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Aleksandar Lugonja**RURAL TOURISM SUSTAINABLE DEVELOPMENT AND RURAL DEVELOPMENT OF BOSNIA AND HERZEGOVINA**

Abstract: Bosnia and Herzegovina has great natural potentials for development of rural tourism but it is necessary to research about others potentials. Existing network of resources are very low and it is necessary to make a survey in order to give possibilities to domestic and foreigner tourists, to learn more about Bosnia and Herzegovina, to make quality plans of their journey and to get quality information's about tourist attractions. Tourism in rural areas of Bosnia and Herzegovina (BH) helps to respond the challenges of open trade, by diversifying the rural economy. On this basis is possible, with use of definition of agro tourism, and basic laws of its development, to develop agro tourism in the country. Bosnia and Herzegovina have majority of rural population and many rural destinations. Rural areas and less built-up area with higher preservation-degree of the environment, where acceptable farm development exist, represent the main valorization-base for making agro tourism product. Rural economy in Bosnia and Herzegovina (BH) is increasingly diversified but agriculture is still an important component of the rural livelihood portfolio. The paper aims at providing an overview of rural tourism and rural development (ARD) in BH. The paper focuses on ARD governance especially policies, strategies and plans; stakeholders; approaches and paradigms; and projects. It identifies the main State- and Entity-level institutions dealing with ARD policies in BH (law, strategic plan and agro tourism and rural development) and analyzes relationships and linkages between them. A comparison has been made between ARD programmed in BH with European Union's RD policy. A SWOT analysis of the Strategic Plan for Rural Development 2009-2015 in the Republic of Srpska has been performed. All in all, effective, efficient and sustainable ARD policies in BH should be place-based, multi-sectorial, synergistic and designed and implemented through a good coordination between multilevel governance public and civil institutions (international, national, and sub-national: entities, cantons, regions, municipalities). Creation of new potential cores for evaluation in agro tourism encourages the tourism revenue and economic benefit at the healthy and almost completely natural way in the essence of concept of sustainable development.

Key words: rural development, policies, rural tourism, sustainable development

Извод: Босна и Херцеговина има велике природне потенцијале за развој руралног туризма, али је неопходно да се истраже и други потенцијали. Постојећа мрежа ресурса је веома ниска и неопходно је припремити и презентовати главне потенцијале, могућности и циљеве за привлачење домаћих и страних туриста, да науче више о Босни и Херцеговини, да се ураде квалитетне туристичке понуде и да се добију информације о квалитету туристичких атракција. Туризам у руралним подручјима Бо-

сне и Херцеговине помаже да се одговори на изазове отворене трговине, путем диверсификације руралне економије. На бази овога могуће је уз дефинисање руралног туризма, као и основних закона његовог развоја, развијати рурални туризам у земљи. Босна и Херцеговина има велики део руралне популације и многе руралне дестинације. Рурална подручја и мање изграђени простор са већим очувањем степена животне средине, где већ постоје развијене фарме, представљају главну валоризацију-базу, за израду агротуристичког производа. Рурална привреда у БиХ, са више него разноврсном пољопривредом, је и даље важан фактор у руралном окружењу.

Рад има за циљ да пружи преглед руралног развоја и туризма у Босни и Херцеговини. Рад се фокусира на агрорурални развој, посебно политике, стратегије и планове, актере, приступе и парадигме, те пројекте. Он идентификује главне институције на државном и ентитетском нивоу, које се баве политиком руралног развоја у БиХ (закон, стратешки план и агротуризам и рурални развој) и анализира односе и везе између њих. Урађена је компарација између политика и програма агроруралног развоја у БиХ са политикама руралног развоја Европске уније. На основу свега овог, ефикасна и одржива политика агроруралног развоја у БиХ треба да буде мулти-секторска, синергијска и дизајнирана, те имплементирана кроз добру координацију између виших нивоа управљања јавних и цивилних институција (међународних, националних, и суб-националних: ентитети, кантони, регије, општине). Стварањем нових потенцијалних језгара за евалуацију у агротуризму, подстичу се туристички приходи и економска корист на здрав и природан начин, готово у потпуности у суштини концепта одрживог развоја.

Кључне речи: рурални развој, политике, рурални туризам, одрживи развој

Introduction

Bosnia and Herzegovina is a mountainous-valley country of SE Europe (42°N-45°N; 15°E-19°E). Bounding with Croatia (932 km), Montenegro (249 km), Serbia (357 km). The area is 51.209 km² (land: 51.197 km²; water: 12.2 km²).

Contemporary political-administrative structure of Bosnia and Herzegovina (BH) includes two entities: the Federation of Bosnia and Herzegovina and Republic of Srpska and third region Brčko District (BD). Territory of Bosnia and Herzegovina is a transitional area between southern parts of the northern temperate belt and northern parts of the northern subtropical belt, which results in intertwining and mixing of air masses of different physical characteristics. Bosnia and Herzegovina morphostructurally belongs to the Mediterranean area of mountains-Dinarides. Central Dinaric mountain massif gradually descends to the north in the area of Bosnian Posavina and the Pannonian plain, and steeper to the south in the area of Herzegovina and the Adriatic depression.

In reflection of this was formed a complexable multicultural, multiethnic and multi religious State Board of Bosnia. Position of Bosnia and Herzegovina between European regions (Mediterranean and Pannonian), with the traffic and geographic links along the main river valley (Bosna, Vrbas, Drina, Sava, Neretva, etc.), resulted in its convenient regional and geographical situation.

The State population is around 3.9 million and the total area of the country is 51.209 km². The gross domestic product for BiH for 2010 had a nominal value of 24.486 million KM. The nominal increase of GDP in relation with 2009 was 2,01% while real increase was 0,70%. GDP per capita amounted 6.371 KM or 4.314 USD or 3.258 EUR.

Rural economy in BH is increasingly diversified but agriculture is still an important. Agriculture share in GDP was 8.60% in 2010 (EC, 2011). According to the Labour Force Survey for 2010, the agricultural sector employs 166.000 persons or 19.7% of the total labour force (ASBH, 2010). Agricultural land covers 50% of the total area of BH. The average size of farms is 2.6 ha (MoFTER, 2009). Rural areas in BH (81%) lag behind in terms of socio-economic development and still face many problems. Around 61% of the total population can be classified as rural. In particular, Republic of Srpska is mainly rural (about 95% of the territory is rural according to OECD criteria), where live 83% of the population.

Agro tourism and rural development cannot be achieved without improving governance in Bosnian rural areas. Rural governance comprises mechanisms, institutions and processes of decisions making and implementation through which persons and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences in rural areas (Cheema, 2005).

Civil society organizations in BH have about 2.000 regional NGOs. Rural development programming is largely dominated by an elite core of foreign-supported NGOs. Rural areas and small towns, CBOs (Community-Based Organizations) are characterized by a small size, and, often, by a low capacity and the lack of a long-term vision and a specific mission. There is a growing body of evidence from many European countries suggesting that there is a strong relationship between governance and rural development policy impact on rural population's livelihoods. In fact, there are strong correlations between institutions efficacy and effectiveness and rural development policies outcomes.

The paper focuses on policies, strategies and plans, stakeholders, approaches and paradigms, and projects. It identifies the main actors dealing with ARD in BH and analyzes relationships between them.

The evolution of ARD philosophy and practice in the post-war period has been analyzed as well as the main constraints impeding a good coordination between actors dealing with ARD policy. A comparison has been made between ARD programmed in BH with EU RD policy 2007-13 especially in terms of objectives and priorities. Strengths, weaknesses, opportunities and threats analysis of rural areas, as reported in the Strategic Plan for Rural Development 2009-2015 in the RS, has been included.

Developer notes in rural tourism

Development of rural tourism and affirmation of rural areas in countries of Europe and the United States was registered in the mid sixties of last century. In

Europe further accelerated by economic trends and European Union enlargement. Rural tourism is valuable contributor to rural economy and allows diversification and favors protection and enhancement of social fabric and heritage European Rural Space. Europe has largest share of tourism arrivals and maintains positive growth. Rural tourism involves the recruitment of tourists in the farmer jobs. Agro tourism include the chance to help with farming tasks during the visit. Agro tourism is often practiced in wine growing regions, as in Italy and France. Agro tourism is based on the landscape, tradition and family from which emerges a complete competitive tourism product. Elementary variables and factors of attractiveness of any destination and the main elements of the tourist product and its further development as an agro tourist destination are: elements of accommodation; attractiveness of tourist destination; environmental elements; socio-cultural; elements of the offer; infrastructure facilities; political stability; the local involvement in tourism; elements of promotion; marketing; information system, from these is a definition of agro tourist destination, which represents a kind of amalgam and combination of interrelated elements of attraction, accommodation facilities, domestic population courtesy and condition of infrastructure, as well as tourist information system as a kind of tourist information traverses. Specificity of agro tourist marketing is in the conception of sustainable development through the protection of flora and fauna, the understanding of the social dimension of the area, minimizing the impact on the physical and cultural environment, a profit based on the service with a positive environmental output and tourist experience of environment.

Agro tourism is identified with the farmer tourism, and is part of rural tourism and eco-tourism. However, many theorists and practitioners tend to define the concept and forms of agro tourism.

- *Farm-based Tourism* can be described as the act of visiting a working farm or any agricultural, horticultural or agribusiness operation to enjoy, be educated or involved in activities.

- *Community Tourism* is one or a combination of tourist products offered at a community- level to domestic or international visitors.

- *Agro-Heritage Tourism* can be described as many measure that promotes the heritage, history and interpretation of early and contemporary agriculture (agro-museums; plantation tours; craft making; indigenous art showcases or workshop; agricultural festivals).

- *Agro-Trade Tourism* consists of any act eg negotiation that facilitates the exchange of goods and services among local community stakeholders, tourism enterprises, and visitors of foreign interests (produce markets; agro-processing; marketing to hotels, restaurants and other agencies).

- *Health and Wellness Tourism* can be described as the process of combining the goal to look and feel better with travel, leisure and fun activities (spa treatment; specialty surgeries; alternative medicines; herbal remedies; therapeutic holidays), etc.

Basic characteristics of rural and agrarian in Bosnia and Herzegovina

Bosnia and Herzegovina is a developing country where 54.7% of the total population lives in villages. A trend of decreasing rural population (1990-2006; rate of changes -1.4%) has occurred in late decades. It is followed by a series of problems: abandonment and deterioration of the village, lack of income and unemployment, overcrowding in urban areas and rising unemployment rates, and different issues (environmental, social, psychological).

Diversity of terrain with valleys as well as other physical favorable conditions (climatic, hydrological, pedological), traditional villages, etc., are good predisposition for the successful development of agriculture and agro tourism.

Particular researches show that some of the environment elements in certain areas of Bosnia are six times less contaminated compared to developed countries. For the production of fruits and vegetables in the Federation there are about 55.000 ha of land, and in the Republic of Srpska 45.000 ha. The agricultural sector in total GDP of Bosnia and Herzegovina participates with 10% (the World Bank, 2008). It is produced and sold approximately 280.000 metric tons of fresh fruit-plums, apples, raspberries, every year, etc. The total market value is about 210 million euro, and it's almost enough to meet domestic needs, especially during the summer.

Nowadays, the emphasis is on organic agriculture and production. Organic agriculture involves food production as a result of specific production in which the system of ensuring quality is the base of all activities, and leads to the harmonization of the whole environment. In Bosnia and Herzegovina under organic production is 497 ha of land, including 440.000 ha of agricultural and forest land for collecting wild plants, wild berries and mushrooms.

Sustainable development in Bosnia and Herzegovina and directions of agro tourism

Sustainable development is a process having economic, social, cultural and environmental- ecological dimensions. This process is perceived as a development in all respects for both urban and rural societies. In Bosnia and Herzegovina, as in most developing countries, rural population is followed with numerous problems and concern of existence villages. Main characteristics are increasing impoverishment of rural society, as well as the problems of deforestation, erosion and soil productivity loss by misuse of funds, which further emerge problems of migration, poverty and hunger. Development of appropriate agricultural and environmental policies should be ensured to protect and develop agricultural lands, to increase agricultural productivity and marketing agricultural products, to create job opportunities in agricultural and non-agricultural sector, to increase the contribution of agricultural productivity to national income and rural people. Rural areas are multifunctional dynamic

systems. They include different land use and activities such as settlement, transportation, industry, forestry, tourism and recreation. Agro tourism is one of the best ways of affirmation, improvisation and existence of the village, and sustainable development in the country. Rural tourism provides an incentive for infrastructure development, which then contributes to the growth of other economic activities in rural areas. Advantages of agricultural tourism are:

- help rural people set the priorities for development in their own communities, through effective and democratic bodies, by providing access to discretionary funds and building the local capacity to plan and implement local economic development,
- helps to protect the agricultural areas, cultivation lands and rural landscape development,
- creates diversity in agricultural pattern and job opportunities in rural areas,
- increases welfare level of local people,
- provides a bridge between rural and urban areas,
- rises the respectability of agricultural activity from the urban peoples' point of views,
- introducing agricultural activities to urban people is a way to educate urban people in the sense of contribution of agriculture to quality of life and economy.
- provide physical infrastructure and social services (water, sanitation, transport, health services and schools) and
- ensure wider access to productive resources in the rural areas.

Essential characteristics of sustainable development in villages are promotion (flyers and bulletins), honest business, competitive prices, pay farmers on time, minimize debts, healthy plants, good service, prime locations, word of mouth, family business, etc.

In many developing Countries, the third point may require greater efforts and investments as regards the creation of basic conditions for such a development:

- land tenure reform (but also land redistribution and restitution),
- extension of water supplies (and water laws to protect the rights of downstream users),
- rural financial services for investment in rural livelihoods,
- framework for rural activities for investment in trade, service delivery, transport and information.

Success factors in agro tourism:

- long term planning,
- right recipe for tours,
- community spirit,
- repeat business,
- clean environment,
- good stuff,
- brilliant tour guides,

- hard work,
- exciting rural tour,
- good food (Waithe, 2006).

Rural tourism of Bosnia and Herzegovina is in its very beginning. Program support through transfers have been continued in 2009 year with qualitative new projects that provided 2.75 million euro for rural tourism. From the viewpoint of rural and Agro tourism, Bosnia represents a huge untapped potential; potential centers of rural tourism are numerous villages, especially in wider environment of major cities. However, in Bosnia and Herzegovina there is still no specific tourist product of rural tourism. Economy in rural tourism, to be imposed as an alternative bid, must be much more creative than the hotel chains which is a major challenge for those engaged in marketing and promotion of rural tourism. So far in Bosnia there is only minor involvement of some rural settlements mainly in the school and congress tourism, or as an additional motive of tourist bid of town attracted to the village (rural ambient of Bjelašnica, Kupres, etc.).

Priority step is defining resources and providing access to them. In cooperation with the European Commission delegation in Bosnia and Herzegovina in December of 2006 the Project is designed in this purpose, to support the establishment of the State Ministry of Agriculture and Rural Development- SESMARD. In the basis of its methodology is defining rural areas on European level (OECD, EU), as indicators for development of rural area typology (demographic, geographic, economic, employment, human capital, agricultural structures, tourism, infrastructure).

The program “Ucodep Program 2003-2012 ” is also a support to rural, agro tourism and sustainable development in Bosnia and Herzegovina. Protection and valorization of natural, cultural, agricultural and livestock resources, primarily in tourism, as well as improvement of small and medium enterprises, are the main sectors of intervention through which Ucodep intends to promote sustainable local development in the country. In rural areas of the municipality of Trnovo and the of municipality Konjic, in the park Hutovo Blato activities were directed towards the development of ambient tourism. In Herzegovina region (focus on the municipality of Livno, Stolac, Nevesinje and Trebinje). In western Republic of Srpska, valorization processes of traditional agro-food and craft products. In Trebinje was supported establishment of beekeeping cooperative - Zalfija (more than 200 members; main goal is to increase production of honey, typical and quality product of this area). Increase capacity of local institutions (municipalities, local development agency and the tourist board) and private subjects (NGO's, manufacturer associations) in the field of valorization, protection and promotion of local products and territories, through exchange experiences with entities from Tuscany, with technical and financial support to attend local and international events and creating promotional materials (web site, gastronomy guide, brochures).

The role of Agriculture and Rural Development, policies, strategies and plans

It is estimated that over 70% of informal employment in BH is linked to the agro-food sector. Increasing prosperity and the quality of life in rural areas is, therefore, essential to the country's overall process of economic, political and social stabilization.

The European Commission plays a key role in the enlargement process. It is closely associated in the accession process including negotiations. Commission experts in the field of agriculture and rural development provide assistance and guidance to candidate and potential candidate countries in their task of preparing for future accession to the EU and more specifically in preparing for the Common Agricultural Policy and Rural Development. Agricultural production in the eligible area is based on small-scale family households due to existing natural conditions and property issues.

In the framework of the EU project "Support for Establishment of the State Ministry for Agriculture and Rural Development", on July 2006 the "Draft BH Law on Agriculture, Food and Rural Development" was completed. The EU technical assistance facilitated the recent completion through the work of a government-appointed working group supervised by Council of Ministries of BH - Directorate of Economic Planning. This project helped BH to improve its administrative capacity at State level. It defines the framework of institutional structures and competencies at all levels of government, including the approved new State Ministry of Agriculture, Food and Rural Development.

The law was approved by the BH Parliamentary Assembly of Ministers in June 2008 and defines the framework for institutional structures and competencies at all levels of government, and the proposed new State Ministry of Agriculture and Rural Development will be responsible for concrete services and measures to be taken to benefit farmers and rural communities. The law also introduces modern concepts linked explicitly to the European integration process and adoption of the *Acquis Communautaire*.

The law provides for the establishment of a wide range of new institutional structures and mechanisms which can ensure effective co-ordination and communication between all stakeholders. Many of them are essential foundations to attract future EU pre-accession and structural funds, and include:

- BH Agriculture Market Information Service,
- BH Administration for Harmonization of Payment Systems,
- BH Farm Registry and Land Parcel Identification System,
- BH Agricultural Report,
- a range of mechanisms co-ordinated by the new State Ministry of Agriculture and Rural Development.

In BH and RS, rural governance models are slowly experiencing a paradigm shift towards the concept of “the new rural paradigm”. The new models of local rural governance reflect a shift of rural development policies target from agriculture to a multi sectoral approach, which also targets enhanced synergy and complementarities between rural sectors and to create public-civil society-private partnerships (OECD, 2006). While there have been many attempts to design appropriate policies to improve the competitiveness of rural areas based on their specificities, in many cases rural development philosophy and practice are still top down and subsidy-based. Government support to the rural sector evolved from command and-control policies under socialism to support for transition where donors have an increasingly important role. The design and implementation of ARD policies involve different international, national and sub-national actors (regional; intermediate or sub-regional; and local) (OECD, 2006). In BH, intermediate levels, Entities of RS and FBiH, have a crucial role in ARD design and delivery.

Rural development becomes then essential to increase the volume of agricultural production, employment opportunities, income and living standards of rural population, to improve environmental protection and, consequently, to stop the depopulation and de-agrarisation of rural and mountainous areas.

Most of the rural areas in BH can be classified as disadvantaged or less favored, according to criteria used in European countries, since they lay in hilly or mountainous zones. Due to very limited and difficult development conditions, i.e. in infrastructure and transport facilities, there is a decrease of their inhabitants: mountainous municipalities tend to loose their population.

In many BH cantons or municipalities, both in Federation BH and Republic of Srpska, there are strategic plans that can be considered connected to rural development, and in all of them rural development is considered as one of the main development goal. Despite of it, in almost all of these territories there is a lack of a study completely focused on rural development.

International organizations and development agencies have implemented different rural development projects and programmes during the post-war period. In BH, all levels of governance, ranging from the State to municipal authorities, are involved in the agricultural sector management and rural areas development. At the state level, the most important institution that deals with ARD is the MoFTER. Taking in consideration the complexity of the organization of BH as a State, the role of MoFTER is mainly coordination and it is also responsible for cooperation with the European Union (EU) and other international organizations relevant to the agriculture, food and rural development (AFRD) sector (MoFTER, 2011).

Systematic and structural harmonization of agricultural policies at the State level began with entry into force of the Law on Agriculture, Food and Rural Development of BH, adopted in May 2008. The Law regulates definitions of terms to be used in the AFRD sector legislation, objectives, principles and mechanisms for development of strategies and policies, structures and

competencies at all governance levels, institutional support structures and services and their functions and linkages, monitoring and evaluation mechanisms, and administrative and inspection supervision. The Law defines as well the goals and commitments to be realized in the coming period (Office for Harmonization and Coordination of Payment Systems, Agricultural Market Information Service, Animal Identification Register, etc.). The measures of the Law are basically classified into policy measures to support agricultural markets and measures for rural development. Measures to support agricultural market deal with improving products quality, direct support to agricultural farms and foreign trade. Measures related to rural development aims at increasing competitiveness, protecting rural environment, diversifying activities in rural areas and improving life quality in rural areas (PABH, 2008) that are in line with EU RD policy objectives.

As a matter of fact, the EU Rural Development Policy 2007-2013 include 3 core objectives, 4 axes and 41 measures. In comparison to policy of the 2000-2006 programming period, two major changes occurred in RD simplification and strategic approach (programming and reporting). The objectives of RD policy - according to Council Regulation (EC) no 1698/2005 adopted by European Council on September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) - are: (i) improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; (ii) improving the environment and the countryside by supporting land management; and (iii) improving the quality of life in rural areas and encouraging diversification of economic activity.

In 2004 European Commission in Sarajevo commissioned a survey on Agriculture Sector in BH, the situation about rural development they found out is the following:

A Council for Agriculture, Food Processing Industry, Forestry and Rural Development of BH was established as an advisory body to the BH Council. It is recommended to set up a State Ministry of Agriculture and Rural Development to perform key functions needed on State level.

Within *RS Ministry for Agriculture, Forestry and Water Management* there is an Agricultural & Rural Development Sector that is divided into 2 Departments (Plant Production and Rural Development) and one Animal Production Group. According to the Rule Book, Rural Development Department is generally responsible for production and marketing of products from rural areas, whereas the two Commodity units are specialized on animal and plant production. But competencies are overlapping. The Rural Development Department should deal with cross-sector rural development issues whereas the Commodity Departments should deal with all issues related to production, development and marketing of crops and animal products. Generally, a more clear understanding of rural development policies common in the EU should be acquired.

Within *FBH Ministry of Agriculture* there isn't any specific department that take care about rural development. Moreover, Sector of Agriculture, in

charge for rural issues, is understaffed so many preparatory works to develop plans and measures for rural development cannot be carried out properly. Additionally, there is generally a lack of reliable formal coordinating structures *vis à vis* between Cantons and Municipalities.

Brcko District has a *Department of Agriculture, Forestry and Water Management*. The Department has an Office for Analysis & Support, focusing on project development, rural development and analytical work. Although this Office is doing some important development work its institutional status is low.

To make full use the economic potential of the rural areas of the District and to prepare for EU support programmes more staff would be needed to develop and implement rural development programmes.

Municipalities are neither much involved in the development of agricultural and rural development strategies and policies nor get sufficient information and support from higher administrative levels. However, such support is particularly needed for the numerous rural and remote Municipalities in BH which, in most cases, have suffered the most during the war.

Support and development functions are usually performed by specialized extension services. However, although extension services are much needed there are no structures on State level, poor ones in the Federation and fairly professional ones in the RS.

Strategic Plan and Operational Program are implemented at Entity level. At the level of Entities, institutions in charge of agricultural sector management are the Ministry of Agriculture, Forestry and Water Management (AFWM) in the RS and the Federal Ministry of AFWM in the FBH while Brcko District local administration has its own Department of AFWM. In FBH the system of responsibilities is further divided, so all 10 cantons have established departments for the issues of agriculture, veterinary medicine, forestry and water.

Entity ministries are in charge of policy and laws implementation, monitoring the implementation of the regulations and decisions, management of natural resource, food industry and related activities in the field of plant production, rural development, fisheries and hunting, protection and use of agricultural land, food, fodder, water, veterinary protection, protection of public health and forestry (MoFTER, 2011).

The Strategic Plan for Rural Development 2009-2015 was adopted in the RS (November 2009), work is in progress in the FBH, while the Development Strategy of AFRD in the Brcko District of BH was prepared in 2008 for the period 2008-2013. The main strengths, weaknesses, opportunities and threats of rural areas in Republic of Srpska stated in the Strategic Plan for Rural Development 2009-2015 are presented in the following table (tab. 1).

In 2010 the Medium Term Entities' Strategies for providing advisory services are prepared. That strategy will be adopted in FBH after entrance into force of the Law of the agricultural advisory services while in RS at the end of

2010 the National Assembly adopted the draft Medium-Term Strategy (2010-2015) of agricultural advisory service (MoFTER, 2011). Preparations for the agricultural census are simultaneous with population and household census in BH (MoFTER, 2011). Nevertheless, limited progress was made towards improving agricultural statistics. However, a decision on establishing a State-level monitoring and evaluation system for AFRD was adopted (EC, 2010).

Table 1. – Summarized SWOT analysis of rural areas in Republika Srpska

Strengths	Weaknesses
<ul style="list-style-type: none"> - High % of rural population - Relatively cheap labour force - Educational institutions available and well educated rural population - Favourable natural conditions - Rich natural and cultural - historic heritage - Tradition in production and processing - Existing public advisory services - Specialized agricultural cooperatives - Significant and rich forest potential - Significant wood processing capacities - Institutionally regulated sectors of forestry, wood processing and tourism - Positive trend in number of SMEs 	<ul style="list-style-type: none"> - Low population density in some rural regions - Migration of the young (rural - urban, rural -abroad) - High unemployment rate - Lack of entrepreneurial spirit - Fragmentation of land holdings - Poor cooperation between producers and scientific and research institutions - Lack of investments and low incentives - Unfavourable credits' conditions - Poor coordination and collaboration between institutions dealing with RD - Poor access to services and bad infrastructure
Opportunities	Threats
<ul style="list-style-type: none"> - Incentives for rising birth rate - Job creation and opportunities for SMEs - Training for rural population - Increased demand for food - Certification and standardization - Farms modernization - Better agricultural Advisory Service - Clustering and associations - Better institutional support to RD - Protection of autochthonous products - Integration processes with EU - Strengthened cooperation between relevant institutions, municipalities and regions - Diversification of activities (e.g. tourism) - Access to additional funds (IPARD, etc.) 	<ul style="list-style-type: none"> - Population aging and low birth rate - Uneven regional population distribution - Further depopulation of rural areas - Lack of State support - Budget constraints to increase incentives for RD - Political instability in the country and region - Uncontrolled food imports - Low investment in Science and Technology - Excessive lumbering of forests - Mined area under forest and agricultural land - Negative image of the country - Investment in rural infrastructure conditioned by political views - Weak representation of the rural population - Low motivation for life in the countryside

Source: Adapted from MAFWM-RS, 2009.

The agricultural and rural development sector is also characterized by the presence of a number of international donors, such as the USA/USAID, Sweden/SIDA, Italy/IC, UK/DFID, Japan/JICA, Spain/AECID, Switzerland /SDC/SECO, Czech Republic/CzDA, the European Commission (EC), the World Bank, European Bank for Reconstruction and Development/EBRD, UNDP, FAO, etc. However from 2009, due to world economic crisis, the investments of donors in BH have decreased. Funds come from nonreturnable international assistance (grants), loans (World Bank, IFAD) and national funds. The key projects are: Agriculture and Rural Development Project funded by World Bank and projects financed by the EU Instrument for Pre-accession Assistance (IPA).

BH receives financial assistance under the IPA as a potential candidate country. With a total allocation of 98.3 million euro, the IPA 2010 programme focuses on political criteria as well as water infrastructure, agriculture, rural development, etc. Furthermore, BH participates in the IPA multi-beneficiary programmes, including an IPA package developed in 2008 in response to the financial crisis. The purpose of the IPARD is to strengthen rural development programming capacities in BH by promoting the participatory bottom-up approach in management of the rural development measures. Through the first IPA component for 2007, three projects are programmed in the field of agriculture, food security and rural development and its implementation began in 2009 and continued during the 2010.

Financial support to individuals or companies involved in ARD is provided also by microcredit organizations and banks. As a matter of fact, while a particular attention was paid to registration of farms and rural infrastructure development in the RS; the highest share of the budget for ARD has been dedicated to increase of size of farms, less favorable areas, investments in farms, rural infrastructure development and land arrangement in the FBH. Detailed information on the budget for agriculture in the RS, FBH and BD during last years are provided in the following table (tab. 2). Total allocations for agriculture in 2010 was more than 165.6 million which represents an increase of about 7 million 4.5%, compared to 2009 budget. In 2011, agricultural budget in RS significantly decreased for more than 20 millions BAM, in BD remained almost the same like in 2010, while in FBH 2011 budget is not comparable due to missing of data for Cantons. The Entities did not increase their overall support for ARD, but a larger proportion of this support was allocated to rural development measures (EC, 2010).

The institutions more widely identified as the most important in providing a coordination of rural development issues are the Entity's Ministries for agriculture while no public institution or civil society organization considered the MoFTER as the leader institution regarding these issues. In fact, it is quite common in the decentralized or 'concerted' and multi-actors driven rural policy design and

delivery systems (Mantino, 2009) that the different levels of government find it difficult to clarify their respective roles and responsibilities (OECD, 2006).

Table 2. – Agricultural budgets in BiH during the period 2008–2011 (in million BAM)

	2008	2009	2010	2011
Brcko District (BD)	4.646.316	6.055.822,80	5.066.820,9	5.009.500,00
Federation of BiH and Cantons	80.068.922	71.126.748,3	79.393.79	54.000.000
Republic of Srpska	80.000.000,0	81.547.605,36	81.186.160,17	60.000.000
Bosnia and Herzegovina	164.715.238	158.730.176,4	165.646.260	119.009.500,00

*Source: *Authors' elaboration based on data from the official websites.*

The analysis of relationships and linkages between the institutions that are involved in the design and implementation of ARD policies in BH showed a lack and/or weakness of coordination between them. Therefore, this problem should be addressed as possible in order to increase the effectiveness of these policies and their impacts on rural people's livelihoods. A basic action to strengthen coordination would be to encourage dialogue between these institutions and harmonizing Entities' policies, strategies, action plans and strategic plans with the State level ones in particular the Law on Agriculture, Food and Rural Development of BH. Moreover, many of the solutions in order to address key coordination challenges and to achieve an effective governance are suitable also in the case of BH. Coordination of rural development policy is weak. The EC (2010) pointed out also in its progress report that there has been no progress towards establishing a State-level Ministry of Agriculture, Food and Rural Development that can help improving coordination of ARD policy.

Conclusions

Geographical location of Bosnia and Herzegovina and heterogeneity of natural factors (relief, climate, water, soil, vegetation) implied abundance of natural resources. On this basis is possible, with use of definition of agro tourism, and basic laws of its development, to develop agro tourism in the country. The reinvestment of those benefits can bring about the positive change but also secure sustainability of tourism on long run.

Rural development becomes then essential to increase the volume of agricultural production, employment opportunities, income and living standards of rural population, to improve environmental protection and, consequently, to stop the depopulation and de-agrarization of rural and mountainous areas.

Implementation of ARD policy is at an early stage and stronger coordination between the State and the Entities in aligning with the EU in the field of ARD is required. State level capacity for policy formulation should be improved. The lack of coordination between State and Entity levels hampers the harmonized implementation of ARD legislation. Lack of a good coordination between actors dealing with ARD policies decreases their effectiveness. Vertical co-ordination between State level institutions with Entity, regional and local ones, especially civil society organizations, is still particularly challenging in BH. State and Entity governments should encourage local actor's participation in the design and implementation of place-based policies for rural development. Coordination with other State and Entity ministries and development agencies is also relevant.

Problems faced by rural areas of BH are the following:

- depopulation process of rural areas, especially hilly or mountainous municipalities, and resettlement towards bigger cities or in their surroundings;
- very slow return process as the consequence of the war;
- lack of plans to develop rural resources;
- absence of socio-economic analysis of rural areas;
- superficial strategies for the development of rural areas as a whole.

Cooperation between State, Entities, cantons, regions, municipalities and non-state actors is essential for promoting sustainable agro tourism and rural development. ARD governance is to be put into the context of a wider process of institutional reforms and alignment with the EU and legislation.

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РУРАЛНИ РАЗВОЈ И ОДРЖИВИ РУРАЛНИ ТУРИЗАМ БОСНЕ И ХЕРЦЕГОВИНЕ

Закључак

Географски положај Босне и Херцеговине и хетерогеност природних фактора (рељеф, клима, вода, земљиште, вегетација) подразумева обиље природних ресурса. На тој основи је могуће, уз дефинисање руралног туризма, као и основних закона његовог развоја, развијати рурални туризам.

Рурални развој може постати есенцијално важан за повећање обима пољопривредне производње, повећање могућности запошљавања, прихода и животног стандарда руралног становништва, те побољшања заштите животне средине, а самим тим и да се заустави депопулација и деаграризација руралних и планинских подручја.

Имплементација политика агроруралног развоја је у раној фази, и неопходна је јача координација између државе и ентитета у усклађивању са политикама ЕУ у области руралног развоја. Недостатак добре координације између државе и ентитета, који се баве политиком руралног развоја смањује њихову ефикасност и законску регулативу у овој области. Вертикална координација између државних институција и ентитета, те на регионалном и локалном нивоу, још увек је посебан изазов у БиХ. Државне и ентитетске владе треба да охрабре учешће локалних актера у дизајну и имплементацији политика руралног развоја. Координација са другим државним и ентитетским министарствима и развојним агенцијама је такође важна.

Проблеми са којима се суочавају рурална подручја БиХ су:

- Процес депопулације на руралним подручјима, посебно у брдско-планинским општина, као и расељавање ка већим градовима или њиховом окружењу;
- Веома спор процес повратка избеглих и расељених лица, као последица рата;
- Непостојање планова за развој руралних ресурса;
- Одсуство социо-економске анализе руралних подручја;
- Површне стратегије за развој руралних подручја у целини.

Сарадња између државе, ентитета, кантона, региона, општина и невладиних организација је од суштинског значаја за промовисање одрживог руралног туризма и руралног развоја. Управљање политикама руралног развоја треба да се стави у контекст једног ширег процеса институционалних реформи и усклађивања са политикама и законодавством ЕУ.