

BETA, SARAJEVO, BOSNIA AND HERZEGOVINA

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EXECUTIVE SUMMARY

Organic agriculture is recognised as a promising business sector that could contribute to BiH's economic recovery, but also to wider social objectives related to poverty reduction, protection and development of resources as well as the cultural identity of BiH. Nowadays, the organic sector in BiH is in a very critical development phase. Sector performance is improving each year, but at the same time the producers and consumers are faced with increasing challenges, problems and administrative barriers. The main reason for this situation is the lack of a regulatory framework for the organic sector. Without an organic regulatory framework that is tailored to BiH's specific conditions, the development of organic agriculture will be risky and this obvious developmental opportunity will become just another missed opportunity.

The main purpose for establishing an organic agriculture regulatory framework is: (i) to ensure customers' and producers' protection in the market and (ii) to provide a basis for the advancement and utilisation of its other (social and environmental) benefits. Obviously the decision on how to organise sector, which regulatory model to apply, is very sensitive. It is not easy to apply others' experience because this sector is in a development phase all over the world and the lack of information and experience is understandable. The lack of information and experience in this respect makes it easy to commit critical mistakes and to endanger the development of the entire sector. Therefore the main objectives of this paper are: (i) to call the attention of decision makers to sector needs and potentials in order to put this issue high on the priority list, (ii) to provide information, experiences from other countries, and expertise to help decision makers avoid possible critical mistakes.

The review of regulatory frameworks applied worldwide suggests that there are two types of regulatory frameworks. One of them relies on the state and its institutions to which all sector responsibilities and functions are committed; the other gives some functions and

responsibilities to the NGO sector. The fact that only one country, Denmark, applies the first model suggests that the second one is more efficient and applicable in countries with a weak and corrupted state administration. Research results suggest that the Austrian regulatory model that takes into account different levels of administration (Federal/state) could be a very good example for BiH. This model transfers the major part of the responsibilities regarding supervision to the provincial administration, while the quality assurance responsibilities are divided between three Federal ministries and the NGO sector (certification bodies). The control and monitoring responsibility is placed with the Market Agency (AMA) that deals with all agribusiness sectors. The NGO sector is responsible for organising all stakeholders and, through NGO association, to support the work of state institutions as well as to maintain international cooperation and direct development activities undertaken by the state.

However, for the BiH organic sector regulatory framework, the second model that includes NGOs is recommended. The main reasons to support this model are:

- (i) it is more efficient in ensuring the protection of customers and producers,
- (ii) it decreases the risk of corruption and increases trust of the organic label as the precondition for sustainable sector development,
- (iii) it requires the minimal number of new staff to be employed and trained within the administration,
- (iv) it makes it possible to utilise modest public funds efficiently,
- (v) it ensures private investments,
- (vi) it increases healthy competition between certification bodies possibly decreasing the private costs for quality assurance,
- (vii) it makes it possible to utilise developed sector institutions and
- (viii) it requires less time to be developed.

Finally, the most important reason to support this solution is the open and very strong support of stakeholders throughout BiH

I. INTRODUCTION

The recovery of BiH is obvious, but slower than what was expected and predicted. The BiH economy is facing a great variety of problems ranging from weaknesses of the political and administrative system to the usual problems connected with the process of globalisation and transition towards a market economy. The economy is still in the factor driven phase of development in which the contribution of primary industry (including agriculture) to GDP is significant. At the same time the import of foodstuffs is very high, approximately 1 billion EUR, while more than 40% of the arable land is out of use. It means each improvement in agribusiness performance will have multiplied effects on economic health. The fact that more people live under the poverty line in rural areas justifies the importance of agribusiness for the overall quality of life. However, the unfavourable agricultural structure¹, environmental conditions, poor agricultural infrastructure, weak agricultural institutions, lack of favourable investment funds, low human resources' capabilities, low market accessibility, a huge variety of different administrative barriers have had a very negative impact on BiH's agriculture competitiveness. In spite of this "bleak situation" there are some successful stories such as the export of organic wild aromatic plants etc. In such a situation, all agricultural initiatives that ensure higher value added are seen as a very important priority to be developed. In that context, organic agriculture is focused on as a sector that could contribute to the development of an entrepreneurship spirit and initiate the development of non-agricultural sectors in rural areas while contributing to the quality of the environment. From that point of view organic agriculture is an attractive opportunity for the development of the country.

To date, the development of organic agriculture was driven by the NGO sector and supported by various internationally funded projects. This year, the sector was able to export goods of over 1,5 million EUR to the attractive EU market. Though this is a small value of export,

¹ Average farm size is about 3 ha and it is divided into 7 plots

nonetheless the potential remains high. However, to encourage faster, but sustainable development it is necessary to develop an appropriate regulatory framework. Organic agriculture is a very specific system of food production organised in line with strict standards that protect natural resources, cultural identity and require greater human effort and innovations. In other words, organic agriculture offers a specific quality that corresponds to consumers' needs in view of their beliefs, ethics and lifestyle. Most customers recognise organic food as a food that improves their health and that is why they are willing to pay premium prices for it. That is why this specific quality has to be guaranteed by a third party as well as recognised by the market. Organic labels are the means of communication at the market place: for customers they are a sign that the product was produced in line with certain standards, and for producers they are a way to communicate a specific quality and ask for a premium price in return. Through a process of certification, organic producers have to prove their compliance with organic standards. This means that certification is a process through which organic producers are awarded with the right to use the organic label. Therefore, at the heart of organic agriculture are voluntary labelling schemes relying on the processes of certification and accreditation. Through those processes, organic products are labelled by organic signs to communicate with consumers and prove testify to their quality. It is obvious that the development of the organic sector relies on the trust between consumers and producers. To ensure this basic precondition for organic sector development, it is necessary to regulate the sector and to protect consumers from fraud as well as to ensure a mechanism for the realisation of created added value through premium prices.

Having in mind that the organic sector is a new one in all countries over the world, it is to be expected that information and experience as well as expertise is not easily available. That is why one has to be very careful in crafting the organic regulatory framework to avoid possible critical mistakes that could endanger the whole sector. Therefore, the objectives of this

research are: (i) to alert decision makers to sector needs and potentials in order to make this issue a priority, (ii) to provide information, other countries' experience and expertise to support decision makers in avoiding possible critical mistakes.

In order to get insights of ways how regulatory frameworks are constructed in other countries, an intensive overview of secondary data from international organic databases (SOEL, FIBL, Organic Europe, ITC, IFOAM) and official country web pages was done. This means that the research was based on available e-data. The risk of getting less detailed data that could be misunderstood has been the main limitation of this method. Therefore, a very detailed questionnaire for NGO activists was prepared. NGO experts from Slovenia, Bulgaria, Poland, Croatia and Serbia were the polling respondents.

Data about the BiH organic sector was gathered from the Organic Control OK certification body. The data did not include data from other international certification bodies. But, having in mind that OK is the most active in the country, the data was good enough to make some projections. The projection of sector growth and benefits was based on quite poor data that was limited for the application of sophisticated prediction methods. But those data and projection methods are good enough to show the benefits of the sector to decision makers.

In order to provide a more detailed explanation of one selected regulatory framework, a set of criteria was selected. These criteria were evaluated from the point of view of the BiH situation (1 completely different situation up to 7 very similar situation in respective countries) in order to select the most appropriate regulatory framework. In this evaluation the neighbouring countries of the former Yugoslavia apart from Slovenia were not included because their regulatory frameworks have been recently renewed and data about their performance is not available.

To get the stakeholders' opinion, the workshop "Regulatory framework for organic agriculture in BiH – proposal of a model suitable for BiH conditions" in the scope of the

Third organic conference held in Sarajevo (10 November 2006) was organised. More than 50 people interested in organic agriculture came and had an opportunity to give their view on this issue. It was organised as a group interview.

All research data and conclusions are presented in this report, which starts with an explanation of what the BiH economy, especially rural areas could miss out on if a regulatory framework is not developed. The next section was prepared with the aim to provide information of what the main responsibilities and functions of a regulatory framework are and how it generally could be organised. To make that explanation clearer, the description of a best case (example – Austria) is presented in following section. After an evaluation of three scenarios, pros and cons are provided. The paper concludes with a review of policy options and next steps.

II. WHY DOES ORGANIC AGRICULTURE NEED REGULATION?_

In 1995, at the First BiH Donor Conference,² organic agriculture was recognised as a very attractive development opportunity for BiH. Since then, the local NGO sector, supported by internationally funded projects, expended a lot of effort to develop the organic sector from scratch. A very modest but very vibrant organic sector in BiH has been established. Currently it is in a very sensitive development phase in which the main problems of narrow sector growth (different administrative barriers to import very specific, but needed inputs, unfair competition, and strength of national organic label OK etc.) cannot be solved outside of the institutional framework, on a case by case basis, using improvisation and personal connections.³ In other words, the BiH organic sector has become big enough to show a potential that can only be fulfilled through systematic development of the sector's institutional framework as any other sector of the economy. Without a regulatory framework which would both establishes and organise sector institutions, functions and responsibilities, organic agriculture will become a recognised but forgone development opportunity.

However, to explain the need to see the organic sector regulated it is important to start at the roots, from the very concept of organic agriculture.

Generally, organic agriculture is understood as a mode of agricultural production in which the use of chemical inputs is avoided or largely excluded, making the product – food -- “healthy”.

The example of such a narrow explanation of organic agriculture is given by the very popular free on-line encyclopedia - Wikipedia⁴. Organic agriculture is an extensive concept which,

² WB & EBDR (1995):'BiH – Priorities for reconstruction and development", First BiH Donor Conference, Brussels,

³ This constrain have been defined by sector stakeholders on Third conference about organic agriculture, hold in Sarajevo, 10.11.2006. More than 50 stakeholders were present. The main conclusion was that regulatory framework is the main limiting factor for sector growth.

⁴ Organic farming is a form of agriculture which avoids or largely excludes the use of synthetic fertilizers and pesticides, plant growth regulators, and livestock feed additives. As far as possible organic farmers rely on crop rotation, crop residues, animal manures and mechanical cultivation to maintain soil productivity and tilth, to supply plant nutrients, and to control weeds, insects and other pests.

according to IFOAM, includes principles of health, ecology, fairness, care⁵, meaning that organic agriculture is sustainable, environmentally friendly, socially acceptable and economically viable. This definition asks each local community in the world to be innovative and to develop different agribusiness systems based on local needs, customs, tradition, culture and available resources, which will protect and develop natural and human resources resulting in the improvement of the quality of life for local communities. This means that “the final product” of organic agriculture is not just food, it includes a wide set of different services of great value for communities (states). These services have to be communicated, made obvious to consumers at the market place in order to be paid for. That is why market communication between producers and consumers has to be organised so as to enable producers to get a “premium” for a service provided and to enable consumers to satisfy the set of needs that are based on their beliefs, ethics, culture and way of life (Nikolić, 2002). The labelling schemes based on voluntary standards provide these services by ensuring that only organic products are sold under the “organic trademark”. This means that modern quality assurance based on third party certification becomes central to enabling the development of organic agriculture. It provides for the protection of consumers and producers. Consumers are protected from market fraud and producers from unfair competition. The concept of quality assurance provides full transparency and traceability of the food chain, which is the essence of food safety and security. A very important part of the organic agriculture concept is that organic products have to be subject of third party inspection and certification in order to be properly sold in the market place⁶.

⁵ “.....These Principles are the roots from which organic agriculture grows and develops. The Principles of Organic Agriculture serve to inspire the organic movement in its full diversity. They guide IFOAM's development of positions, programs and standards. Furthermore, they are presented with a vision of their world-wide adoption” IFOAM, http://www.ifoam.org/about_ifoam/principles/index.html, 6.12.2006

⁶ Council Regulation (EEC) N^o 2029/91 states:“ For the purposes of this Regulation a product shall be regarded as bearing indications referring to organic production methods where, in the labeling, advertising material or commercial documents, such a product or its ingredients is described by the indications in use in each Member State suggesting to the purchaser that the product or its ingredients have been obtained in accordance with the rules of production laid down in Articles 6 and 7 and in particular the following terms, unless such terms are not applied to agricultural products in foodstuffs or clearly have no connection with the method of production...”

Today, organic agriculture is small but is gaining importance in the agriculture sector of a number of countries, irrespective of their stage of development⁷. There are many reasons behind this growing importance of organic agriculture, such as:

- industry driven by consumers' conscious decision on how their food is produced, processed, handled and marketed. Therefore, the consumer has a strong influence over organic production;
- the provided services such as preservation of biodiversity, contribution to the mitigation or prevention of certain environmental problems, contribution to food chain safety and security, its role in customers' protection and contribution to human health improvement, preservation of national identity and culture as well contribution to rural and overall economic development are recognised by international organisations⁸ and governments. That is why organic agriculture receives great attention and support from both individual states and supranational bodies⁹.
- organic agriculture calls upon farmers as well as local communities to be innovative and to develop their own capacities in order to provide a better life for their families, and their communities.

⁷ FAO Committee on Agriculture (1999): "Organic Agriculture", Positioning paper, Rome, Italy.

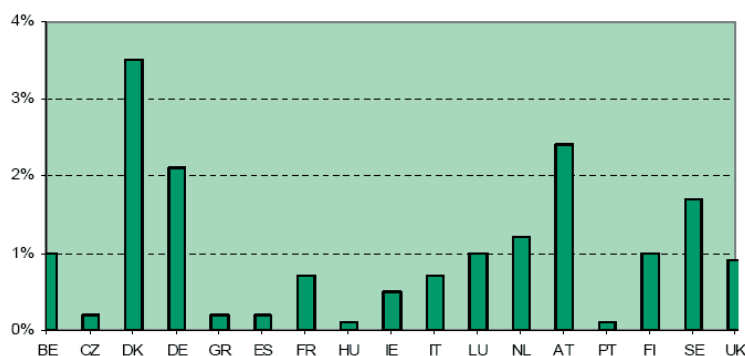
⁸ " ... The World Food Summit Plan of Action recognised the importance of "appropriate input technologies, farming techniques and other sustainable methods, such as organic farming, to assist farming operations to be profitable, with the goal of reducing environmental degradation, while creating financial resources within the farming operation. ..." FAO Committee on Agriculture (1999): "Organic Agriculture", Positioning paper, Rome, Italy.

⁹ The WTO is against subsidised agriculture, but if the agricultural production is contributing to quality of environment different ways of public support are eligible under the green box.

II.1. Without a regulatory framework BiH cannot use an evident development opportunity – export to lucrative EU (and/or World) market

Organic agriculture has been growing all over the world and especially in Europe. The Western European share in world-wide area under organic management is 21%¹⁰ and what is more important its share in total worldwide revenues (USD 25 billion in 2003) is 52%¹¹. This means that the Western European market is one of two (North America being the other) most lucrative markets with a very high annual growth. It has to be emphasised that this very lucrative market is just about 1% of the total food market.¹² But, as can be seen from the following graph the organic market stage of development varies significantly from country to country.

Chart 1. Share of organic market in total food market in EU-17, 2001.



It should be noted that the German market is the most valuable market with 3,5 billion EUR, or 30% of total Western European market value¹³.

A very important characteristic of the organic market is premium prices. It is very hard to define the average premium because it varies significantly from country to country and from product to product. It seems that price premiums are in general lower for processed products

¹⁰ Willer, Helga, M. Yussefi (2006): The world of organic farming 2006, Statistics and emerging trends, IFOAM pg.37

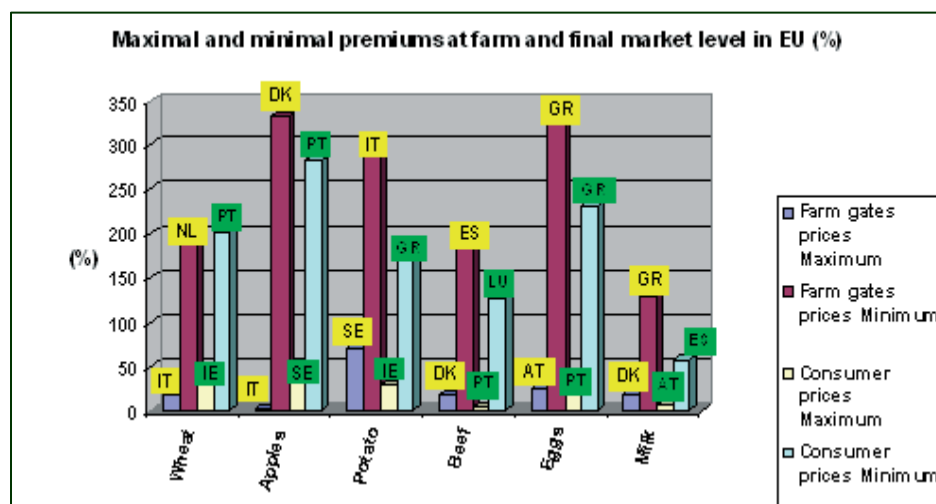
¹¹ Willer, Helga, M. Yussefi (2005): The World of Organic Agriculture – Statistics and Emerging trends 2005, IFOAM pg 24.

¹² DG Agriculture (2005): Organic Farming In The European Union, Facts And Figures, G2 EW - JK D(2005), pg.21

¹³ DG Agriculture (2005): Organic Farming In The European Union, Facts And Figures, G2 EW - JK D(2005), pg.20

than for unprocessed products. It could be said that the overhead material costs in further processed products play a lesser role. Price premiums are somewhat lower in those countries where the organic market is relatively developed (Austria, Denmark, Sweden and Italy).

Chart 2¹⁴.



The premiums are expected to decrease with the growth of the market and of production. In the past five years,

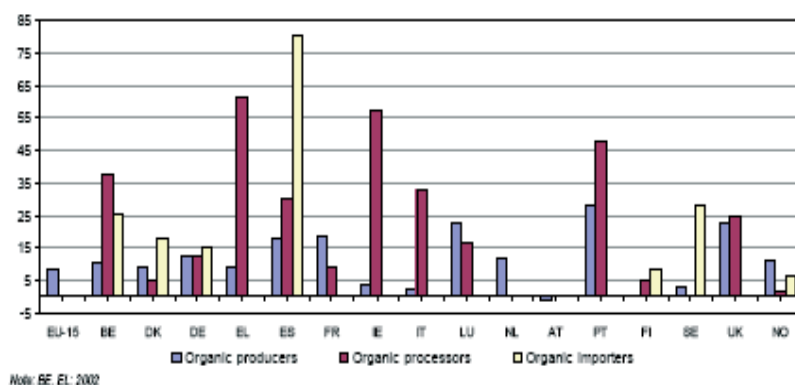
large supermarket chains entered this market and increased demand, which resulted in an increase in the premium. It was expected that the premium would decrease, because supermarkets tend to offer cheaper products.

This market is a very attractive market because its expected growth rate is even bigger than 10%, which is exceptional in comparison with others parts of the saturated food and drink market. The increase of organic processors and importers (see chart 3) ensures market growth and makes this market very attractive for neighbouring countries ready to export organic products.

It is obvious that a very lucrative market is being established in all EU countries. For BiH producers and traders, this is excellent news and a great business opportunity. But, is the BiH sector capable of addressing this opportunity and making the most of it? The ability to take part in the lucrative EU market depends on BiH organic sector competitiveness that is partly defined by on-farm productivity and partly by transport costs.

¹⁴ DG Agriculture (2005): Organic Farming In The European Union, Facts And Figures, G2 EW - JK D(2005), pg.28

Chart 3. Average annual growth rate of the number of organic producers, processors and importers (1998 to 2003)



Currently, the sector is able to provide products with competitive prices at the farm or processors gate. But, it is obvious that

productivity has to be improved in order to retain this cost advantage. The main factors influencing productivity at the producer level are knowledge as well as investments. Currently, both areas are financed by internationally funded development projects implemented by the BiH NGO sector. For the emerging stage of the sector, these funds were sufficient, but for real and fast development this role has to be overtaken by sector institutions such as extension services, research institutions, special credits lines etc. Without a proper regulatory framework these institutions cannot be established. **This means that without a regulatory framework in near future we can expect a decrease of sector competitiveness.**

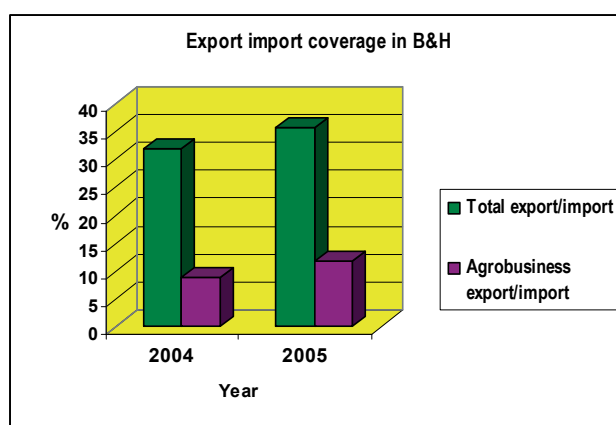
It is not easy to export to those lucrative markets. Only products originating from countries on the approved “Third country list” are eligible for sale in the EU. The minimal condition to be placed on the “Third country list” is to show that the system of quality assurance (inspection, certification, accreditation and labelling) is harmonised and compatible with EU regulations. Still, products could be exported from any country if an EU recognised certification body certifies it. This is the so-called “back door for the EU organic market”. This “back door” is currently used by the sector¹⁵. At the same time, this opportunity to export increases transaction costs, especially costs of quality assurance (inspection, certification done by foreign companies). That is why a huge part of the created new value is taken by foreign

¹⁵ According to BiH certification body OK, the export value for 2006 is more than 1,5 million EUR.

companies, which decreases the attractiveness of the sector as well as the possibility to develop local communities. In the long run, this approach is not sustainable and could endanger the sector's growth.

The negative implications of the decreased export ability of the organic sector (obligation to be recertified, increased transaction costs) become more important if we take into account the enormous trade deficit of BiH. The agribusiness negative trade balance (see chart 4) makes the sector one of the highest contributors to the negative trade balance. At the same time, more than 40% of arable land is out of use.

Chart 4.



This means that even a minimal contribution to the total BiH export value is a significant contribution to the overall BiH economic performance as well as to its development potential. If the BiH administration fulfils its commitments

given in the Strategy of agricultural development and develops a proper regulatory framework on the basis of the current situation and the very rough projection, in 2010 more than 7 million EUR¹⁶ could be expected to be the sector export value (for more details see Annex I). This scenario projects that more than 15000 attractive, well paid jobs in rural areas will be developed. The jobs in complementary business areas are not counted. **In short, organic agriculture is a real developmental opportunity for the country, but it can be used efficiently only if the proper regulatory framework is established. This means that BiH could miss a very attractive and evident developmental opportunity.**

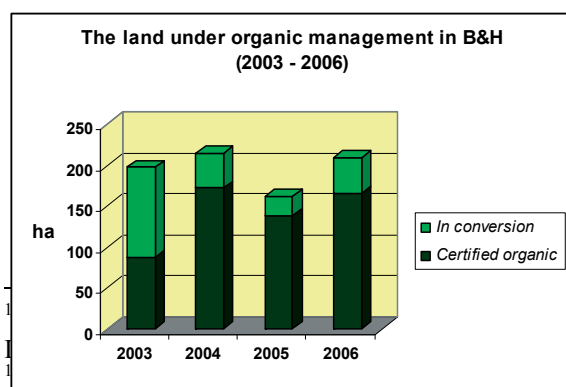
¹⁶ If everything remains as today – no support and no services, the expected export value in 2010 is about 2 million EUR (depending on optimistic or pessimistic scenario)

II.2. Is the export orientation the only opportunity for society to benefit from the development of the organic sector in BiH?

It is true that sustainable growth of the organic sector in BiH cannot be sustained without developing the domestic market. From 1995, when the sector was identified as having developmental potential, organic farming opponents argued that it was hard to see an organic market emerging in BiH. The main argument was that the purchasing power of BiH citizens was too low to accept food products sold at premium (higher) prices. This main line of opposition was supported with the opinion that our farms are too small to afford additional costs of certification and unskilled to follow strict organic rules required from them, to document each production activity, to plan in advance and to innovate.

The BiH reality gives the proper answer to these doubts. The organic sector is established. According to official data of BiH certification body OK, 209 ha in this year is under organic management. According to other international sources, 1113 ha are under organic agriculture¹⁷. This relevant difference is emerging because in BiH different international certification bodies are operating and there is no real communication between all of them. It is possible because the regulatory framework for the organic sector in BiH does not exist. Anyway, we find data and effort done by BiH organic certification body OK more relevant for sustainable development of the BiH organic sector.

*Chart 5*¹⁸



As can be seen, the area under organic management decreased in 2005. Some of the development projects that were helping

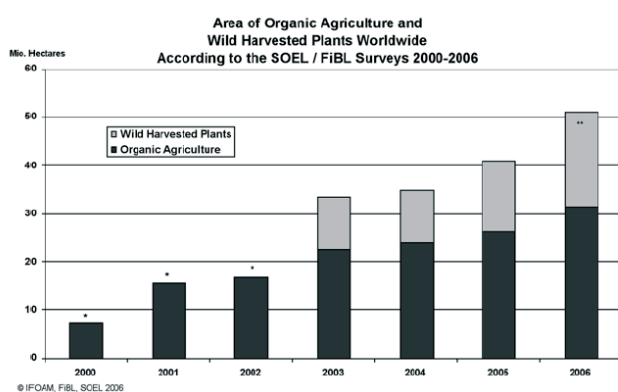
organic Agriculture – Statistics and Emerging trends 2005,

i certifikacija organske proizvodnje – Third Organic

Conference: „Actual moment in organic agriculture development – problems slowing down development of organic sector in BiH“, Sarajevo

farmers and other operators were completed. That was the main reason for this decrease. In this year it has been recovered and it could be concluded that growth is ensured and stabilised. Additionally, 3000 ha of land for wild, aromatic plants and forest products harvesting have been certified. Such a small sector was able to export over 1,5 million of EUR this year, which is an increase of over 300% from last year. This clearly testifies to the fact that a small but vigorous organic sector has been established in BiH.

Chart 6¹⁹



In terms of certified organic wild products, BiH is one of five leading countries in Europe according to International Trade Center (UNTCTAD/WTO). BiH's share is 5%

of total organic wild production²⁰. This is very important potential, especially if it is known that this indicates a high growth rate as can be seen in the following chart.

The market for organic food is in an emerging phase. Till this year most offered organic food (baby food, juices, dietary products) have been imported. This year two big supermarket chains, Mercator and Tropic, decided to offer BiH organic products. Both chains provided a special "organic cart" for BiH products. This fact shows that there is demand for organic food. At the same time organically grown food is sold at premium prices. That premium varies from product to product and it is about 50%. It is very important to outline that there is an evident increase in the level of consumers' understanding of the organic food concept. Research conducted at the end of 2005 shows that 16,5% of consumers defined organic food as food

¹⁹ Willer, Helga, M. Yussefi (2006): The world of organic farming 2006, Statistics and emerging trends, IFOAM pg. 36

²⁰ International Trade Center (UNCTAD/WTO) (2006): Organic Wild Products: Market Development, www.intracen.org/organics

that is produced by the application of specific production methods. In 2002, nobody had defined organic food this way. Another encouraging fact is that 4,77% of consumers recognised the BiH OK mark as a tool to ensure quality at the marketplace²¹. All this confirms that the BiH organic consumer market is formed and it ensures that the market will grow steadily providing new developmental opportunities and new jobs in rural areas. But a big threat to the future development of the organic market is the fact that currently anyone can use the name organic and sell any product at premium prices. In the past four months only in one supermarket repeated inappropriate labelling of products was detected. In Mercator (New Sarajevo) tomato, paprika, jam and carrots had been sold under the name “Organski proizvod” (“Organic Product”) without any organic mark or other confirmation that would guarantee to consumers that they are buying real organic products. Because of regulatory framework weaknesses, this evident case of fraud was not punished. Without a regulatory framework, this could become a regular practice opening up the possibility for gaining extra profit on the basis of misleading customers. **It is clear that this obvious opportunity to contribute to employment and poverty reduction by developing an economically viable sector will be missed, or misused by a small group, if the development of a regulatory framework for the organic sector is not made a priority.**

II.3. Could the organic sector contribute to the efficiency of the EU integration process?

EU integration is defined as a priority of the highest importance for BiH’s mid-term and long-term development policy. BiH has a very demanding task to harmonise its regulatory framework with the EU and to restructure its economy. For that purpose some pre-accession funds will be available to BiH. A significant part of these funds is dedicated to agribusiness

²¹ all data related to BiH organic market are data from research undertaken by NGO BETA in 2002 and 2005/06 based on a representative sample of 300 customers selected in Mostar, Banja Luka and Sarajevo.

investment in programs of rural development, which is CAP's second pillar - rural development and policies for regional development²². These programs will rely on local community capabilities to outline real needs and to implement granted projects successfully. In that respect organic agriculture²³ focused on innovations and human capacity development could significantly contribute to strengthening local human capabilities. Also, one of the clear EU objectives is to support the development of organic agriculture through different policy programs. But it cannot be presumed that EU funds will be invested in the area in which business risks are so high and which is not regulated in the same way as it is done in the EU. This means that some very perishable resources (innovative, capable people with clear entrepreneurship spirit) will be set aside and not utilised resulting in decreased ability to attract EU pre-accession funds²⁴.

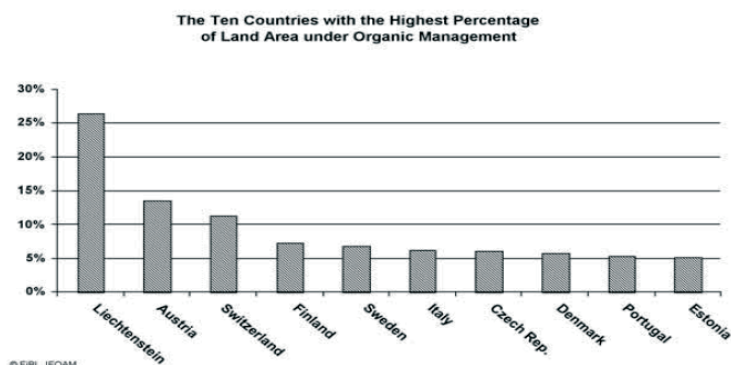
An additional reason why the organic sector has to be supported is low competitiveness of the agribusiness sector in BiH. It will be a great challenge to transform a sector with such poor performance, characterised by low productivity, small average farm size (3,5 ha) and poor infrastructure to at least survive in the EU common market. Austria was faced with a similar (though not so complex) challenge when it decided to become part of the EU. One of the solutions was to support the development of organic farming in less favourable areas. That is why today, Austria has the largest share of land area under organic management.

²² RED is financing different projects in BiH among which is „Development of organic agriculture clusters“ www.lir.ba

²³ DG Agriculture (2006): Benefits of organic agriculture on rural development, http://ec.europa.eu/agriculture/qual/organic/ben/index_en.htm

“... Organic farming and integrated farming also represent real opportunities on several levels, contributing to vibrant rural economies through sustainable development. Indeed, new employment opportunities in farming, processing and related services are already evident in the growth of the organic sector. As well as the environmental advantages, these farming systems can bring significant benefits both to the economy and the social cohesion of rural areas. The availability of financial support and other incentives for farmers to convert to organic production is designed to help the sector grow still further and to support associated businesses throughout the food chain...»

²⁴ EU pre-accession funds are not defined in the sense that one quota is dedicated to one country. If a country can prove that it is able to ensure successful implementation of granted funds, it could expect to see a quota increase. In the same way, this quota could be decreased as well. That is why some countries such as Slovenia used over 100% of pre-accession funds and some like Bulgaria only 30%.

Chart 7²⁵.

One more argument in favour of supporting organic agriculture in BiH is the fact that in protected areas²⁶, it is the only way to practice agricultural production and to sustain the

possibility of the local community to generate income while protecting the environment. Each country that wants to be an EU member state has to protect at least 13% of the area. Therefore, for those areas and their populations, organic agriculture is very important and a priority as well.

It is evident that in the development of the organic sector, a proper regulatory framework should be one of the BiH government's priorities because:

- it will enable BiH to utilise the opportunity to further develop an economically viable, environmentally friendly and socially acceptable food sector,
- it will contribute to the mitigation of some structural problems of the agribusiness sector (small farm size) and increase the competitiveness of the sector by contributing to its export efforts,
- it will contribute to employment in rural areas and it will also support the development of a focused complementary sector: tourism,
- it will protect both consumers and customers,

²⁵ Willer, Helga, M. Yussefi (2006): The world of organic farming 2006, Statistics and emerging trends, IFOAM pg. 36

²⁶ In BiH, a large part of the territory should be environmentally protected. But local population is against this because they are afraid to lose a possibility to raise income.

- it will enable BiH to efficiently use scarce human resources to attract international as well as pre-accession funds to ensure rural development and poverty reduction contribution to social and economic stability of the country and the region
- it is important to fulfil the commitments clearly stated in the two entities' strategies of agriculture development²⁷.

III. HOW TO CONSTRUCT A REGULATORY FRAMEWORK TO SUPPORT SECTOR GROWTH

The main objectives of the organic agriculture regulatory framework are to provide and ensure producers' and consumers' protection, and to ensure the fulfilling of other social objectives²⁸ by applying its basic principles: economic viability, environmental sustainability, and social acceptability. This means the regulatory framework has to provide the possibility for the sector to sustain a positive relation to the natural and social environment, as well as to technology development and to sector newcomers.

The organic regulatory framework has to define the responsibilities and functions of the sector institutions in order to ensure: (i) a quality assurance system (accreditation, certification, inspection, norms and standards and labelling procedure); (ii) monitoring and reporting (development of certification bodies, processors, farms, importers, exporters registers, seed list, list of approved input materials, database connected with international information systems), (iii) supervision (final check of all stakeholders' compliances with standards and regulations), (iv) support to sector development, (v) international organic sector communications.

²⁷ Mid-term strategy of agriculture development in FBiH 2006 – 2010,

Mid-term strategy of agriculture development in RS to 2015

²⁸ They are focused on protection and development of natural and social (cultural) environment and on rural development. Those organic agriculture tasks are outlined by CAP and applied agri-environment programs.

As previously pointed out, there are two general ways to organise (regulate) the sector:²⁹

- a) to give full responsibility for all sector functions to the state;
- b) to divide sector responsibilities and functions between the NGO (private) sector and the government.

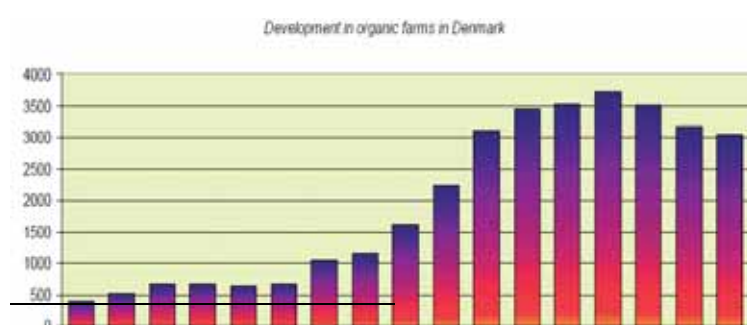
The following section provides an overview of these two systems.

III.1. Characteristics of two regulatory models applied in the world

III.1.1. Fully state controlled regulatory framework

In the whole of Europe, only Denmark has a fully state controlled organic sector. The Ministry of Agriculture, Rural Development and Fishery (MARDF) is fully responsible for all sector functions within Denmark. The Danish Plant Directorate (DPD) with its two sub-sectors for organic agriculture and EU control is fully responsible for the quality assurance system, support for sector development and monitoring and reporting. The rest of the responsibilities are divided between the two other Directorates of Danish MARDF. The DPD employs a staff of 450. It is fully financed by public money and farmers do not pay certification or extension costs. There is one state organic label that is highly recognised at the market place and customers are very willing to pay a premium for that label.

Chart 8³⁰



One reason behind the recent evident decrease of the number of organic farms (see Chart 8) may

²⁹ Rundgren, Gunnar (2006): Best practices for organic policy: what developing country governments can do to promote the organic sector, ITC in printing

³⁰ Danish Ministry of food agriculture and fisheries (2006): Statistik over økologiske jordbrugsbedrifter 2005, <http://www.fvm.dk>

be the hidden inefficiencies of the sector regulatory framework. However, the Danish sector is undergoing a kind of “recession”.

A regulatory framework where the state has full responsibility over the organic sector requires: (i) strong trust in the state (low level of corruption), (ii) significant amount of public money to finance all sector functions (no private money involved), (iii) high availability of skilled staff (450 employed by DPD), (iv) developed institutions in the area of general agriculture.

III.1.2. The regulatory framework focused on the NGO sector

The regulatory framework focused on the NGO sector is based on a division of responsibilities and functions between the NGO sector and the state. This division, or better yet, decentralisation varies from country to country. In some countries, the state has only a supervisory role. In others, the NGO sector plays a very modest role taking over only responsibilities for certification and support to sector development. The most common situation is where the state takes on the responsibility of supervision and keeps at least a minimal part of responsibilities in each area – deciding which NGO will do what and taking part in its investment and permanent financing. This system is more efficient and more transparent. It is very suitable for states with low availability of skilled staff and strong budgetary limitations, because all sector responsibilities could be fulfilled through existing agricultural institutions. It decreases the possibility of corruption by increasing the competition between certification and accreditation bodies. This healthy competition could decrease costs of quality assurance for producers and consumers. It must be pointed out that this type of regulatory framework is more in line with the basic principles of the organic movement.

III.2. Case study of best practice – Example of Austria

In order to provide a detailed explanation of suitable sector organisation, we have selected the practical example of good practice in Austria. This is the author's proposal on how to organise the sector in BiH.

III.2.1. Selection of the best practice example

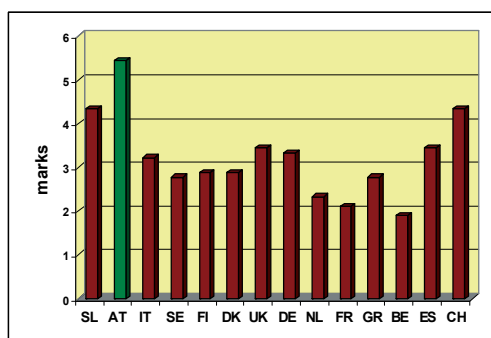
In order to select the best practice example, a set of different criteria was used. The criteria were chosen having in mind the BiH situation and especially the following:

- (i) challenges of EU integration,
- (ii) level of trust in the state,
- (iii) efficiency of organic sector measured by sector size and organic market size,
- (iv) similarities in environmental conditions and structure of agricultural sector.

It was not possible to include all EU countries in this assessment. Therefore, it was decided to evaluate only countries where enough data was available and which were older member states. The only new member state included was Slovenia. There were a number of reasons behind this decision: (i) we share a part of our history³¹, (ii) Slovenia was among the 15 states in the world that have the largest share of area under organic farming management. Each criterion for each country was evaluated and valued with marks from 1 to 7. The mark of one was given to a situation without any similarity with BiH and the mark of seven was given to situations that were very similar to the current BiH situation. Austria was selected as a case of best practice concerning the organic sector regulatory framework. Additional information about the selection procedure and scores can be found in Annex II. The next chart represents the summary of selection process results.

Chart 9: *Results of regulatory frameworks evaluation*

³¹ BiH and Slovenia were integral parts of former Yugoslavia



III.2.2. Regulatory framework in Austria

In the beginning of the 1990s Austria was faced with the challenges of the EU integration process. In order to sustain the competitiveness of the farming sector in the EU common market, the Austrian government decided to support the rapid development of organic agriculture. the sector was established in five years, using funds of the Agri-Environment Program.

The state's responsibility is divided between Federal and province authorities. The quality assurance responsibilities are organised as follows:

- Federal Ministry of Economic Affairs and Labour is responsible for the accreditation of certification bodies. The formal accreditation decision is taken by the Accreditation Service in accordance with EN 45 000 (ISO 65).
- Federal Ministry of Social Security and Generations (FMSSG) grants provisional approval of certification bodies in accordance with regulation EU 2092/91, and a final decision is taken by the Province (state) Food Control Authority where the certification body is registered.
- The Subcommittee for organic farming of Austrian Codex Alimentarius Committee which is part of FMSSG reviews the organic norms and standards with Austrian stakeholders and negotiates them at the EU level.
- Six private profit or non-profit organisations ensure certification and inspection of producers. Private labelling schemes are also part of this process.

The supervision of all stakeholders is done on the level of Provinces by the Supervision Administration in cooperation with the Technical Inspection Service of the Federal Ministry of Agriculture Environment and Water Management (FMAFEWM).

The monitoring and reporting role is given to the FMAFEWM. On behalf of the Ministry, this responsibility is taken by part of the unit dealing with Agri-environmental programs, Agrarmarkt Austria (AMA). This Ministry takes care of international communication and sector development.

The NGO sector, which supports state institutions in all their activities and their responsibilities except certification and partly accreditation, is focused on sector development through the establishment of the Umbrella Organic Farmers Association (EKOLAN), organic farmers associations, development of the Organic Agriculture Council (advisory body), and an informal extension service net. The NGO sector has taken on a major part of the functions and responsibilities in the area of international communication and cooperation especially through IFOAM.

III.3. Evaluation of policy options

Generally speaking, BiH policy/decision makers are faced with these three possible policy choices:

- (i) not to put any effort in developing the sector – status quo policy option
- (ii) to develop a state regulated sector – state policy option
- (iii) to develop a regulatory framework in which the NGO sector plays an important role (Austrian case) - NGO policy option

III.3.1. Which issues must drive the policy choice?

The regulatory framework has to be crafted very carefully to avoid mistakes and to make the sector efficient, removing all possible administration barriers. It is obvious that a key decision

will be to decide how much of the responsibilities and functions will be given to the state and what role should be performed by the NGO sector. This is certainly the key question, but there are a few others that are very important to ensure the efficient provision of services for the sector supporting its fast and sustainable growth. In that context, it is important to take care about:

- stakeholders' opinions, needs and wishes as well as costs that they have to pay;
- institutional capacities, especially availability of skilled and experienced staff;
- time necessary to see regulatory framework in full function – to provide all services needed for the sector;
- capability of institutions to grow and to keep up with the fast growth of the sector;
- adequate utilisation of capacities (human, material and institutional) that currently exist and support sector development;
- budgetary constrains and cost efficiency;
- public perception of state efficiency³².

Having in mind that organic agriculture is a new concept built on modern value-laden quality, a concept that is not well known or understood, it is easy to make basic mistakes that would, ultimately, slow down the development of the entire sector. Excellent examples are our neighbours Croatia and Serbia. Generally speaking, the process of certification (getting rights to use the organic mark) is very complicated. The responsibilities are split between the different levels of administration (each level has inspection rights), but in the end, the Ministry of agriculture has to make the final decision of who has the right to use the state organic mark. As a result of such a very complicated procedure and lack of institutional capacities within the ministry, many farmers were discouraged and decided not to apply for

³² for more details see Annex -

the state organic mark. This slowed down sector development³³. In Serbia, the first version of the Law on organic agriculture stipulated that the Ministry of Agriculture must approve private certification bodies each year. Due to institutional capacities, this annual approval was given very late in April or May, after the majority of the producers (farmers) had already signed contracts with certification bodies. This means that farmers and other processors had to risk signing a contract and starting the whole process before a decision about the selection of approved bodies was made. This made the business so risky that it discouraged new farmers and processors from becoming part of the sector. This mistake was recognised by stakeholders who pressured the government to change the Law.

III.3.2. Performances of suggested policy options

From the arguments developed in previous chapters, it is evident that the first option of the “status quo” is not an option for BiH. Also, the second option of the “State regulated” sector, which is applied only in one country (Denmark), could not be a real option for BiH.

The third policy option requiring the division of responsibilities and functions between the public and private sectors in order to utilise existing sector institutions is the most efficient one in the context of fulfilling the set policy goal. This option will not stop sector development because the existing institution will continue providing the necessary services as before. It will ensure the full synergy of public and private funds invested and it provides an opportunity to invest in the sector in a very systematic manner, removing priority constraints. In five years time (2010), we could expect the sector to offer 15000 jobs and to see at least 1,5% of arable land under organic agriculture with a medium increase in exports. The development of trust at the market place will be supported by legislation, as well as significantly increased recognition of the organic sign (about 10% of population). Trust and customer awareness are the basis ensuring sustainable growth of demand as well as of the

³³ They are considering the Low revision article A4 of Ministry of Agriculture Forestry and Water Management of Croatia (2005): „Strategy of Organic Agriculture Development 2005“, Zagreb 2005 – pg.4.

sector itself. The elimination of all existing administrative barriers is not an easy job, but this policy option ensures that they be removed in the due course.

From everything mentioned above, we can conclude that the third policy option – the “NGO policy option” – is most suitable for BiH, because it provides the necessary conditions for faster sector growth through:

- (i) efficient use of existing sector institutions,*
- (ii) possibility to be implemented in the short term,*
- (iii) removal of administrative barriers,*
- (iv) minimum requirement of staff working in public administration,*
- (v) mitigation of consequences of low trust to the state,*
- (vi) minimal requirement of public costs as well as possible decrease of private costs,*
- (vii) efficient development of trust at the market place and customer protection.*

An additional reason in favour of this policy option is strong stakeholder support and its impact on strengthening the capability of local communities to apply and implement complex programs of rural development in order to utilise EU funds.

VI CONCLUSIONS AND RECOMMENDATIONS

Organic agriculture in BiH is in an emerging phase showing enormous potential to contribute to the quality of life in rural areas and to overall economic development in BiH. Even while faced with a lot of problems, various administrative barriers to organising production, the organic sector was able to increase sector export value each year, which is an extraordinary success. The research results suggest that there is an emerging domestic organic market. This year large supermarket chains entered this market more openly by offering fresh and processed food produced in BiH. The current situation contradicts the key argument of

opponents of organic agriculture: BiH customers are too poor to pay premium prices. Currently, a BiH organic potato is sold with a premium of 85%.

Organic agriculture development was driven by NGO sector efforts and internationally funded projects. That is why sector development was not systematic. Only basic institutions were established: international accreditation certification body OK, private organic sign recognised at the market place, association of organic farmers and producers, a modest information system mostly led by OK web resources, and a modest pool of expertise. To see this potential utilised for BiH prosperity, it is necessary to regulate the sector and to develop institutions to support more rapid sector development.

For the BiH situation, the Austrian example is recommended. This solution is most preferable for the sector stakeholders.

The practical recommendations of this research could be summarised as follows:

1. The process of drafting organic legislation has to start as soon as possible and has to have a participatory approach. This means that a working group led by a responsible person from the MOFTER has to be established.
2. An initiative toward the NGO sector to establish a permanent voluntary advisory board “Council for Organic Agriculture” has to be taken.
3. The current situation of sector reconstruction at the state level has to be used to select and appoint people responsible for the sector in each existing/new institution of the agribusiness sector.
4. The appointed people have to be trained to understand their roles, responsibilities and everyday duties.
5. A state supported WEB interactive platform has to be developed in order to enable exchange of information and knowledge.

6. An annual stakeholder conference has to be established as a permanent activity to evaluate sector performances and needs that could be satisfied by the state.

It is obvious that organic agriculture performance demands the attention of the BiH government and deserves efforts to improve regulation of the sector. The development of a regulatory framework for organic agriculture has to be high on the agricultural administration list because they made a clear commitment to organic agriculture in the entities' Strategies of Agricultural Development. The whole agribusiness sector is evolving to comply with EU standards. That is why this is the best time to take action and start building a decentralised regulatory framework.

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Annex I. Explanation of criteria used for selection of best practice example of regulatory framework.

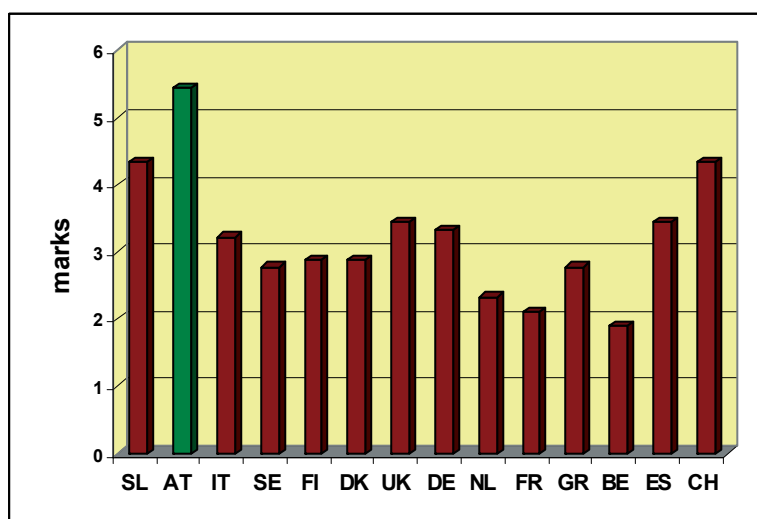
The following table shows the criteria used to select the best case example of a regulatory framework that could be used to construct the most suitable regulatory framework for BiH. All criteria for each country are evaluated from the point of view of the BiH situation with marks ranging from 1 to 7 where 1 is given to a situation totally different from that in BiH and 7 for situations very similar to the one in BiH. Only criteria pertaining to organic sector performances are not evaluated from the point of view of BiH. For that set of criteria, 1 marks the poorest performance, and 7 marks the best performance.

Table A.1.2.: Criteria to select country as a best case

| No | Criteria | Description of evaluation measures |
|----|---|--|
| 1. | Environmental conditions – size, landscape, population | 1 – 2 times bigger country, flat, warm Mediterranean country 7 – similar size of land and population, mountainous country, karst area |
| 2. | Agricultural structure/farm size | 1 – big farms, competitive 7 – average or small farms, low competitiveness |
| 3. | Similar state organisation | 1 – centralised state 7 – decentralised Federal state |
| 4. | similar political/economical challenges | 1 – no need to pass integration process 7 – passed integration process |
| 5. | Level of corruption | 1 – low level of corruption 7 – high level of corruption |
| 6. | Need for human resources in administration | 1 – more than 25 persons 7 – less than 5 |
| 7. | Share of organic agriculture (size under OA production) | 1 – less than 1% 7 – higher than 9% |
| 8. | Size of organic market | 1 – less than 100 million EUR 7 – higher than 2000 million EUR |
| 9. | Average annual spending on organic food, | 1 – less than 7 – higher than |

Table A.1.2.: Results of regulatory framework evaluations

| | Criteria | SL | AT | IT | SE | FI | DK | UK | DE | NL | FR | GR | BE | ES | CH |
|----|---|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1. | Environmental conditions – size, landscape, population | 7 | 6 | 1 | 1 | 1 | 3 | 1 | 1 | 2 | 1 | 4 | 2 | 3 | 7 |
| 2. | Agricultural structure/farm size | 7 | 6 | 1 | 1 | 2 | 2 | 2 | 1 | 1 | 1 | 3 | 3 | 3 | 2 |
| 3. | Similar state organisation | 1 | 7 | 3 | 1 | 1 | 1 | 5 | 7 | 2 | 2 | 1 | 1 | 7 | 7 |
| 4. | Similar political/economical challenges | 7 | 7 | 1 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 5 | 1 |
| 5. | Level of corruption | 3 | 3 | 6 | 2 | 2 | 1 | 3 | 2 | 3 | 3 | 5 | 2 | 5 | 1 |
| 6. | Need for human resources in administration | 7 | 5 | 4 | 4 | 4 | 1 | 4 | 2 | 5 | 2 | 4 | 4 | 2 | 4 |
| 7. | Share of organic agriculture (size under the OA production) | 4 | 7 | 6 | 5 | 5 | 6 | 4 | 4 | 2 | 2 | 5 | 2 | 3 | 6 |
| 8. | Size of organic market | 1 | 3 | 5 | 3 | 3 | 3 | 5 | 7 | 3 | 5 | 1 | 1 | 2 | 4 |
| 9. | Average annual spending on organic food, | 2 | 5 | 2 | 5 | 5 | 6 | 4 | 5 | 2 | 2 | 1 | 1 | 1 | 7 |
| | AVERAGE | 4 | 5,4 | 3,2 | 2,8 | 2,9 | 2,9 | 3,4 | 3,3 | 2,3 | 2,1 | 2,8 | 1,9 | 3,4 | 4,3 |

Chart A.1.1.: Results of regulatory framework evaluations

Annex II Outcome matrix

| GOALS | Evaluation criteria | OPTIONS | | |
|---|--|---|---|--|
| | | No regulatory framework | State has total control | State has minor role – NGO focus |
| EFFECTIVE UTILISATION OF BUSINESS POSSIBILITIES AND RURAL DEVELOPMENT | Provision of services – time line and possibilities of its development | immediately - its development is limited by possibility to use only private funds | optimistic scenario is one year after the legislation is adopted – slow development because of establishment costs | immediately – development could be supported by both private and public funds |
| | Use of already developed resources (institutions, people, knowledge) | Low efficiency – uncoordinated efforts, doubled actions | totally marginalised – few people employed within administration | Full efficiency – synergic effect of any investment made in its development |
| | increase of production (new ha under OA) | slow | Slow | fast – in 5 years at least 2% of arable land |
| | increase of export | medium – 20% annually | stagnation – at least | medium – 20% annually |
| | number of new working places | less than 5000 | less than 5000 | in 5 years about 15000 |
| | market access – recognition of OA – OK sign and promotion capabilities ³⁴ | up to 5% of population recognises existing OK sign | up to 2 -3% of population recognises the trade mark ³⁵ | up to 10% of population recognises the BiH OK mark (private and public effort to promote it) |
| | possibility to develop trust at the market place | medium – depending on customer understanding of modern quality concept | low – very high level of corruption ³⁶ is defining it | high – existence of system that is visible and defined by national regulations |
| | Administrative barrier – limit to production growth | very high – nobody responsible within governments and no budget support | possibly very high – so many decision have to be taken, any delays means crops can not be sold as organic ³⁷ | medium to low |
| | Administrative barrier – limit to import of needed inputs | very high | medium to low | medium to low |
| Administrative barrier – limit to export growth | medium to low | medium to high – corruption level | low – in line with most of EU countries' systems | |

³⁴ the introduction of a new trade mark to any market is very costly. It is known that the recognition of the organic trade mark has a big influence on market growth as well as on the development of committed customers willing to pay more for the added value of organic food. These estimations are made on the basis of market research done in 2002 and 2006 by NGO BETA.

³⁵ this is optimistic scenario if we have in mind Slovenia case where consumers refused to accept state promoted organic mark and stick with NGO (first) promoted mark. Slovenian government made very costly mistake and decreased efficiency of sector growth

³⁶ because of very low level in corruption in Denmark, the state has been so successful in introducing and developing an efficient state labelling scheme

³⁷ the case of Serbia confirms this possibility. In the previous version of the Law the State (Ministry) was in charge of giving permission to the certification body to certify production (accreditation responsibility). The decision was taken late in April, after the spring sowing season. Farmers who had applied for certification to a body that was not approved had to sell their products as conventional.

| GOALS | Evaluation criteria | OPTIONS | | |
|--|---|--|---|---|
| | | No regulatory framework | State has total control | State has minor role – NGO focus |
| INSTITUTIONAL CAPACITY | No. of people that need to be employed by the public sector | none | at least 15 | maximum 3 |
| | Training need for public sector | minimal | 15 people have to be extensively trained in all areas | 15 people have to be trained in promotion and partly supervision |
| | Possibility to use public funds (budget) for sector development | minimal – no regulatory basis for it | medium – part of public budget has to be spent on costs of administration (15 people, cars, etc.) | maximum all available public money could be spent on sector support both push and pull techniques |
| | Capability to establish efficient information flow – including statistics | minimal | visible | medium – small number of administration staff requiring investment in IT |
| | Availability of support needed for newcomers (farmers) | medium | minimal – human resources have to be developed | medium |
| | Level of coherence with EU integration process | not in line | in line | in line |
| | Strengthening of opportunity to use Pre-accession funds | no impact | very low impact | strong private-public partnership is a prerequisite, therefore, it could have a strong impact |
| EFFICIENCY OF PUBLIC GOODS UTILISATION | Public costs (only operational) | minimal not higher then 100 EUR/ha annually | high - at least 560 EUR/ha annually | medium - at least 120 EUR/ha annually |
| | Costs of trainings (only for administration improvement) | Minimal according to their willingness | high - at least 120 EUR/ha annually | medium - at least 30 EUR/ha annually |
| | Private costs/ha (only for certification) | High | split between state and private subjects | competition could decrease it |
| | Stakeholder support – public acceptance ³⁸ | medium | low | high |
| | Level of trades willing to put effort to prevent misuse of label | very low | high | high |
| CUSTOMER PROTECTION | Willingness to pay higher prices | medium | low – trust to state is not high | medium but it can be easily improved |
| | Level of customer willingness to report misuse of labels | very low – why do it – no regulation to support their effort | medium | high – NGO sector will promote this need and organise campaigns |

³⁸ the stakeholders' opinion was sought at the Workshop held at the Annual Organic Agriculture Conference in Sarajevo, 10.11.2006. All of them agreed that we need to have the sector regulated and that the second option (NGO focused) is better for BiH.

Annex III Two Scenarios of Organic sector development in BiH

SCENARIO I - STATUS QUO

1. The growth rate of land under organic management in BiH

Present growth rate of organic area (only arable land) in BiH

| | 2003 | 2004 | 2005 | 2006 |
|-----------------------|-------|-------|-------|-------|
| Land (ha) | 198,0 | 215,5 | 163,0 | 209,7 |
| Growth rate (%) | - | 8,8 | -24,4 | 28,6 |
| Average growth rate % | | | | 1,4 |

EU growth rate 1998/2002 21,00%
Annual EU growth rate 5,25%

Optimistic scenario growth rate

10,00%

Pessimistic scenario growth rate

5,25%

2. The export value 1.512.315
mostly wild, forest and cultivated plants
export value per ha 504,105

3. Area under organic management in BiH and value of export - projections 2007/10

| OPTIMISTIC SCENARIO (10% of growth) | | | | |
|---|-----------|-----------|-----------|-----------|
| | 2007 | 2008 | 2009 | 2010 |
| Export (EUR) | 1663546,5 | 1829901,2 | 2012891,3 | 2214180,4 |
| PESSIMISTIC SCENARIO (5,25 % of growth) | | | | |
| | 2007 | 2008 | 2009 | 2010 |
| Export (EUR) | 1591711,5 | 1674480,5 | 1761553,5 | 1853154,3 |

4. Working places 2010

Optimistic 3500
Pessimistic 3000

5. Budget spending

Optimistic No
Pessimistic Minimal

SCENARIO II - regulated sector

| | | |
|----|---|----------------|
| 1. | The share of organic land in total arable land | 0,02% |
| 2. | The average share of organic land in total arable land in EU | 3,60% |
| 3. | Plan to have 1% of arable land under organic management in 2010 | 10280 ha |
| 4. | Expected export | |
| | export value/ha EUR | 700 |
| | Total export value in 2010 | 7196000 |
| 5. | Number of working places | |
| | One and half persons per ha | |
| | Expected | 15420 |
| 6. | Budget spending in 2010 | |
| | 150 EUR per ha | 1542000 |
| | 7 persons in administration | 84000 |
| | Market support | 200000 |
| | Total EUR | 1826000 |

