

# **Article by Donald Hays, Principal Deputy High Representative: “Time to Stop Neglecting Farmers”**

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The European Commission has estimated that 16 million KM needs to be spent between now and 2010 in order to bring the administration of Bosnia and Herzegovina 's farming sector up to European standard.

European-standard administration means organizing efficient inspection of farm products, making farm subsidies more targeted and responsive to the needs of sustainable development, facilitating cooperative efforts among farmers and ensuring that BiH farmers have a direct say in the formulation of agricultural policy. The authorities, in other words, have to start giving farmers the kind of services and support they are entitled to expect as citizens of this country.

This hasn't happened – but the government has begun to get the message thanks to the activism of the farmers themselves. Many of the administrative problems that afflict BiH agriculture (talk to any farmer and they will quickly give you a long list of very legitimate grievances) can be fixed, and fixed quickly, if sensible administrative changes are introduced. This should be done now.

Low productivity in the farm sector could be overcome by improving the investment environment. Farmers in this country work hard—but they can't secure easy access to bank loans and investment capital. This is because the Entity governments

lack the resources to provide investment guarantees, and also because of the lack of clarity that frequently affects land ownership and land management. In addition, private investors are often deterred from putting their money into farms here because the farms themselves are too small. The average farm size in this country is between two and five hectares, which is even smaller than the average size of farms in Slovenia and Latvia and Austria , countries whose farms are among the smallest in the EU. The current BiH Law on Inheritance appears to require that land holdings be divided equally among the property owner's heirs, in the absence of a will stating otherwise. This historically has been a problem for European agriculture and has led to major reforms in other countries and I believe it will have to be reformed if this country's agricultural sector is to succeed.

Another area that needs attention is the fact that there is an abundance of overlapping laws that govern – or more accurately *misgovern* – the agriculture sector.

The functional review of the BiH farm sector that has just been completed by the European Commission concludes that BiH needs an Agriculture Ministry – like every other member of the EU and aspiring member of the EU. Indeed like almost every country in the world.

This would at the very least create a point of contact between BiH farmers and the EU Agriculture Commission. It would ensure country wide standards were established, something required for EU accession.

Even more importantly, it would open the way for a major rationalization of the laws governing agricultural production and marketing, which would benefit farmers in every part of BiH.

A BiH Ministry of Agriculture would not duplicate the bureaucracy of the existing Entity ministries. It would

provide the necessary mechanism to ensure that the existing ministries provide farmers (and citizens) with better value for money, by properly coordinate their legislative and administrative agenda. For example the state Ministry would take over the development and management of framework agriculture policy and represent BiH's interest at the international level (EU, WTO and negotiations on Free Trade Agreements), while the Entities would be able to focus more effectively on providing better services to farmers in terms of research, education, technology upgrading , enhancing training, and improved marketing support.

The existing ministries duplicate activities and staff positions in a way that BiH simply cannot afford.

At a conference held recently to discuss the conclusions of the EC's functional review, politicians and civil servants agreed to work towards the creation of a BiH Ministry of Agriculture. The International Community supports this initiative. We would like to see a Ministry of Agriculture up and running in the course of 2005.

For much too long, agriculture in BiH has been treated as a second class citizen and a second-tier policy priority. That has to change, and creating a BiH Ministry for Agriculture is one way to change it. Such a ministry would benefit farmers and help create a prosperous and viable agriculture sector – which would benefit citizens as a whole.