para impulsar la innovación tecnológica, los servicios financieros y de desarrollo empresarial, de forma coordinada y sostenible, las instancias públicas (ministerios, organismos de desarrollo económico local, organismos de desarrollo regional, municipios), las instancias privadas (organizaciones privadas de desarrollo económico local, asociaciones de empresarios) y las instancias de la sociedad civil (organizaciones de agricultores) deberán adquirir las aptitudes, la capacidad y los conocimientos estratégicos necesarios. Las aptitudes estratégicas guardarán relación con el desarrollo y la planificación empresarial, la gestión de la innovación, la agricultura contractual o incluso la aplicación de enfoques programáticos al desarrollo agrícola. La creación de capacidad exigirá un mayor grado de coordinación y transferencia de conocimientos entre los responsables de las políticas y las organizaciones de investigación y extensión, mientras que los conocimientos estratégicos tienen que ver con cuestiones como la producción ecológica y su certificación, las denominaciones geográficas y la comercialización, así como el cumplimiento de las normas de la Unión Europea.
32. Para ayudar al sector a adquirir los conocimientos teóricos y prácticos necesarios, el FIDA estudiará la posibilidad de externalizar algunas de las tareas de su incumbencia.
33. Para aumentar el acceso de la población pobre a servicios financieros asequibles, el FIDA seguirá promoviendo mecanismos innovadores orientados a que los bancos comerciales y las organizaciones de microcrédito amplíen su presencia a las zonas pobres rurales.

## **D. Estrategia de focalización**

34. El grupo objetivo de la estrategia en el país constará de: i) pequeños agricultores no comerciales y pequeños agricultores comerciales jóvenes, tanto hombres como mujeres; ii) asociaciones de productores y cooperativas agrícolas que están en contacto con pequeños agricultores no comerciales; iii) mujeres y jóvenes desempleados interesados en el empleo asalariado y el desarrollo empresarial al margen de las explotaciones agrícolas, y iv) pequeñas empresas agrícolas y no agrícolas con potencial de crecer, mejorar su productividad y contribuir al empleo rural.
35. El enfoque de focalización constará de: i) focalización geográfica, dando prioridad a los municipios más pobres, incluidos los que no se han beneficiado de anteriores proyectos financiados por el FIDA; ii) focalización en cadenas de valor que resultan atractivas a los pequeños agricultores y la población rural pobre; iii) focalización directa en las mujeres, los jóvenes, los hogares rurales y las instituciones favorables a la población pobre, y iv) autofocalización de personas interesadas en participar en actividades de los proyectos.

## **E. Vinculaciones con las políticas**

36. El temario del diálogo sobre políticas del FIDA obedecerá a sus objetivos estratégicos y su orientación estratégica. Al determinar su temario de políticas en relación con Bosnia y Herzegovina, el FIDA realizará un seguimiento de la evolución del proceso de adhesión del país a la Unión Europea. Otros donantes también están fijando un temario de políticas sólido mediante una serie de operaciones centradas en políticas de desarrollo. El FIDA seguirá de cerca esos procesos normativos, especialmente por lo que se refiere a la agricultura y el desarrollo rural, a fin de armonizar su labor con las actividades más amplias de reforma normativa llevadas a cabo en el país.
37. El FIDA aprovechará plenamente las oportunidades de mejora del diálogo sobre políticas con el Gobierno. Por ejemplo, i) entablará con el Gobierno un diálogo sobre políticas basado en hechos con el objeto de determinar la mejor manera de fortalecer su labor de creación de un marco normativo y jurídico propicio; ii) participará con otros donantes en el foro de donantes del sector agrícola, y iii) fortalecerá la capacidad de los pequeños agricultores, las agrupaciones de agricultores y sus organizaciones centrales para propugnar ante el Gobierno los asuntos de política que les incumben. El FIDA también prestará apoyo, mediante donaciones por países, para realizar estudios temáticos sobre asuntos de política.

## **V. Gestión del programa**

### **A. Seguimiento del COSOP**

38. El seguimiento tendrá lugar mediante un examen anual organizado por el equipo de gestión del programa en el país. Los exámenes anuales agruparán indicadores esenciales correspondientes a cada objetivo estratégico. (En el apéndice III se esboza un marco de gestión de los resultados.) Los exámenes anuales también ofrecerán una oportunidad de actualizar el marco lógico. En 2015 se llevará a cabo una revisión a mitad de período del COSOP basado en los resultados, y en 2018 se determinarán las disposiciones para la autoevaluación al término del COSOP.

### **B. Gestión del programa en el país**

39. Está previsto que el Gerente del Programa en el País (GPP) contribuya de forma destacada a velar por que se aprovechen las oportunidades que se presenten durante el COSOP basado en los resultados por lo que se refiere a las actividades crediticias y no crediticias. El GPP organizará reuniones del equipo de gestión del programa en el país para examinar los avances en la ejecución, celebrar seminarios y talleres de intercambio de conocimientos sobre temas de interés para el programa en el país, determinar cuestiones en materia de innovación y ampliación y extraer enseñanzas de los éxitos y fracasos registrados. Contribuirá de forma



fundamental a velar por que los donantes mantengan la coordinación y a determinar oportunidades de asociación en actividades crediticias y no crediticias, como el diálogo sobre políticas, la cofinanciación y la gestión de los conocimientos.

### **C. Asociaciones**

40. El FIDA ha forjado en el país diversas asociaciones. A nivel estatal, trabajará con el Ministerio de Finanzas y Tesorería y con el Ministerio de Comercio Exterior y Relaciones Económicas. A nivel de las entidades, colaborará estrechamente con los ministerios de finanzas y agricultura de ambas. Los gobiernos municipales han sido importantes asociados del FIDA y han contribuido decisivamente a determinar y financiar parte de los costos de la infraestructura física y de comercialización en las zonas rurales. El FIDA prestará apoyo activo a las organizaciones de desarrollo económico local, tanto privadas como públicas, para fortalecer su capacidad de aportar servicios orientados al desarrollo.
41. Se seguirán promoviendo las sinergias con otros donantes y organismos de financiación, entre ellos el Banco Europeo de Reconstrucción y Desarrollo, el Fondo Europeo para Europa Sudoriental, la Unión Europea, la Corporación Financiera Internacional, el Fondo OPEP para el Desarrollo Internacional, las Naciones Unidas y el Banco Mundial, así como la Agencia de la República Checa para el Desarrollo, la Embajada de Suecia, la Agencia Suiza para el Desarrollo y la Cooperación y la Agencia de los Estados Unidos para el Desarrollo Internacional. El programa en el país también forjará asociaciones que contribuyan a promover el uso sostenible de los recursos naturales mediante la oferta de oportunidades de cofinanciación o asistencia técnica.
42. Las cooperativas agrícolas y las asociaciones de productores se están perfilando como organizaciones importantes que ayudan a vincular a los pequeños productores con los mercados. El FIDA ayudará a las cooperativas agrícolas que funcionen bien a ponerse en contacto con los pequeños agricultores no comerciales y a explotar los mercados competitivos. El sector privado dedicado a la prestación de servicios de desarrollo empresarial (consultorías privadas), servicios financieros, la elaboración de productos agrícolas, la comercialización y la exportación ocupará un lugar destacado en la estrategia del FIDA en el país.
43. Los bancos comerciales y las organizaciones de microcrédito serán asociados decisivos en la prestación de servicios financieros al grupo objetivo del FIDA. Al facilitar el acceso a préstamos, el FIDA también estudiará la posibilidad de estructurar y respaldar la demanda de crédito dirigida al sector bancario privado a fin de mejorar el acceso de los pequeños agricultores a préstamos competitivos y fomentar las asociaciones en las zonas rurales entre el sector público y el privado.

### **D. Gestión de conocimientos y comunicación**

44. Durante el período del COSOP basado en los resultados se prevé que las actividades de gestión de conocimientos y comunicación sean un proceso ininterrumpido. El FIDA ha utilizado y seguirá utilizando en el futuro su programa de préstamos y donaciones para generar enseñanzas y darlas a conocer. Las fuentes esenciales de generación de conocimientos se sitúan en tres ámbitos (los beneficiarios, los organismos de ejecución y los donantes). La dependencia de coordinación de proyectos o dependencia de coordinación de proyectos agrícolas celebrará periódicamente talleres entre entidades para dar a conocer sus experiencias, labor que el FIDA documentará durante los procesos de supervisión y examen.

### **E. Marco de financiación con arreglo al PBAS**

45. El presente COSOP basado en los resultados abarca dos ciclos del sistema de asignación de recursos basado en los resultados (PBAS): 2013 a 2015 y 2016 a 2018. La puntuación de los resultados del sector rural de Bosnia y Herzegovina fue de 4,04 en 2012. Sobre la base de estos resultados y de su RNB, el país dispone de

unos USD 12,7 millones para 2013-2015. Es probable que la asignación correspondiente para el período 2016-2018 sea, como mínimo, de la misma cuantía.

## **F. Riesgos y gestión del riesgo**

46. **Focalización ineficiente de los agricultores pobres o acaparamiento por parte de las organizaciones de agricultores o miembros más fuertes.** Este riesgo se mitigará i) desglosando los datos de seguimiento y evaluación por tipo de explotación agrícola (registrada y no registrada); ii) fomentando la capacidad de un gran número de miembros para garantizar la transparencia, la buena gobernanza y sistemas de gestión eficaces, y iii) centrándose en las cooperativas cuyo número de miembros es considerable.
47. **Medio ambiente y cambio climático.** Mediante las inversiones se velará por que el uso de los recursos hídricos y de tierras se adapte a la variabilidad del clima, con lo cual se hará un uso eficiente de los activos y la energía naturales. El FIDA entablará un diálogo sobre políticas a favor de la adopción de medidas normativas y de apoyo institucional que contribuyan a acelerar las medidas de adaptación al cambio climático en la agricultura.
48. **Acceso imperfecto a los servicios financieros y de desarrollo empresarial.** Se prestarán servicios financieros por medio de diversos arreglos institucionales, entre ellos por conducto de bancos comerciales y organizaciones de microcrédito cuya presencia es amplia y de asociaciones entre el sector privado y organizaciones de agricultores que permitan establecer en toda la cadena de valor arreglos de financiación capaces de reducir los riesgos que corren las instituciones financieras participantes y aumentar su proclividad a conceder préstamos en las zonas rurales.
49. **Posible exceso de endeudamiento.** Se ha abierto una oficina de crédito que ofrece la posibilidad de verificar el perfil de endeudamiento de los posibles prestatarios. Además, presta a estos asistencia técnica para velar por que dispongan de un plan empresarial sólido antes de efectuar inversiones. Asimismo, las organizaciones de microcrédito participantes han implantado estrategias de mitigación del riesgo y fortalecido su capacidad de revisar las solicitudes de préstamo.
50. **Mala gestión de la infraestructura y el equipo colectivo de propiedad privada.** Solo se prestará apoyo a organizaciones que cofinancien una parte importante y tengan un número de miembros elevado y capacidad sólida de gestión interna. Los aspectos fiduciarios y los riesgos en la gestión financiera se consideran de nivel medio y en estado de mejora. Los principales riesgos son los siguientes: i) la complejidad de la estructura administrativa del país; ii) la falta de una disciplina presupuestaria uniforme y sistemática en la totalidad del sistema de gestión de los recursos públicos; iii) el escaso cumplimiento de las leyes sobre adquisiciones; iv) la escasa capacidad de auditoría interna, y v) la corrupción generalizada. El Banco Mundial lleva a cabo actualmente la primera evaluación de los gastos públicos y la rendición de cuentas financieras en Bosnia y Herzegovina, lo que permitirá al FIDA obtener más información sobre el estado de la gestión financiera pública.

## 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
<b>Nutrition</b>		Household final consumption expenditure, etc. (as % of GDP)	80
Child undernourishment	1.6%	Gross domestic savings (as % of GDP)	-1
Malnutrition prevalence, height for age (% of children under 5) 2008 1/	n/a		
Malnutrition prevalence, weight for age (% of children under 5) 2008 1/	n/a	<b>Balance of Payments (USD million)</b>	
		Merchandise exports 2010 1/	4 803
<b>Health</b>		Merchandise imports 2010 1/	9 223
Health expenditure, total (as % of GDP) 2011 1/	5.6	Balance of merchandise trade	-4 420
Physicians (per thousand people) 2010 1/	n/a		
Population using improved water sources (%) 2010 1/	99	Current account balances (USD million)	
Population using adequate sanitation facilities (%) 2010 1/	95	before official transfers 2010 1/	-3 505
		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	Key Results for RB-COSOP			
Strategic Objectives (SOs)	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 <u>adopt specific approaches</u>.                      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.</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>	<p><b>N. of farmers adopting economically viable and</b></p>	

Country Strategy Alignment	Key Results for RB-COSOP	
<p>Investment in rural (including market) infrastructure is a key priority of the two Entity Governments.</p> <p><b>SO 3: Smallholders' and off-farm entrepreneurs' access to markets is improved through upgraded market infrastructure.</b></p>	<p>provided: (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>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>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> <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>Policy dialogue on supporting private-public partnerships and ensuring that environmental concerns are included into the design.</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 1 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>	

<b>Market Linking Infrastructure</b>	<b>Financed 139 market linking sub-projects</b> <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>	<b>Financed 134 market linking sub-projects</b> <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>	<b>Financed 25 market linking sub-projects</b> <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>
<b>EFFECT and IMPACT</b>			
<b>Project</b>	<b>LRFDP</b>	<b>REEP (Note 3)</b>	<b>RLDP</b>
	<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

5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. **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.

11. 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).
12. **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.
13. **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**

14. 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.

15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.

21. 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.
22. 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.
23. 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 .
24. 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**

25. 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.
26. 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.
27. 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.
28. 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**

29. 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.
30. 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.

31. 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.
32. 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.
33. 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.
34. 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.

35. 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**

36. 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**

37. 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.
38. 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**

39. 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.
40. 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.
41. 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.
42. 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.

43. 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**

44. 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**

45. 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**

46. 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**

47. 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**

48. 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>

Priority areas	Affected group	Major issues	Actions needed <sup>2</sup>
<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> </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>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>Apex organizations still have limited policy influence.</li> <li>Difficulty of accessing credit for 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. 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>

Donor	Nature of Project Program	Coverage	Status	Complementarity/Synergy
<b>Czech Developm. Agency</b>	Recent examples of development cooperation include the following projects in transport, waste treatment, human health training, mining etc In the agricultural sector CzDA support is focussed on 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.	Country wide	On-going	
<b>GIZ</b>	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 Among GIZ priorities program are: <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>	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. 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.	Country wide	On-going	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. 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,

<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 thrust</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).	Severe <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).	Severe As above, plus: <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>	As above, plus. <ul style="list-style-type: none"> <li>Targeted opportunities.</li> <li>Gender sensitisation of institutions to increase commitment.</li> </ul>	As above, plus: <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).	Moderate, variable <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>	As above, plus: <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>	As above, plus: <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>