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Sida Decentralised Evaluation

Tana Copenhagen, in association with FCG Sweden

# Evaluation of the Fostering Agriculture Market Activities II (FARMA II) project, market development, Bosnia and Herzegovina

Final Report

# Evaluation of the Fostering Agriculture Market Activities II (FARMA II) project, market development, Bosnia and Herzegovina

**Final Report  
December 2020**

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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

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# Abbreviations and Acronyms

|           |                                                                                                                             |
|-----------|-----------------------------------------------------------------------------------------------------------------------------|
| AMA       | Agricultural Markets Activity                                                                                               |
| ARDP      | Agriculture and Rural Development Project                                                                                   |
| BDS       | Business Development Services                                                                                               |
| BiH       | Bosnia and Herzegovina                                                                                                      |
| Cardno    | Cardno Emerging Markets                                                                                                     |
| CzDA      | Czech Development Agency                                                                                                    |
| EBA       | Expert Group for Aid Studies (Sweden)                                                                                       |
| EM        | Evaluation Manager                                                                                                          |
| EU        | European Union                                                                                                              |
| EU Acquis | Acquis communautaire (accumulated legislation, legal acts, and court decisions constituting the body of European Union law) |
| EUD       | European Union Delegation (in Sarajevo)                                                                                     |
| F&V       | Fruits and Vegetables                                                                                                       |
| FAO       | Food and Agricultural Organisation                                                                                          |
| FARMA     | Fostering Agricultural Markets Activity                                                                                     |
| FBIH      | Federation of Bosnia and Herzegovina                                                                                        |
| FBIH      | Federation of Bosnia and Herzegovina                                                                                        |
| HRBA      | Human Rights Based Approach                                                                                                 |
| IFAD      | International Fund for Agricultural Development                                                                             |
| IPA       | Instrument for Pre-Accession                                                                                                |
| IPARD     | Instrument for Pre-Accession in Rural Development                                                                           |
| ISO       | International Organisation for Standardization                                                                              |
| KII       | Key Informant Interview                                                                                                     |
| LAMP      | Linking Agricultural Markets to Producers                                                                                   |
| M         | Million                                                                                                                     |
| M&E       | Monitoring and Evaluation                                                                                                   |
| MAP       | Medicinal and Aromatic Plants                                                                                               |
| MAP       | BiH Mark                                                                                                                    |
| MEASURE   | Monitoring and Evaluation Support Activity (USAID-BiH)                                                                      |
| MFI       | Micro Finance Institution                                                                                                   |
| MTR       | Mid Term Review                                                                                                             |
| NGO       | Non-Governmental Organisation                                                                                               |
| OECD-DAC  | Organisation for Economic Co-operation and Development - Development Assistance Committee                                   |
| PHC       | Process Hygiene Criteria                                                                                                    |
| PO        | Producer Organisation                                                                                                       |
| PoC       | Pathway of Change                                                                                                           |
| QA        | Quality Assurance                                                                                                           |

## ABBREVIATIONS AND ACRONYMS

|       |                                                    |
|-------|----------------------------------------------------|
| QMS   | Quality Management System                          |
| RCDP  | Rural Competitive Development Programme            |
| RS    | Republika Srpska                                   |
| SEK   | Swedish Krona                                      |
| Sida  | Swedish Agency for International Development       |
| SPRD  | Strategic Plan for Rural Development of BiH        |
| TA    | Technical Assistance                               |
| TL    | Team Leader                                        |
| ToC   | Theory of Change                                   |
| ToRs  | Terms of Reference                                 |
| U-FE  | Utilisation-Focused Evaluation                     |
| USAID | United States Agency for International Development |
| USD   | US Dollar                                          |

# Preface

This evaluation of the Fostering Agricultural Markets Activity (FARMA) II project was commissioned by the Swedish Embassy in Bosnia and Herzegovina and conducted by Tana Copenhagen, in association with FCG Sweden.

The Evaluation Team consisted of Frans van Gerwen, Svend Erik Sorensen, Tamara Ivankovic. The Final Report was quality assured by Florence Etta, whose work was independent of the team. Nadia Masri-Pedersen provided evaluation management support.

The team would like to thank all the interviewees and participants to the evaluation for their great collaboration and support.

# Executive Summary

This report presents the findings, conclusions and recommendations of the evaluation of the Fostering Agricultural Markets Activity (FARMA) II project. The FARMA II project is supported by the Swedish and United States Government, represented by the Swedish Embassy and USAID in Bosnia and Herzegovina (BiH). The Swedish Embassy and USAID take turns in commissioning the different external reviews of FARMA II implementation. This final evaluation has a focus on Impact, sustainability and cross-cutting priorities as defined in the Terms of Reference (ToRs) of this exercise.

## **Evaluation object**

The Fostering Agricultural Markets Activity II (FARMA II) project is jointly funded by the Swedish government and USAID and runs from January 2016 to July 2021. FARMA II is a continuation of the successful cooperation between Sweden and USAID through a first phase of FARMA I that was implemented between 2008-2015.

The FARMA II project provides technical assistance and training through a demand-driven program in the targeted sectors: Fruits and Vegetables (F&V), Poultry, Dairy products, Honey and Medicinal and Aromatic Plants (MAP). The project's objective and two key pathways of change focus on: a) creating agricultural and agri-business economic opportunities by assisting agricultural Producer Organizations (POs) in adopting European Union (EU) and international agricultural and food standards and new production techniques, also beneficial for expanding domestic and international markets; and b) assisting BiH government and public agencies to implement regulations related to food and agricultural products that meet EU and international requirements.

FARMA II's total 5-and-a-half-year budget is 211.6 Million (M) SEK (18 M USD). This budget includes a substantial private sector contribution of 43.6 M SEK (4.7 M USD) to grants provided by FARMA II, and this private sector contribution to the project is still growing as grant provision is continuing until Mid-2021.

## **Evaluation objectives, scope and key evaluation criteria and questions**

The primary objective of this evaluation is, as stated in the ToRs "to evaluate the Impact and the Sustainability as well as cross-cutting issues of the support to the FARMA II project in Bosnia and Herzegovina." The cross-cutting issues in Swedish development policy to be looked at are poverty reduction, gender, environmental sustainability and rural development.

The evaluation's scope is the period of the FARMA II project implementation (2016-July 2021) until the second Semester of 2020. However, where and when relevant, the research will also build on previous evaluations of the first and second

phase of the FARMA project. The evaluation's geographic scope is on the national level, covering the three Government entities of BiH.

The evaluation criteria and questions are listed below:

**Impact:** What is the overall impact of the project in terms of direct or indirect, negative and positive results?

**Sustainability:** Is it likely that the benefits (outcomes) of the project are sustainable?

**Cross-cutting challenges:** To what extent has the project contributed to poverty reduction, gender equality, inclusion (of smaller producer organisations) and to environmental sustainability?

### **Evaluation methodology**

An important starting point of the evaluation research was to develop and reconstruct a Theory of Change with the intervention strategy of FARMA II. This has resulted in a preliminary version of the ToC that was used to sharpen research questions and sub-questions on impact, sustainability and cross-cutting issues. During the research the ToC was further adapted and fine-tuned and developed into a more generic ToC framework to describe a generic and holistic approach to agricultural market development, in which FARMA II now has a more specific location. This broader ToC was developed to enable the Swedish Embassy and USAID to further develop and shape their future follow-up strategies and possible interventions in the area of agricultural market development.

This evaluation used two research perspectives to look into impact related questions:

- *Long-term developments and trends in agricultural production development, market access and (international) trade:* This was done by reviewing previous studies, reviews and evaluations relevant to FARMA II. A longitudinal study on trade developments in FARMA II sub-sectors was conducted. A study on effects of introduction of legislation and regulations was done to look at effects on the enabling ecosystem for agricultural market development in BiH;
- *Comparative and longitudinal effects and impacts of the FARMA II project on beneficiary PO's:* This was done by looking at differential impacts of FARMA II on its direct beneficiary PO's and on key stakeholder organisations in the environment of FARMA II. An analysis was done on key business results reported by the FARMA II project. Furthermore, an analysis was done of effects and impact on PO's through a survey. A second survey and additional key informant interviews with PO's and stakeholder organisations were conducted to provide external perspectives to the effects and impacts reported by FARMA and perceived by PO's.

While applying both lenses, also key questions on sustainability and cross-cutting issues were integrated in the framework.

The two lenses together and the data obtained from different research instruments were combined and cross-checked and triangulated in the analysis phase and the key findings are presented in the main body and a series of annexes in this report.

### Key findings and conclusions

The original ultimate objective of FARMA II was to increase agricultural exports to the EU and to prepare BiH Producer Organisations for EU market access. It was assumed that this focus would also strengthen local and national market access by PO's and these aspects have been included in other objectives and targets of FARMA II, addressing investments, sales and employment creation. These aspects of national market access and inclusion of smaller PO's have gradually received more attention during implementation of FARMA II.

International trade statistics data on the sub-sectors targeted by FARMA don't show strong and lasting effects at the sub-sector and sector level, though occasional and temporal effects can be seen. While Poultry and Dairy, after a period of decline more recently show an increase and Medicinal and Aromatic Plants and Honey show a modest but steady increase, the Fruits and Vegetables sector shows clear signs of decrease in market access and trade. Evidence shows that agricultural sub-sector exports are easily set back by other (non-tariff) influencing factors. In the more direct environment of FARMA, PO's and stakeholders served by FARMA II confirm that the project contributed to growth of their exports. The restart of poultry exports to the EU is mentioned as one of the biggest successes of FARMA II.

In addition to FARMA II's effects on exports, it is also relevant to consider its contribution to local, regional; and national trade in agricultural sectors. Looking at imports from the EU and the World, it becomes visible that FARMA II has contributed to increased national trade in Poultry and Dairy more than it did in exports. And the increase of Fruits & Vegetables imports in BiH, over the past years, is an indicator that Fruits & Vegetables sales are constrained by supply side and value addition constraints. Local demand for MAP and Honey has remained modest throughout the entire period. However, FARMA II did not have a specific and tailor-made approach on local and national market development, also addressing inclusion of smaller PO's in FARMA II.

Analysis of the business results of the FARMA II project database show that FARMA II has achieved a significant outreach among PO's in the selected sub-sectors. Cumulative capitalization, sales, exports and employment effects, all show growth at the aggregate level of all PO's. However, when interpreting these data for specific individual PO's, these developments are quite different. Generally higher values for average indicator-values than for median values show that these effects are more pronounced for relatively larger companies and for PO's that have been more exposed to the FARMA II project. In some cases, business results at the individual PO level has even shown declining values over time. There is a strong relation between the degree of exposure to Technical Assistance provided by FARMA II and achievement of business results. A similar correlation can be seen between size of PO's and business results. On the other hand, a clear relation between grants provision and business results could not be confirmed. Effects on women-led or owned PO's are stronger than on male-led or owned PO's. Results at company level also seem stronger in Brčko and Federation of Bosnia and Herzegovina (FBiH) than in Republika Srpska (RS). This evaluation shows evidence of diminishing returns of FARMA II support over time. In addition to this, there is also evidence of external

constraints that limit the PO's opportunities to maintain and expand their businesses, such as (security of) access to land, access to finance, and political constraints. More recently, also Covid-19 presents a significant new challenge for PO's to remain in business.

FARMA II initially had a strong focus on supporting public sector organisations in developing policies, legislation and regulations. In total 31 pieces of legislations reported in FARMA II could all be confirmed in this evaluation. Stakeholders and PO's confirm that these pieces of legislation are impacting their businesses positively, though at the same time they also indicate that policies and legislation also need to be effectively implemented and this is not always the case. In support to policy development, FARMA II has booked a very important and highly visible result with the development of the Strategic Plan for Rural Development of BiH (2018-2021).

FARMA II has integrated recommendations of past evaluations. However, the follow-up of these recommendations has had a diverse effect on the impact and sustainability of FARMA II. Inclusion of smaller PO's is reducing the impact at sector level and effects of FARMA II on agricultural exports and this should be recognised in target setting in the FARMA II project agreements. While women are clearly included in FARMA II, better performance of female-led PO's is not yet translated in specific targeted support strategies to these PO's. Phasing out of the TA-facility 'Agmentor' was not accompanied with developing alternatives in establishing and strengthening an institutional support environment for agricultural market development and to strengthen linkages of FARMA II to other service providing institutions. This did not contribute to develop an exit and sustainability strategy for FARMA II.

FARMA is yet to integrate other recommendations of the MTR of FARMA II. To increase participation of PO's in RS, it might be required to follow a specific and tailor-made approach to achieve this, like is suggest for women-led PO's. The follow-up decisions by the Swedish Embassy and USAID to task FARMA II to increase the focus on private sector and move away from the public sector seems strange in the light of the MTR and other studies on agricultural development in BiH. Without efforts to support linkages with (public sector) and other institutional service providers, the sustainability of the FARMA II project seems seriously threatened.

Effects of grant-giving are not clear in the analysis of the FARMA II database and require more analysis. Finance and investment needs of PO's and particularly those of exporting companies are considerable and possibly beyond the size of grants that are applied by FARMA. Linking PO's with other finance facilities and with banks and with efforts to deepen the financial sector in BiH are not yet included in the FARMA II design and implementation. Grant-giving in FARMA II has had a strong component of matching grants, as PO's on average have contributed with approximately 75% self-finance (from saving and loans), which is a positive sign for future sustainability. However, at the same time it should be recognised that any grant-giving mechanism on the long-term is not sustainable and it also contains a risk of habituating PO's to subsidies and subsidised lending.

Although FARMA activities follow a value chain approach and there are examples of this approach in several of the interventions of FARMA, opportunities for

developing and implementing value chain approaches could still be strengthened. These approaches could also more clearly include local, national and regional markets in addition to exploring EU market entry.

The Government set-up and policy environment for agricultural development in BiH are challenging. As observed in the MTR of FARMA II, this requires more attention (in addition to the focus on private sector in FARMA II) and this should include USAID, the Swedish Government and the EU to engage in a broader and well-concerted policy dialogue with the BiH Governments at national and entity level. While FARMA II provided technical support for policy development and institutional arrangements in the agricultural sector, more effort is needed at the political dialogue level. It is recognised that this is not an easy task, as a good dialogue requires openness and commitment from both sides and therefore the support of the Swedish and USA embassies is also required and also a closer cooperation with the EU-delegation (EUD) in BiH and with EU4Business and EU4Agriculture projects, which is not yet sufficiently established until present.

While most of the indicators to measure FARMA II's progress and business results are useful to describe and monitor the developments and effects of the projects, indicators on job creation are more controversial. In the first place, in an earlier stage of FARMA II, it was already concluded that the indicator of temporal and seasonal employment could not be measured in a reliable way and thus was discarded from the indicator set. In the second place, the employment indicator is also problematic in describing development and income effects in specific agricultural sectors. Particularly in agricultural production and processing and value addition, automation is an important and necessary approach to increase productivity and quality and food safety of produce.

While data registration, processing and reporting based in M&E data is complete and thorough, some weaknesses can be observed: a) reporting on FARMA II is mostly done at cumulative level. It misses developments and results at the individual company level, which requires also looking at average and median values of results; b) analysis of FARMA II monitoring data has missed opportunities to generate more insights in developments correlated with specific business characteristics, such as gender and ownership, size of companies, location and others; and c) FARMA II isn't following up on PO's that have ceased to exist or have stopped providing data to FARMA II and thus miss opportunities to learn from this group.

### **Key strategic recommendations**

1. A comprehensive approach and strategy for agricultural market development should at least consist of actions focusing on direct support to the private sector and of actions targeting public sector entities in BiH. An additional area, thus far not sufficiently considered, is to develop and strengthen linkages within the private sector and between public and private sector organisations to enable partnerships in setting up a proper enabling institutional support environment for agricultural market development;
2. Sweden and USA need to strengthen and intensify dialogue, coordination and cooperation mechanisms with other development actors, active in the agricultural

- sector in BiH to a) ensure better articulation and coherence of different interventions in the agricultural sector; and b) contribute to a stronger policy dialogue with and leverage on the BiH Government;
3. The Swedish Embassy and USAID are recommended to look into possibilities for continued engagement in agricultural market development building upon and cooperating with home-bred BiH institutions, preferably in a multi-stakeholder public-private sector partnership set-up;
  4. The agriculture market development approach, as applied in FARMA II, should undergo a double shift in focus to enable broader, deeper and more sustainable impact on producer organisations and other actors in agricultural value chains, processing industries and trading companies, through:
    - A. while recognising that EU market access is important, more efforts and specific tailor-made options need to be developed to strengthen access of, particularly smaller, PO's to markets, alongside local, regional and national markets and opportunities for import-substitution; and b) shifting the focus from a mostly demand-side focus on (EU) markets to a double focus that includes supply- and demand-side challenges;
  5. The Embassy of Sweden and USAID are recommended to review their approach in grant-giving to PO's and consider developing specific financial services and guarantee-schemes for the middle-range of agricultural PO's, possibly with specific attention to finance provision to women-owned or managed PO's. Grant-giving in FARMA II should be designed more as a grooming activity for PO's to prepare them to access finance;
  6. The Embassy of Sweden and USAID are recommended to reconsider the key indicator of job-creation used in the FARMA II project and consider alternatives to replace the employment indicators by other more relevant indicators, such as price/quality ratios of agricultural produce, or development of wage-salary ratios for specific employee-categories.

### **Specific recommendations on FARMA II implementation and possible follow-up interventions**

7. In FARMA II and follow up projects a clear policy, guidelines and criteria are needed for the amount of support and time in the programme PO's can benefit from the programme before "graduating" and thus allowing space for other PO's to enter. Also, at the sector- and sub-sector level criteria for graduation should be developed to allow FARMA II to focus its attention to (sub)-sectors and PO's that most need it and where developmental effects can be biggest;
8. FARMA II and possible follow-up project initiatives in the same area, should Intensify support in processing and value addition of agricultural produce to resolve challenges in the supply chain and balance this support with promotional support to access markets;
9. Investing in female-owned or managed PO's is not only strengthening the inclusive approach in agricultural market development, but it also has the potential of stronger and more sustainable effects on the longer term. In specific

sub-sectors, more women-owned or led PO's could be identified to participate in FARMA II and improve the business results of the project.

**Specific recommendations on monitoring and evaluation of FARMA II**

10. M&E should consider, in addition to analysing cumulative results of FARMA II, to also conduct an additional analysis of average and median results for specific categories of companies. When looking at average and median results of these categories of companies, it can be observed that effects of FARMA II are much less pronounced than at cumulative level and also some specific effects can be noted for specific categories of PO's that can provide powerful inputs for generation of knowledge and lessons for future phases of FARMA;
11. Analysis of FARMA II M&E data should also consider the duration and amount of support provided by FARMA II to individual PO's and analyse differential effects of the project on companies that have been more and less exposed to the project and also the duration of their exposure;
12. It is recommended to introduce a mechanism for monitoring and obtaining feedback from companies that cease to operate after having participated in FARMA II. Obtaining data and feedback from this group of PO's can be very beneficial for learning and adapting services in FARMA II and possible follow up projects in similar fields.

# 1 Introduction

This evaluation of the Fostering Agricultural Markets Activity (FARMA) II project was commissioned by the Swedish Embassy and conducted by the FCG/Tana Copenhagen/ODI consortium. The FARMA II project is co-funded by the Swedish and United States Government, represented by the Swedish Embassy and USAID in Bosnia and Herzegovina (BiH). USAID and the Swedish Government are responsible for ensuring that the FARMA II undergoes external evaluations for accountability and learning purposes. The Mid Term Review (MTR) of FARMA II in 2018 was commissioned by USAID and this final evaluation of FARMA II is commissioned by the Swedish Embassy through the Sida Framework contract for external evaluations.

This evaluation was conducted by a team of Tana Copenhagen, consisting of two international experts – Frans van Gerwen and Svend Erik Sørensen - and a national expert – Tamara Ivankovic - in the period September to November 2020. Quality Assurance was ensured by Florence Etta, representing FCG Sweden as the Sida framework contract holder.

This final evaluation has a focus on Impact, sustainability and cross-cutting priorities as defined in the Terms of Reference (ToRs) of this exercise (see Annex 1 of this report). The report is structured in 6 chapters and a set of annexes.

Chapter 2 concisely introduces the evaluation object, the FARMA II project. In Chapter 3, the approach and methodology and limitations of this evaluation exercise are presented. Chapter 4, the main section of this evaluation report contains the key findings of this evaluation. This chapter first presents an analysis and reconstruction of the Theory of Change (ToC) that is underlying the FARMA II project specifically and agricultural market development strategies more generally. In two subsequent sections, the results of the FARMA II project until the end of the 2019 are briefly presented and an overview and analysis is provided of relevant studies of relevant agricultural sub-sectors and of previous reviews and evaluations of FARMA. Section 4.4 presents key findings on impact of FARMA II followed by a summary analysis and assessment of impact, responding to key questions in the evaluation matrix of this evaluation (see Annex 4). Sections 4.5 and 4.6 present findings and assessments of the sustainability and cross-cutting priorities questions of the evaluation matrix.

Chapter 5 presents the key overall conclusions of this evaluation followed by a concise set of recommendations in Chapter 6.

Annexes 5, 6, 7 and 8 of this evaluation report present the key sources of findings of this evaluation, corresponding to specific research instruments that were used in the evaluation. Some of the supporting data sets for this evaluation are shared as separate excel files. Some of these are not available for the wider public, but can be request for direct FARMA II stakeholders through the Swedish Embassy.

## 2 Description of FARMA II

The Fostering Agricultural Markets Activity II (FARMA II) project is jointly funded by the Swedish government and USAID and runs from January 2016 to July 2021<sup>1</sup>. FARMA II is a continuation of the successful cooperation between Sweden and USAID through a first phase of FARMA I that was implemented between 2008-2015 and it also build on the achievements of the USAID's Linking Agricultural Markets to Producers (LAMP), implemented between 2003 and 2008.

The FARMA II project provides technical assistance and training through a demand-driven program in the targeted sectors: Fruits and Vegetables (F&V), Poultry, Dairy products, Honey and Medicinal and Aromatic Plants (MAP).

FARMA II's total 5-and-a-half-year budget is 211.6 Million (M) SEK (18 M USD<sup>2</sup>). Sweden contributes with 87 M SEK (9.3 M USD), USAID with 81 M SEK (8.7 M USD) and 43.6 M SEK (4.7 M USD) of the projects consist of private sector matching contributions to FARMA II grants-provision. The private sector contribution is still subject to change, as FARMA II is still ongoing. FARMA II originally included also a small grant fund of 29 Million Swedish Krona (SEK) (3.1 M USD) that is used to support innovative ideas, new technologies and management techniques that aim to improve the competitiveness of food and agricultural products and/or environmentally sustainable production and processing. With the no-cost-extension until mid-2021, the budget for grants was increased to 52.3 M SEK (5.6 M USD). Women producers and women-led producer organisations are prioritised in the technical assistance provided in the FARMA II project.

The FARMA project is managed and implemented by Cardno Emerging Markets USA, Ltd. The project purpose is to create agricultural and agri-business economic opportunities by:

- assisting agricultural producer organizations (POs) in adopting European Union (EU) and international agricultural and food standards and new production techniques
- producing new high-value products
- expanding domestic and international market access of producers
- assist BiH government and public agencies to implement regulations related to food and agricultural products that meet EU and international requirements.

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<sup>1</sup> The FARMA II project was granted a half year no-cost extension until July 2021 in July 2020.

<sup>2</sup> The amounts in USD are derived from the FARMA II reports that report in USD and information provided in the ToR. Exchange rates at the time of the start (2015). (1 SEK = 0,107 USD) were used to calculate specific amounts in SEK and USD. As exchange rates over the implementation phase have been volatile, specific amounts at specific moments in time of project duration can show discrepancies between SEK and USD.

FARMA II was designed to strengthen the BiH agricultural sector in which at the commencement of its implementation in 2016 (i) the sector remained subsistence-oriented, inefficient and had avoided structural transformation; (ii) food imports were 2.5 times higher than food exports and rising as BiH consumers increasingly favoured imported products; and (iii) BiH producers and agro-food processors needed to prepare for EU accession to enable rural and peri-urban regions to participate in BiH's economic growth.

FARMA II has had two main objectives:

Objective 1: *Strengthened agricultural POs that have adopted EU and international food standards and production techniques, produce new high-value products, and have expanded markets.*

Objective 2: *Strengthened public sector that fully implements regulations, norms, practices, and rules in the areas of food, veterinary, and plant health and safety, accreditation, standardization, and quality certification related to food and agricultural products and meets EU and international best practice requirements.*

Within each of the objectives the project defined a number of activities, expected results and steps needed to accomplish the stated objectives. These are presented in Table 1.

The implementer's approach to achieving project objectives is based on four guiding principles: (i) Enable market forces to emerge; (i) Build sustainability through local ownership; (iii) Foster the inclusion of men, women, youth, and marginalized groups; and (iv) Leverage impact through collaboration with partners.

FARMA II works in the following four agricultural sub-sectors: (i) fruits and vegetables (F&V), (ii) medicinal and aromatic plants (MAP) and honey, (iii) dairy, and (iv) poultry. These sub-sectors were selected based on Cardno's initial assessments, which identified sub-sectors that are competitively positioned to achieve optimal results in terms of increased sales, exports, and job creation.

FARMA II provides technical assistance and capacity building and operates a small grant fund of 29 mill SEK to support innovative ideas, new technologies and management techniques that aims to improve the competitiveness of food and agricultural products and / or environmentally sustainable production and processes. Women producers and women-led producer organisations are prioritised in technical assistance.

The theory of change of the project is that by increasing export to the EU markets the project will contribute to inclusive economic growth in the agricultural sector and ultimately reduce rural poverty. By strengthening the agribusiness sector in BiH FARMA II is expected to assist BiH develop capacity at local level to cope with competitive pressure and market forces within the EU. Also, the FARMA II is expected to contribute to women's economic empowerment as gender issues are transversally integrated in the project.

**Table 1 - FARMA II objectives, activities, expected results and steps**

|                                                                                                                    |                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Objective 1:</b> <i>Strengthened agricultural POs that have adopted EU and international food standards and</i> | <b>Objective 2:</b> <i>Strengthened public sector that fully implements regulations, norms, practices, and rules in the areas</i> |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>production techniques, produce new high-value products, and have expanded markets.</i>                                                                                                                                                                                                                                                                                                                                                                                                     | <i>of food, veterinary, and plant health and safety, accreditation, standardization, and quality certification related to food and agricultural products and meets EU and international best practice requirements.</i>                                                                                                                                                                                                                                               |
| <b>Activities:</b> (i) Expand PO market access and multiply market linkages; (ii) Implement EU and international standards to improve BiH product quality, and (iii) Improve productivity and increase total output                                                                                                                                                                                                                                                                           | <b>Activities:</b> (i) Prepare conditions for IPARD implementation; (ii) Prepare conditions and upgrade capacity of food product quality infrastructure                                                                                                                                                                                                                                                                                                               |
| <b>Expected results:</b> <ol style="list-style-type: none"> <li>1. 2,100 new jobs in assisted POs</li> <li>2. Exports of assisted POs in selected agricultural sub-sectors increase by 90 percent</li> <li>3. Sales of assisted POs in selected agricultural sub-sectors increase by 65 percent</li> <li>4. Assistance provided to POs that represent at least 58 percent of the sub-sectoral output</li> <li>5. 22.44 mil BAM in new private investments in supported sub-sectors</li> </ol> | <b>Expected results:</b> <ol style="list-style-type: none"> <li>1. 560 private legal entities and individual farmers certified in accordance with EU acquis and market requirements (60 private legal entities and 500 individual farmers)</li> <li>2. Ten public institutions are certified in line with the EU acquis and market requirements</li> <li>3. 40 pieces of legislation are harmonized to the EU acquis and submitted to Government(s) of BiH</li> </ol> |
| <b>Steps:</b> (i) Conduct a baseline survey; (ii) Design and implement interventions to address market failure; (iii) Ensure sustainability                                                                                                                                                                                                                                                                                                                                                   | <b>Steps:</b> (i) Transpose laws and regulations in accordance with EU Acquis and finalize strategies; (ii) Develop capacity to implement regulations and policies                                                                                                                                                                                                                                                                                                    |

Sources: ToR, MTR 2018.

## 3 Evaluation objectives, scope and methodology

### 3.1 EVALUATION PURPOSE AND OBJECTIVE

The FARMA II project was originally expected to terminate by January 2021, but in July 2020, an extension period was granted until 4 July 2021. The United States Agency for International Development (USAID) and the Swedish Embassy jointly share the realisation of the Mid Term Review and Final Evaluation of the FARMA II project. As the Midterm Review (MTR), conducted in 2018 was commissioned by USAID, the final evaluation is now commissioned and managed by the Swedish Embassy. The ToRs (See Annex 1) of this evaluation, however, were jointly developed by both partners. Contractually, the final evaluation has to be conducted during the last year of project implementation to assess what kind of impact the project has generated and what we can learn from FARMA II. An additional purpose for the Swedish Embassy in BiH is to analyse and identify initiatives and programmes for Sweden's future support within the agricultural sector in BiH.

The primary objective of this evaluation is, as stated in the ToRs “to evaluate the *Impact* and the *Sustainability* as well as *cross-cutting issues* of the support to the FARMA II project in Bosnia and Herzegovina.” The *cross-cutting issues* in Swedish development policy to be looked at are poverty reduction, gender, environmental sustainability and rural development. These evaluation objectives are translated in a set of evaluation criteria and questions, presented in section 3.3.

### 3.2 EVALUATION SCOPE

The evaluation's scope is limited mainly to the timeframe of the FARMA II project implementation, 2016-2020. However, the ToRs state that, where and when relevant, the research will also build on previous evaluations of the first and second phase of the FARMA project, because FARMA II is a clear continuation of the FARMA I project.

The evaluation scope is of the project implementation at the national level, covering the three Government entities of BiH.

### 3.3 EVALUATION CRITERIA AND QUESTIONS

This final evaluation of the FARMA II project is focussed on impact and sustainability. Other OECD/DAC criteria for evaluation are not considered in this

evaluation, as these criteria were already extensively covered in previous reviews of the FARMA projects.

The evaluation criteria and questions as introduced in the ToRs are listed below:

**Impact:** What is the overall impact of the project in terms of direct or indirect, negative and positive results?

**Sustainability:** Is it likely that the benefits (outcomes) of the project are sustainable?

**Cross-cutting challenges:**

- Has the project contributed to poverty reduction in rural areas? How?
- To what extent has the intervention contributed to the improvement of gender equality?
- To what extent has the project focused at rural development/small-scale producers and women producers? What are the results achieved?
- Has the project been designed and implemented in accordance with the perspective on environment and climate change, and if so how and with what results, i.e. have risks for the environment been considered and managed?

An evaluation-matrix was developed to further elaborate the evaluation criteria and questions and to specific sources of data for verification and specific research methods and instruments to be used to collect the data during the evaluation process. This evaluation matrix is presented in Annex 4 of this report.

### 3.4 EVALUATION APPROACH AND METHODOLOGY

An important starting point of the evaluation process was the development of a Theory of Change (ToC) to describe the intervention strategy of the FARMA II projects. During the inception phase, a first version of this ToC was prepared by the evaluators and this was subjected to discussion and revision by the key evaluation stakeholders at the start of the research phase. The ToC was finetuned and sharpened used to refine research questions for interviews and surveys and desk-review in the research phase. At the end of the research phase, a new revised and reconstructed ToC was developed by the evaluators and this ToC was again subjected to review and discussion in a second participatory workshop with the key evaluation stakeholders. The new reconstructed ToC, that is presented in section 4.1 of this report, does not only describe the FARMA II project as such, but it also places this project in a broader context of agricultural market development strategies. This was done to enable the Swedish Embassy and USAID to use this ToC in the further elaboration of their development and cooperation strategies in the agricultural sector and in market development in BiH in future planning cycles, which may also include follow-up initiatives to the FARMA II project that will be ending in Mid-2021.

The focus of this evaluation exercise, as explained in the introductory section is on impact, sustainability and cross-cutting aspects of the FARMA II project, as implemented in the period 2016-2020.

This impact focus was realised using two important lenses in the evaluation process:

**Eye for long-term developments and trends in agricultural production development, market access and (international) trade:** This was done through a meta-analysis of available FARMA I reviews and of the FARMA II MTR as well as other evaluation exercises such as the Evaluation of Swedish Cooperation in Economic Development with Bosnia and Herzegovina 1995-2018, conducted in 2018 and a more recent evaluation of SME growth and enhancing market economic development in BiH, conducted in 2020.<sup>3</sup> The evaluators have also looked at a series of agricultural sector analyses in Bosnia and Herzegovina conducted by FAO, in the framework of the Instrument for Pre- accession Assistance (IPA) funded by the European Union. IPA Rural development (IPARD) sector Analyses in Bosnia and Herzegovina were conducted on the following sectors: Fishery and Aquaculture; Forestry; Economic Diversification; Cereals; Fruits and Vegetables; Meat and Dairy; and Wine.<sup>4</sup> These sector studies are useful to provide additional contextual data for analysis of trends and developments in the agricultural sector relevant to the impact assessment of FARMA II. This analysis is presented in section 4.3.

A second component of this longer-term analysis was realised through looking at external data on international trade developments in the past 5 years in a number of key sectors and sub-sectors, as available on the International Trade Centre Website.<sup>5</sup> In this analysis we have looked at trade performance of other Balkan countries in relevant sectors to generate useful insights in contextual developments in sectors covered by FARMA II. This analysis is presented in section 4.4.2 and Annex 6.

The third important perspective in the analysis of longer-term trends and development was to look at relevant changes and developments in legislation and procedures related to agricultural production and market access in the specific sectors, as this area constitutes one of the two key objectives of the FARMA II project. This was done through a specific desk-research exercise on pieces of legislation targeted by the FARMA II project. This analysis is presented in section 4.4.4 and Annex 8.

While the research components mentioned above generate relevant knowledge on trends and developments in the context of FARMA II implementation they don't generate direct data on the impact of the FARMA II project to allow for a proper contribution analysis of the FARMA II project. In order to obtain more insight on the direct effects and impact of FARMA II, as second research lens was applied.

**Comparative and longitudinal analysis of effects and impacts of the FARMA II project:** During the inception phase limitations and possibilities were discussed to undertake an impact assessment, within the available budget and timeframe of this evaluation exercise. It was recognised that a fully-fledged quantitative and qualitative

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<sup>3</sup> Buhl-Nielsen E. et. Al. 2020. Evaluation of Stimulating SME growth and enhancing market and economic development, Bosnia and Herzegovina. Final Report. Sida

<sup>4</sup> See: <http://www.fao.org/europe/resources/ipard-sector-analyses-in-bosnia-and-herzegovina/en/>

<sup>5</sup> See: <https://www.trademap.org>

impact assessment is not feasible and therefore it was decided to conduct a more restricted impact analysis on a much smaller scale, reaching out to smaller numbers of respondents targeted by FARMA II and looking for comparative perspectives within these target groups. The evaluators have looked at different characteristics of companies targeted by the FARMA II projects, across (sub)sectors and stratifying companies in three different groups, showing different degrees of uptake of FARMA II services and support and showing different characteristics in size and sales and exports levels. This has allowed comparing these different groups as counterfactuals within the heterogeneity of FARMA II project implementation. A quantitative and qualitative comparative analysis was done on two key sources:

- Business Results Database of FARMA II consisting of 264 Producer Organisations (PO's). Effects of FARMA were analysed in five key result areas: development of fixed assets; investments; sales; exports; and employment. Analyses were run for different categories of PO's: degree of exposure (as agreed during inception); sub-sector; size; location; gender (in ownership); period of exposure to FARMA; and location. The analysis of business results is extensively described in Section 4.4.1 and Annex 5.
- Survey of PO's in the same FARMA II database focusing on more qualitative aspects of impact, such as satisfaction with services received for FARMA II; Changes in Business Performance and perspectives; changes perceived in the support ecosystem for agricultural market development and aspects of quality of life and poverty reduction in the environment of PO's. While conducting the survey, about 30 PO's had to be discarded from the total population because these PO's were reported as out of business and some PO's themselves indicated that they were not operational or hadn't received enough services of FARMA II to be able to express an opinion. 103 survey response sheets were returned, representing around 43% effective response rate, roughly distributed in three categories with different degree of exposure to FARMA II, that was agreed as the key criterion to look for counterfactual differences between respondent groups. Because the sample was limited, the amount of statistically relevant differences between the three groups was also limited, though in the analysis some relevant differences between groups could be identified. These survey results are extensively described in Section 4.4.3 and Annex 7.

In addition to the survey, specific POs were interviewed among all three categories of exposure and in all four FARMA sub-sectors to enrich the qualitative analysis.

Additional semi-structured Key Informant Interviews (KII's) were conducted with the following stakeholder groups (for the interview list, see Annex 3) in Table 2:

| Table 2 - Stakeholder groups               |         |
|--------------------------------------------|---------|
| Stakeholder groups                         | # KII's |
| Funding and Contracting partners           | 3       |
| Implementing Partners                      | 3       |
| Governments and public institutions in BiH | 8       |
| Representatives of POs                     | 16      |
| Other Private Sector organisations         | 3       |

|                                    |    |
|------------------------------------|----|
| Other NGO's / Development Partners | 4  |
| EU delegation in BiH               | 1  |
| TOTAL                              | 38 |

With respect to sustainability, the evaluators have looked at sustainability at two different levels: a) sustainability of results of FARMA II at the level of PO's; and b) sustainability of FARMA II as an agricultural market development support facility. Looking at sustainability the evaluators have identified two specific aspects for analysis:

- **Financial sustainability**, where many of the FARMA II project indicators have put emphasis on access to markets and trade;
- **Institutional sustainability**, which is also an important area of interventions of the FARMA II project (though less developed in indicators), dealing with aspects of legislation and regulations related with agricultural production and trade. It is also important to look at developments and changes in institutional support structures for agricultural production and trade, such as Business Development Services to POs.

On the final question on cross-cutting issues the evaluators have looked at the following aspects:

- **Inclusion in rural development and poverty reduction:** This perspective is important because market access of producers varies significantly across size and type of producers. And smaller producers usually face more challenges in market access and in achieving advantages of scale in production that larger producers. The impact of FARMA II on poverty reduction thus should be investigated with respect to different specific target groups of producers;
- **Gender equality:** This perspective is important because women are important actors in agricultural production, but possibly not benefitting equally as men in profitability of agricultural production, once specific sectors have acquired better access to commercial markets;
- **Environmental sustainability** is important because agricultural production makes use of scarce resources and in order to maintain production capacity on the longer-term producers should adhere to technologies and practices that allow for sound environmental management and responsible use of scarce resources. This importance is also recognised in EU market requirements for agricultural products and in USAID's environmental assessment procedures.

Finally, an extensive desk study (see Annex 2 for list of documents reviewed in this evaluation) was conducted on documents of FARMA and other relevant publication. This desk-study, interviews, analysis of business, trade and legislation data, and the survey results were combined and crosschecked to respond to the three overall evaluation questions on impact, sustainability and cross-cutting issues.

The specific research phases and steps are presented in Annex 10 of this report.

### 3.5 LIMITATIONS IN THE EVALUATION PROCESS

The following limitations and challenges were encountered in the realisation of this evaluation and mitigating actions are specified with each limitation.

- In the inception phase it was acknowledged that budget and time available for this evaluation exercise don't allow for a robust impact assessment. Instead, a mostly qualitative, and more limited impact comparison was to be made between the different categories of direct beneficiaries targeted by FARMA. Because the research population only amounts to a maximum of 264 Producer Organisations (PO's) in FARMA II database, statistical significance will be limited, though by cross-checking of different data from different research instruments, the evaluation has achieved in identifying relevant trends and developments and impacts. And where statistically relevant differences between different categories of PO's could be found, these are included in this report;
- Baseline data for impact assessment are not available on all aspects of impact. However, good quality baseline data are available on business results and these are tightly monitored by the FARMA II project. Looking at outcome and result indicators in a comparative perspective of different beneficiary categories have provided useful insights in differential effects of FARMA II, though this does not fully cover longer term impacts at the level of the ultimate beneficiaries. For such impact-related data, the evaluators have resorted to an approach where respondents were requested to compare their current situation at the beginning of 2020 (prior to the Covid-19 pandemic) with the past. Such an analysis comes with a risk of bias that will require cross-checking of data through additional interviews with beneficiaries and with other stakeholders;
- Due to the international Covid-19 crisis international travel to BiH was not possible. Therefore, the national consultant has been more actively involved in interviews with stakeholders and the evaluators have relied more on results of surveys that were conducted. Workshops were done on digital platforms to ensure that key stakeholders remained actively involved in the evaluation process. While research implementation in general went without major problems, delays were incurred particularly in the implementation of survey that took much more time and effort to generate a minimum level of response needed to permit a statistical analysis of responses in three key PO categories.

## 4 Key evaluation findings

This chapter presents the key findings of the FARMA II evaluation. The first section presents the Theory of Change (ToC) of the FARMA II project, as developed and reconstructed during the realisation of the evaluation process. In the next two sections key findings from the analysis of the FARMA II database of business results and previous independent reviews of the FARMA I and II projects are presented. These elements are needed to introduce the elaboration of the key findings on impact, sustainability and cross-cutting issues as key evaluation aspects introduced in the ToRs and further elaborated in the evaluation matrix in the inception report of this evaluation (see also Annex 4). These findings are presented in the final three sections of this chapter.

### 4.1 RECONSTRUCTION OF THEORY OF CHANGE OF THE FARMA II PROJECT

During the inception phase of the evaluation process, a preliminary version of the ToC of FARMA II was discussed with the key evaluation stakeholders (FARMA implementing staff of Cardno, Swedish Embassy and USAID). This ToC was used to further orient the research phase and to respond to the evaluation questions in the ToRs. At the end of the research phase, a new reconstructed ToC was developed and presented and discussed with the key evaluation stakeholders.

The reconstructed ToC shows significant changes with the first ToC version and is much more elaborate than the first version, that captured mainly the objectives, anticipated outcomes and results and activities of the FARMA II statement of work (and subsequent annual plans and contract modifications). The first version of the ToC included the actions and result areas focusing on the support (training, exposure, grants and TA) provided to Producer Organisations (PO's) as a first Pathway of Change (PoC) to strengthen market access of PO's. A second Pathway of Change (and main workstream in FARMA II) focused on supporting public organisations in developing pieces of legislation and regulations to enable and support PO's to access international (mainly EU) markets. Although this second workstream, towards the end of FARMA II, was gradually phased down, this workstream had received significant level of effort of FARMA II particularly in the first years of FARMA II and therefore remains a key component of the FARMA II ToC. (For the preliminary version of the FARMA II ToC, see Annex 9).

The evaluators have developed a more detailed and extended ToC for FARMA. A broader ToC framework was needed because the anticipated longer-term impact and outcomes, as envisioned in the FARMA II statement of work and action plans are unlikely to materialise if not more pathways are followed in addition to the original two key workstreams of FARMA II: support to PO's; and support to public

institutions. With this update and further elaboration of the ToC, it now includes additional and more specific PoC's to better capture the overall approach of FARMA and to contextualise it in a broader strategy for agricultural market development in BiH. In doing so, the evaluators don't want to say that FARMA II as a project is incomplete, though they point to the need of integrating the more specific FARMA II workstreams in a broader approach of support to agricultural market development, requiring links with other actors and projects that address these other PoC's to ensure that longer term and broader impact can be obtained. Or alternatively, FARMA II could develop a more integrated and wholistic project design than it currently has. These reflections will be further addressed in the development of the conclusions and recommendations sections of this report.

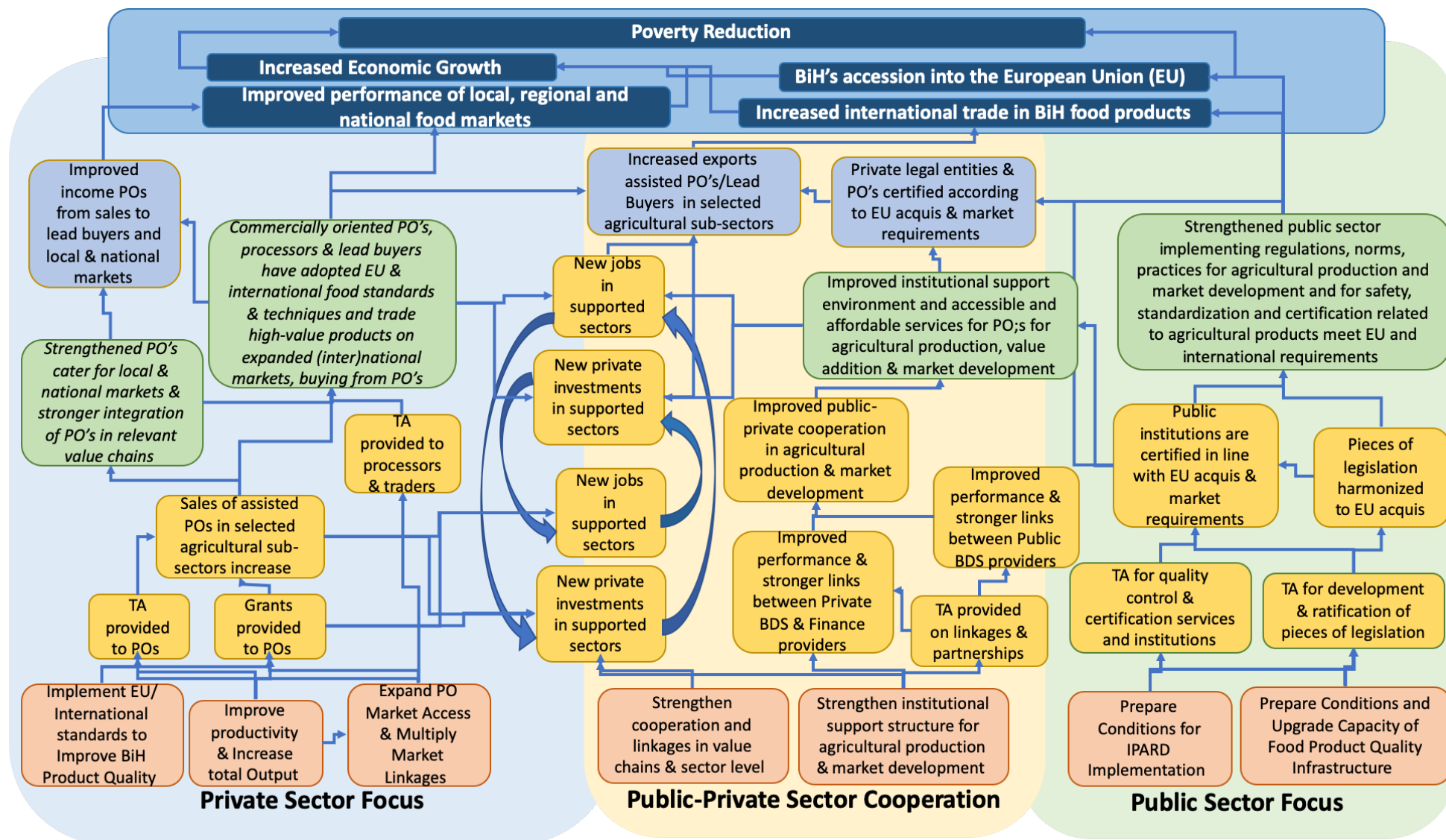
The reconstructed ToC of the FARMA II approach, developed by the evaluators and further discussed and revised together with the key FARMA stakeholders is presented in Figure 1 on the following page.

The ToC presented in Figure 1 presents three basic areas of focus and four key areas of immediate impact that are required to achieve the longer-term impacts that are presented at the top of the ToC diagram, in white text in the blue boxes, ultimately directing towards poverty reduction on the top of the ToC diagram.

The boxes in green present key intermediate impacts of agricultural market development. Three of these intermediate impacts were specified in the original FARMA II statement of work and action plans. The first two of these intermediate impact areas, in the original FARMA II were combined in a single approach to strengthen PO's in achieving food standards and techniques to produce high-value product and improve market access. However, in the development and adaptation of the FARMA II project, particularly after the MTR in 2018, it seems more appropriate to identify two separate pathways that address clearly distinct target PO's in the agriculture sector that were previously combined in a single approach. In the reconstructed ToC it is suggested to discern between the following two target audiences, with clearly distinct intermediate outcomes as specified in the green boxes:

1. Strengthened PO's cater for local & national markets & stronger integration of PO's in relevant value chains
2. Commercially oriented PO's, processors & lead buyers have adopted EU & international food standards & techniques and trade high-value products on expanded (inter)national markets, buying from PO's

Figure 1 - Reconstructed Theory of Change of the FARMA II project and FARMA agricultural market development approach



The distinction between these two intermediate outcomes is particularly relevant in the light of the appeal of the Embassy of Sweden to FARMA to have a more inclusive approach, reaching out to a larger number of smaller PO's. The FARMA II project is addressing both larger PO's (including processors and lead buyers/traders in value chains) and, over time, an increasing number of smaller PO's and this was implicitly included in its approach. However, it is relevant to have a more explicit recognition of the different positions and realities of smaller PO's, mostly engaged in production and larger PO's engaged in production, processing and trading. This is why the evaluators in the reconstructed ToC present two distinct intermediate outcomes. In the Pathways of Change these two outcomes are linked, because the larger PO's through contract farming and/or through acting as lead buyers in specific value chains buy produce of smaller PO's. Smaller PO's thus cater directly for local, regional and to some extent national and to a small extent maybe even international and EU markets. However, through value chain linkages, larger PO's are far better equipped and linked to cater for international and EU market. Recognising these value chain linkages also shows that smaller PO's benefit from FARMA II support that is provided to larger PO's. The evaluation research clearly shows that this is the case and therefore it is relevant to include this in the reconstructed ToC.

Both pathways presented above have a clear area of focus, which is the private sector PO's. This is illustrated by the blue area of focus in the ToC diagram presented on the previous page.

The third pathway is focusing on public institutions in the area of agricultural production and market development, presented in the green area of focus in the ToC diagram. The intermediate outcome reads as follows:

3. Strengthened public sector implementing regulations, norms, practices for agricultural production and market development and for safety, standardization and certification related to agricultural products meet EU and international requirements

After the MTR of FARMA II, the area of focus of the project shifted to a significant extent from the public sector to the private sector. However, looking at the entire period of FARMA II, significant efforts of FARMA have been directed to the public sector in support the development of a large number of pieces of legislation and regulations. It is remarkable that even though the MTR of FARMA II recommended to strengthen the focus on public institutions, The Swedish Embassy and USAID have decided to reorient the project in the most recent years from the public sector to the private sector and particularly to the provision of grants, as these were considered to be more effective than efforts directed at the public sector. The evaluators believe it is relevant to reconsider this recommendation of the MTR and retain this intermediate outcome and PoC in the Theory of Change of FARMA II, as a crucial component in achieving higher level and longer-term impact.

A fourth intermediate outcome and area of focus were added to the ToC diagram during the research phase. This area of focus corresponds to establishing linkages between private sector organisations and between public sector institutions and particularly addressing opportunities for public-private partnerships and cooperation. An intermediate outcome area that addresses this cooperation is presented below:

4. Improved institutional support environment and accessible and affordable services for PO's for agricultural production, value addition & market development

The institutional support environment contains a mix of public and private institutions and organisations and it also includes the financial sector. While the FARMA II public sector related outcome was expected to prepare the ground for increased cooperation and partnerships to improve the enabling environment for agricultural market development, it did not directly target relevant stakeholders in this enabling support environment, nor did it have strong linkages with other players and initiatives in this area.

A key message relating to the depiction of these intermediate outcomes and pathways of change is that an approach to develop and foster agricultural market activities and linkages requires a coherent and holistic approach. And while this approach implicitly may have been part of the FARMA II approach, it was not made explicit. A second key message is that when a specific (project) intervention is limited in terms of budget and reach, it is logical that a stronger focus is applied in the intervention, as was done in the second phase of FARMA II, when the focus shifted to direct support to PO's. However, the Theory of Change then requires that clearer links and cooperation is sought with other interventions to remain relevant and retain a noticeable impact at the longer-term outcome and impact level in agricultural market development, which may not have sufficiently occurred throughout the FARMA implementation, as a specific donor-funded project entity operating parallel to other public and private sector entities in BiH.

The pink boxes on the bottom of the ToC Diagram introduce a set of workstreams. The workstreams in the private and public sector areas, were already part of the FARMA II statement of work and action plans (and later revisions). A first workstream in the area of public-private cooperation that is addressing value chain development and creation of stronger links within these value chains has also been part of the FARMA II approach, though it was not clearly specified and elaborated. A second workstream in the same area is new to the FARMA set-up and actions and this is related to strengthening capacities in multi-stakeholder cooperation, public-private partnerships and strengthening institutional support structures.

The boxes in orange in the ToC diagram present outputs and short- and medium-term outcomes of FARMA II. It is at this level where most of the Monitoring data of the FARMA II project are produced. The business results tables of FARMA contain a wealth of information (see also section 4.2, 4.4.1 and Annex 5) on developments and progress in project implementation in terms of changes in business performance of PO's. FARMA has also tracked its influence on development and changes in pieces of legislation and regulations to promote agricultural market development and access to international and EU markets. As FARMA did not have specific outputs and outcomes for the enabling and support environment developments in this area were not systematically tracked, though specific developments sometimes featured in project reporting.

Longer-term outcomes in terms of sales and exports of PO's are presented in the light-blue boxes of the ToC diagram and these are tracked in the business results

database of FARMA II. Other longer-term outcomes in the enabling support environment are not systematically tracked, as FARMA has focused mainly on policies and regulations and training of public institutions, but it has not looked at longer-term effects of these on the enabling environment.

**Summarising**, the evaluators say that the reconstructed ToC presented in this section is more encompassing than the specific design and focus of FARMA II and it presents a broader context for the agricultural market development support in the cooperation strategies of Sweden and the USA in BiH. A key message is that the specific FARMA II intervention is unlikely to produce strong impacts at the sector-level and agricultural sector level as a whole, if more linkages are not established between public and private sector organisations and if cooperation with and embedding in public institutions is not continuously pursued, even when at specific PO and sub-sector level, smaller impacts might be produced.

## 4.2 KEY BUSINESS RESULTS REPORTED BY FARMA II TO DATE

FARMA II, in January 2020, presented its Annual Report on 2019 and in August 2020 it presented a complementary report with the key business results until the end of 2019. These data have been used for several analyses in this evaluation and therefore in this section some key tables from these latest reports are briefly presented to provide the context and introduction for the remaining sections of this chapter.

**Table 3 - PO's, public organisations and individuals, receiving TA and training support from FARMA II**

|                           | 2016   |        | 2017   |        | 2018   |        | 2019   |        | Total  |        |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                           | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target | Actual |
| # PO's                    | 400    | 396    | 400    | 402    | 400    | 395    | 200    | 953    | 1,400  | 2,146  |
| # Public Organisations    |        | 105    |        | 44     | 50     | 43     | 25     | 33     | 75     | 225    |
| # individual participants | 527    | 1,651  | 499    | 1,497  | 1,295  | 3,950  | 1,439  | 3,751  |        |        |
| % female participants     |        | 32%    |        | 33%    | 20%    | 33%    | 25%    | 38%    |        |        |

*Source: annual report FARMA II 2019, January 2020*

Table 3 above shows a steady increase in number of PO's receiving technical assistance. Particularly in 2019 the number of PO's sharply increased. The number of Public Organisations served was high in the first year of FARMA II, though gradually declined, particularly after the MTR in 2018, when a decision was taken to shift the focus of FARMA II more to the private sector. The number of individual participants in activities for both PO's and public organisations show a sharp increase in 2018 and 2019 and participation of female participants has increased from 33% to 38% in the final year. FARMA II shows overperformance on all annual and cumulative targets.

Annual key business result indicators for the entire project as reported upon in August 2020 show the following Table 4:

**Table 4 - Annual net exports of PO's supported by FARMA between 2015 and 2019 (amounts in BAM)**

|                    | 2015              | 2016               | 2017               | 2018               | 2019               |
|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| Dairy              | 18,449.337        | 37,494.256         | 45,431.190         | 46,674.260         | 52,603.629         |
| F&V                | 15,813.861        | 51,497.241         | 109,645.865        | 90,662.736         | 95,535.351         |
| MAP & Honey        | 3,540.568         | 9,941.474          | 16,221.061         | 18,187.555         | 18,049.251         |
| Poultry            | 15,564.498        | 18,456.115         | 21,090.645         | 23,149.557         | 25,335.970         |
| <b>Grand Total</b> | <b>53,368.264</b> | <b>117,389.087</b> | <b>192,388.762</b> | <b>178,674.108</b> | <b>191,524.200</b> |

*Source: Annex A: Business Results Reporting with Annual report FARMA II 2019, August 2020*

For all sectors and years, except for F&V in 2018 and MAP & Honey exports of PO's supported by FARMA have increased in the entire FARMA II implementation period. Export levels in F&V in 2019 still did not recuperate 2017 levels, while the decrease in MAP & Honey in 2019 was very modest. Overall, at cumulative reporting level, these figures show good performance levels.

**Table 5 - Net sales of PO's supported by FARMA between 2015 and 2019 (amounts in BAM)**

|                    | 2015               | 2016                 | 2017                 | 2018                 | 2019                 |
|--------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Dairy              | 223,786.890        | 308,385.059          | 324,930.490          | 352,222.758          | 382,593.500          |
| F&V                | 42,144.719         | 154,325.628          | 180,506.484          | 181,002.383          | 176,466.382          |
| MAP & Honey        | 6,927.743          | 33,843.944           | 35,167.525           | 38,238.196           | 38,565.222           |
| Poultry            | 400,180.125        | 587,200.032          | 638,045.756          | 688,110.240          | 725,899.120          |
| <b>Grand Total</b> | <b>673,039.477</b> | <b>1,083,754.663</b> | <b>1,178,650.255</b> | <b>1,259,573.577</b> | <b>1,323,524.224</b> |

*Source: Annex A: Business Results Reporting with Annual report FARMA II 2019, August 2020*

The trend of sales (Table 5 above) shows as similar development as with exports, with a small difference in declining sales levels for F&V only in 2019 and with continuing growth of sales of MAP & Honey at the national level. This indicates that performance development of PO's at national level is slightly better than at export level. The constraints in F&V exist also at the level of national sales, indicating that this sector is experiencing more challenges. This will be further analysed in the sections below.

**Table 6 - Investments of PO's supported by FARMA between 2015 and 2019 (amounts in BAM)**

|                    | 2016             | 2017              | 2018             | 2019             |
|--------------------|------------------|-------------------|------------------|------------------|
| Dairy              | 721.274          | 6,721.269         | -1,556.588       | -961.850         |
| F&V                | 1,737.874        | 9,888.957         | 4,973.970        | -5,187.527       |
| MAP & Honey        | 2,530.912        | 2,317.941         | 25.583           | 6,568            |
| Poultry            | 4,317.288        | 10,655.799        | 4,571.602        | 7,883.740        |
| <b>Grand Total</b> | <b>9,307.348</b> | <b>29,583.966</b> | <b>8,014.566</b> | <b>1,740.932</b> |

*Source: Annex A: Business Results Reporting with Annual report FARMA II 2019, August 2020*

Investment levels show a very volatile development with years of positive cumulative investment and years of de-investments in both the Dairy and F&V sectors (as can be seen in Table 6 above). MAP & Honey shows declining investment levels though the cumulative amounts remain positive for the entire period. Development of investments in poultry is more significant, yet volatile in different years.

**Table 7 - New jobs in PO's supported by FARMA between 2015 and 2019 (amounts in BAM)**

|                    | 2016       | 2017       | 2018       | 2019       |
|--------------------|------------|------------|------------|------------|
| Dairy              | -11        | 126        | 6          | 39         |
| F&V                | 95         | 100        | -6         | 30         |
| MAP & Honey        | 19         | 10         | 23         | 22         |
| Poultry            | 53         | 212        | 182        | 128        |
| <b>Grand Total</b> | <b>157</b> | <b>449</b> | <b>205</b> | <b>218</b> |

*Source: Annex A: Business Results Reporting with Annual report FARMA II 2019, August 2020*

Except for Dairy in 2016 and F&V in 2016, development of employment as a direct result of FARMA II participation has been positive (Table 7). Most employment effects can be seen in Poultry, followed by F&V and Dairy; Employment effects in MAP & Honey have remained modest, as most PO's in this sector are small family level enterprises.

The FARMA II project reports on a concise number of 11 key indicators, agreed upon between the Swedish Embassy and USAID in BiH and Cardno as the implementing partner of FARMA II. A summary of annual reporting on FARMA II performance against these business indicators is presented in Table 8 below:

**Table 8 - Overview of targets and actual results, Y1-4 (including cumulative 4-year targets)**

|                                                                                                | 2016   |        | 2017   |        | 2018   |        | 2019   |        | Cumulative Y1-4 |         |
|------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|---------|
|                                                                                                | Target | Actual | Target | Actual | Target | Actual | Target | Actual | Target          | Actual  |
| % change in exports assisted POs                                                               | 10,00% | 26,38% | 13,64% | 32,65% | 20,00% | -8,49% | 6.67%  | 7.19 % | 60,00%          | 64.4%   |
| % change in sales assisted POs                                                                 | 5,00%  | 9,82%  | 19,0%  | 7,89%  | 12,00% | 4,61%  | 14.29% | 5.08%  | 60,00%          | 29.72%  |
| Output (sales) of assisted POs as % of total sub-sectoral output                               | 7%     | 66%    | 30%    | 83%    | 40%    | 91 %   | 50 %   | 92 %   | 50%             | 92 %    |
| # private legal entities/individual farmers certified on EU acquis & market requirements       | 0      | 0      | 168    | 349    | 307    | 112    | 87     | 146    | 562             | 607     |
| # new full time officially registered jobs in FARMA II-assisted POs                            | 0      | 157    | 350    | 449    | 250    | 205    | 150    | 218    | 750             | 1,029   |
| # POs receiving FARMA II TA for improving business performance                                 | NA     | 32 %   | NA     | 33 %   | 20 %   | 33 %   | 25 %   | 38 %   | 25 %            | 38 %    |
| % female participants participating in FARMA II                                                | NA     | 32 %   | NA     | 33 %   | 20 %   | 33 %   | 25%    | 38 %   | 25 %            | 38 %    |
| Total value new investment in assisted POs (M BAM)                                             | 0      | 9.31   | 3.74   | 29.58  | 30.26  | 8.01   | 6 M    | 1.74 M | 40 M            | 48.65 M |
| # public sector organizations certified in accordance with EU acquis & market requirements     | 0      | 0      | 3      | 0      | 1      | 1      | 3      | 1      | 7               | 2       |
| # pieces legislation on agriculture & food harmonised to EU acquis submitted to Govt(s) of BiH | 5      | 7      | 10     | 8      | 0      | 7      | 0      | 9      | 15              | 31      |
| # public sector organisations trained with USG & Swedish assistance                            | 0      | 105    | 0      | 44     | 50     | 43     | 25     | 33     | 75              | 225     |

*Note: Boxes in green indicate that target was achieved or exceeded; Boxes in orange fields show actual performance below target. Source: FARMA II, annual report 2019, Annex 1 (31-08-2020)*

Table 8 above shows that FARMA is achieving quite on most of the agreed targets. Only targets for sales have not been meet in the last three years and at

cumulative level. FARMA II indicates that this underperformance was largely beyond the project's control (climate factors and trade limitations). This will be verified in the sections further below. FARMA is also behind on certification of public organisations, but FARMA II staff confirmed in 2020 that the target will still be achieved. On other targets only occasionally in specific years targets were under-achieved though this underachievement was more than recuperated in other years, resulting in overall cumulative achievement of target indicators.

FARMA II apart from training, exposure and TA support also has provided a significant amount of grant support to PO's. Until the end of 2019, 7 call for proposals rounds were organized, each with a specific sectoral or thematic focus. An overview is provided in Table 9 below:

**Table 9 - Development of grant-giving in FARMA II 2015-2019**

| Status                                 | Number | Percentage |
|----------------------------------------|--------|------------|
| Submitted & processed                  | 813    | 100%       |
| Rejected                               | 514    | 63%        |
| Withdrawal                             | 15     | 1.8%       |
| Terminated/Cancelled                   | 10     | 1.1%       |
| In process                             | 100    | 12%        |
| Recommended for Approval to USAID      | 28     | 3.4%       |
| Approved (see further breakdown below) | 146    | 18 %       |
| Fully paid (closed)                    | 26     | 18%        |
| Fully paid (still active)              | 76     | 52%        |
| In process of disbursement             | 44     | 30%        |

Source: annual report FARMA II 2019, January 2020

In total, 146 grant proposals have been approved and another 128 proposals are in the process of approval, indicating that proximally 1/3<sup>rd</sup> of all proposals submitted are assessed positively.

**Table 10 - Total amount of grant funds provided to PO's 2015-2019**

|                 | USD          | BAM           | %    |
|-----------------|--------------|---------------|------|
| Available funds | 6,500,000.00 | 11,123,450.00 | 100% |
| Committed funds | 4,180,124.21 | 7,153,446.56  | 64%  |
| Remaining funds | 2,319,875.79 | 3,970,003.44  | 36%  |

Source: annual report FARMA II 2019, January 2020

The total available amount of grant-funding is 6.5 M USD of which 64% is committed (see Table 10 above).

Both Tables 9 and 10 above show that still considerable effort is needed to achieve full commitment and disbursement of grant funds, which is one of the reasons that a no-cost extension period to FARMA was agreed in the first half of 2020.

**Table 11 - Amount of PO cost-sharing to grants funds provided by FARMA I IPO's 2015-2019**

|                | USD          | BAM          | %    |
|----------------|--------------|--------------|------|
| Committed      | 5,590,274.22 | 9,566,636.28 | 100% |
| Documented     | 4,295,231.55 | 7,350,429.76 | 77%  |
| Expected ratio | 1.35         |              |      |

*Source: annual report FARMA II 2019, January 2020*

Table 11 above shows that PO's contribute a substantial amount of cost-sharing to the grants provided. The percentage of 77% shows that PO's are committed to also bring in considerable own investments or other loans to enable effective use of granting. While financial reporting is provided on grant giving, limited information is provided on the effective use of grants at PO level and the longer-term effects of grants, with the exception of case studies and success stories in the reports and on FARMA's website.

### 4.3 KEY FINDINGS FROM PREVIOUS FARMA AND ECONOMIC DEVELOPMENT REVIEWS

In the framework of this evaluation, the evaluators have reviewed a number of previous reviews and evaluations of FARMA I and II and of the agricultural component in a recent evaluation of economic cooperation in economic development in BiH.<sup>6</sup> Some key findings from these reviews that are relevant in the light of this current evaluation are highlighted in this section. The focus is particularly on the key evaluation criteria in this evaluation: impact, sustainability and cross-cutting issues.

The Sida 2015 evaluation addressed some aspects of the impact, sustainability and cross cutting issues of the FARMA 1 project, though it did not have a strong focus on these aspects and this report provided limited inputs for this analysis. The USAID commissioned Impact Evaluation of FARMA I in 2015 primarily defined impacts in terms of 'project performance impact' rather than addressing impact within a long-term development perspective as defined by OECD/DAC. Yet, it does provide some insights to aspects of the three evaluation criteria subjected to this meta-analysis. The debate between the Impaq Ltd and Chemonics on the applied methodology for the impact evaluation (see: annexes IX and X of the Impact Evaluation report) has been noted but not affected the meta-analysis as regards the three evaluation criteria. The

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<sup>6</sup> The main documentation for this analysis has included the following:

- Sida evaluation of FARMA I (2015);
- USAID impact evaluation of the FARMA I project in 2015;
- MTR of FARMA II in 2018;
- Evaluation of Swedish Cooperation in Economic Development in BiH, 1995-2018, 2018;
- Evaluation of Swedish support to SME development of 2020.

Mid-Term Review (MTR) of FARMA II of 2018 did not have a *specific* focus on OECD/DAC defined impact, sustainability (or cross cutting aspects), but addresses progress on key indicators (employment, exports, sales, etc.); adoption of ‘new’ approach and its results and sustainability; FARMA’s support to public sector institutions, and to which extent the Rural Development Strategy (RDS) had been addressed and supported by FARMA.

While not systematically addressing the evaluation criteria in question, the 2018 EBA 1995-2018 BiH evaluation provides a useful historical perspective to Sida’s support to the agricultural sector and relates to impact and sustainability issues. The 2020 SME evaluation report has a particular project focus related to policy and innovation and assesses to which extent two projects contribute to the enhanced competitiveness and sustainable socio-economic development in BiH. However, the report does not relate specifically to the role and potential in this matter as regards the agricultural sector.

### **Key findings on impact in previous reviews**

From the late 1990s until 2008/09, according to the 2018 report of the Expert Group for Aid Studies (EBA), “No independent review of the results and impact of any (agricultural sector) projects was commissioned by Sida although these projects had been supported by in the order of SEK 350 million in total” (p.92).

Prior to the initiation of the FARMA project, Sida would therefore have little idea about the actual outcome of its efforts in supporting the agriculture sector in BiH. And as the EBA also states with respect to the FARMA II project: ‘To what extent the considerable resources invested in the FARMA project on a few product groups has paid off is yet to be determined after two evaluations with quite different results and the intervention still ongoing.’ (p. 107). Based on this assessment it is inconclusive to what extent the FARMA project has contributed to its ultimate development objective, i.e. poverty reduction.

It is, from another perspectives, likely that the FARMA projects have contributed to poverty reduction in the sector. This is reasoned in two factors:

1. the fact that “the sector has been important as a means of poverty reduction for the near 20% of the labour force engaged full-time or part time in agriculture” in the period 2001-2013 (EBA p.104, citing WB statistics);
2. that since its initiation the FARMA project has shown progress and successful achievements throughout its two phases, i.e., since 2008 up till today, particularly in terms of the key indicators on employment creation and exports.

Assuming the trend of reduced poverty has continued since 2013 the above would suggest that the FARMA projects, largely being national projects, have contributed to improving the livelihood of stakeholders in the FARMA targeted agricultural sub-sectors.

It is claimed by the 2018 MTR that competitiveness in the targeted sub-sectors of the FARMA II project will be reduced over the coming years caused by the small producers’ inability to withstand the competitive pressure (p. 10). This reflects the

sector's structural differences (large vs. small scale farming), and may well influence negatively the alleviation of poverty, particularly among small farmers.

The 2015 Sida evaluation highlights the structural pattern of the agricultural sector as an important factor in determining and assessing poverty; it notes a 'twisted' project design and suggests various solutions to engage and ensure better involvement of subsistence small scale farmers. The 2018 MTR also with similar considerations addresses the issue. The management of FARMA II, Cardno, claims that the project has addressed this issue and that it made efforts to facilitate and develop linkages between the large and small-scale farmers, to the benefits of the latter.

From a counterfactual perspective the 2018 MTR notes that "considering the scale of assistance to FARMA II POs and their business results over the last three years, it is possible that the assisted POs would have achieved FARMA II contractual targets even without the existence of the Activity" (p. 29), as 'the project had focused on the largest companies in the food sector *already established* on the EU market' (EBA p. 103) (italics by author). With this perspective one must conclude that no noteworthy impact has been achieved by the FARMA project. While this counterfactual perspective has been disputed, it is still relevant in the context of the 2018 EBA evaluation statement that "A broader question remains whether agriculture development has been a good choice in using Swedish aid funds towards economic development of Bosnia & Herzegovina beyond the first post-war years. Agriculture was a weak sector in the pre-war period, and in the post-war period a declining sector in relative terms in the Bosnian economy, not an absorber of the unemployed, nor likely a sector which will reduce the brain drain of educated youth." (p. 107)

Another impact related issue of FARMA is the capability of BiH institutions to provide the necessary and sustained support for the agricultural sector to support economic growth and contribute to reduced poverty. Such impact appears to be that of strategic and legal outcomes facilitating BiH's accession to the EU market, in the form of a series of legislative and strategic documents.

According to the MTR of 2018, "FARMA II provided substantial TA in drafting the Strategic Plan for Rural Development (SPRD)" stressing that the "Adoption of the SPRD by the BiH Council of Ministers and BiH Parliament was a major structural achievement that met one of required preconditions for BiH to gain access to EU financial assistance for agriculture sector development." (p. 4).

While the institutional complexity of BiH often hinders effective application and enforcement of policies – highlighted in the two 2015 evaluations and the project completion report of the WB/Sida ARDP project (2007-2016) – the adoption of the SPRD is to be considered a milestone guiding the long term agricultural/rural development of BiH. New rural and agricultural development programmes align with the SPRD, including the recently initiated 20 mill Euro EU4Agri Project (2020-2024) implemented by UNDP and the Czech Development Agency (CzDA).

Another impact relates to one of the guiding principles of the FARMA II approach, i.e. *leveraged impact through collaboration with partners*. While this

relates to stakeholders in general (POs and institutional partners<sup>7</sup>), an important synergy effect with likely strong positive development impact are donor coordination and collaboration. Harmonization has been on the agenda for development cooperation for several decades and often been successfully applied by Swedish development cooperation. Yet, to which extent has the FARMA II engaged with the IFAD supported Rural Competitive Development Programme (RCDP) which was initiated in 2017 or other new and relevant programmes, such as the EU4Agri 2020-2024? Have serious steps been taken by FARMA II (and other development partners) to have relevant federal/entity institutions take charge and coordinate these efforts and assist in this endeavour?

In implementing the AgMentor (see also further below), there is, according to the 2018 MTR, “limited evidence that FARMA II effectively built upon or coordinated with international donors and their local counterparts who were working on the development of similar public extension and advisory services in BiH.” (p. 10).

A demand-driven approach is often saluted by development cooperation projects and is also emphasized in the FARMA projects objectives. However, this approach seems often to be overruled by a donor-driven approach, mostly causing inadequacies in overall impact and implementation at best, and corruption at worst.

### **Key findings on sustainability in previous reviews**

Sustainability is concerned with measuring whether the benefits of an activity, output or outcome are *likely to continue* after donor funding has been withdrawn. Projects must be institutionally, environmentally and financially sustainable. Sustainability is also one of the guiding principles of the FARMA II to achieving intervention objectives, i.e., *build sustainability through local ownership*.

From the above impact assessment, it is obvious that institutional sustainability of project benefits is a major challenge. Yet, efforts to strengthen and sustain institutional settings have continuously been addressed by both FARMA projects. While limited in the first phase of FARMA I, in which focus was specifically on harmonization with the EU technical standards, the second phase of FARMA II has included more attention to the design and development of pieces of legislation, regulations and institutional performance. However, since the MTR of 2018, FARMA II has shifted its focus drastically to mainly direct support to PO's.

The 2015 Impact evaluation mentions several important problems to be addressed to sustain project benefits, including the “fragmentation of agricultural jurisdictions among and within different government levels; lack of comprehensive strategic planning in agricultural sector; perverse employment registration and taxation incentives and business registration rules that are inapt for agricultural sector; as well as the lack of capacities of the institutions which are the first point of contact for the

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<sup>7</sup> The FARMA II team formed a Coordination Body and an Advisory Council to ensure the effective exchange of information. All of the government beneficiaries the Impact Evaluation interviewed noted that such coordination would not have happened without FARMA (p. 28).

POs, such as lower level government institutions/agencies, custom authorities, and inspection agencies” (p. 3).

The AgMentor system introduced during FARMA II tried, it appears, to address several of the above concerns by institutionalizing support mechanisms and extension services to the sub-sector participants (and beyond). If this system, being a combined physically based and web-based portal support system, could be sustained it could have a significant positive impact on the overall effectiveness/efficiency of agriculture institutions benefiting agricultural producers.

As a so-called ‘multiplication of TA-construct’, the AgMentor “*could be a useful channel to access information, knowledge, and extension and advisory services*” yet “*there are concerns about implementation to date, ownership, and sustainability.*” (MTR, p. 3) It is in this context noteworthy that the 2018 MTR had a particular focus on the AGMentor system. Most findings and recommendations were related to this system which we may assume emphasizes its long-term institutional importance.

As pointed out in the 2015 Impact report “increase the local ownership of the activity and the probability of sustainable internal cooperation after the activity is completed” can be done through “better cooperation among the producers” and “could be facilitated by the approach of communities of practices or mentoring schemes” (p. 34). The AgMentor was to be such a sustained locally owned outcome and a Sustainability Plan was developed under FARMA II. However, the AgMentor was eventually phased out and may have been an unrealistic concept from its inception. The concept of Agmentor was not designed and developed against the current institutional setting and existing organisational and human resources capacities in BiH and there haven’t been efforts to work on take-up and take-over of the concept by local institutions. The AgMentor faced problems as to ensure quality of services delivery, operational management and seemingly resistance from some mainly public institutional stakeholders.

Co-funding and sharing inputs indicate a level of likely financial sustainability that a project may have. Seen from the counterfactual perspective as mentioned above the benefits from particularly the large POs already being engaged in the EU market may already have materialized in a sustainable fashion. Grants during FARMA II normally last for two to three years and require a minimum of a 50 percent cost share contribution from grantees. The fact that grantees (large farmers mainly) contributed far more (at average 150% during FARMA II) indicates an already significant degree of financial sustainability, i.e. through loans for investment primarily in equipment (MTR, p. 30).

The approach taken on grants/financial support by FARMA II to grantees may be characterised more in terms of ‘subsidy’ rather than a business support approach. Yet, loans established by FARMA I POs increased significantly from 2009 till 2013 by 300% (2015 Sida p. 15) and during FARMA II PO’s contributed to matching grants provided by FARMA with high percentages up until 75%. While grants, according to the 2015 report contributed towards access to finance they “were not tied to achieving a wider range of project results and the overall objective” (p. 44).

Anecdotal evidence indicates that long-term loans had positive effect on POs financial outcomes, while the opposite was observed from short-term loans.<sup>8</sup> (p. 20). Yet, many challenges faced the loan arrangements supported by FARMA including that the banks find the agricultural sector enterprises risky, and the project devised DCA guarantee loan arrangement was overall ineffective (Impact 2015, p.28, 31).

Capacity building of stakeholders is a key feature provided by the FARMA projects to build knowledge and institutional support that can sustain the results of the FARMA intervention. Main activities have included fair attendance, study tours, technical training, business training, and round tables. As clearly outlined in the various reports, stakeholders have overall been ‘satisfied’ with the support, it has been ‘useful’, met their ‘business needs’, and been ‘a positive experience’. As in most capacity building support in development cooperation, the results of the support are limited to the immediate results, such as the reaction to and learning obtained from the ‘training’ delivered.

However, most often, also in the FARMA case, no assessment has been made of any sustained impact or financial benefits from the capacity support. The degree by which the FARMA capacity support underpins any sustained result of the project is therefore not sufficiently known.

### **Key findings on cross cutting aspects in previous reviews**

Cross cutting issues (focusing on gender and environment) have been inadequately addressed in the reviews considered in this analysis and this is most likely reflecting the fact that gender and the environment are not prominently present in the FARMA projects. At least the ToRs of the FARMA reviews and evaluations have not thought these themes of sufficient importance so as to have outlined focused evaluation questions.

The Sida 2015 evaluation concludes that the FARMA I “should have possibly target or involve more women, though some specific efforts by the project to engage women must be acknowledged” and recommends that “gender issues – and youth, for that matter – should be at the centre of a development intervention targeted to agriculture, as a gender-balanced and youth-balanced approach might be the recipe for a more equitable growth” (p. v, ix). The report also states that while gender related disaggregated data were established no specific or targeted efforts or ‘training’ were directed towards women (p.21).

While gender disaggregated data were limited, the 2015 Impact Evaluation analysed FARMA IIs interventions on female-owned business and employment of women, showing that only 17 percent of the POs had a female owner or manager, but that “almost half (49 percent) of the total number of full-time employees and part time and seasonal employees were female in the last year of FARMA assistance, up

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<sup>8</sup> Access to finance from the FARMA II included loans to assisting agricultural cooperatives, associations, market integrators, and SMEs in obtaining loans from commercial banks and other financial institutions; facilitating lending through DCA; and facilitating venture funding and foreign and domestic direct investment. (Impact p. 19)

from 45 percent in the first FARMA year. The gender disaggregated FARMA implementation data also implied that the female share in employment was highest in the MAPs sub-sector and lowest in the dairy sub-sector. Overall, women were more likely to be part time or seasonal employees, while men were more likely to be full time employees.” (p. 24)

As such no deliberate focus was established during FARMA I as regards addressing gender concerns systematically and with targeted performance measures.

As a result of this lack of focus on gender the FARMA II developed early on (in 2016) a gender analysis and gender mainstreaming strategy with the purpose to “foster gender equality and women’s economic empowerment as set out in the project objectives.” (p. iii) and one of the four guiding principles of the FARMA II was to “foster the inclusion of men, women, youth, and marginalized groups”. However, the MTR 2018 did not have in its ToRs any evaluation questions related to gender.

As regards the Environment it is only mentioned superficially in Sida 2015 report as well as in the 2015 Impact evaluation, and is, as the gender aspect, not targeted in their respective ToRs. According to the ToRs for this evaluation USAID added an Environmental Checklist as requirement for approving grants in the spring of 2019 (ToRs p. 3).

There appears to be no comprehensive description or analysis of environmental related issues to the project components apart from specific organic products of the targeted sub-sectors.

## 4.4 IMPACT

### 4.4.1 Key Outcomes and impacts reported in FARMA II business results

This section is based on a detailed analysis of the latest FARMA II business results tables (August 2020) presented in Annex 5. This annex also contains the quantitative data tables used for the analysis of the business results.

Summarising from the analysis in the annex, this evaluation shows that the FARMA II project has produced clear business results among the PO’s served by it. Performance of PO’s in achieving business results is clearly related to amount and intensity of TA received from the programme. The amount of TA provided to PO’s is strongly correlated to size of the PO’s. Larger PO’s clearly receive more TA than smaller PO’s. This also underlines a second important finding of this analysis that larger PO’s generally achieve better business results than smaller PO’s.

PO’s in the Poultry and Dairy sector clearly show the strongest results and these companies are also substantially larger than PO’s in other sectors. MAP & Honey is a modest sector with very small companies, though overall performance is consistent, and growth is steady but modest. The Fruits and Vegetable sectors, after a first period of growth shows the biggest challenges and faces considerable constraints. More recently sales and exports are decreasing significantly.

Women owned PO’s particularly in terms of sales and exports show better results than male owned PO’s. Women owned companies constitute 20% of the total groups of PO’s and this seems in line with national average figures on company ownership.

Location of PO's appears to have less direct influence on business results, but indirectly there is a strong effect because size of companies is strongly related with location, PO's in Brčko seem to be doing better. Companies in RS are significantly smaller than in FBiH and Brčko. Although the analysis is not fully conclusive, size of PO's seems to be a more relevant characteristic for achievement of business results than location.

Looking at the time of entry of PO's in FARMA, there is some evidence that the effects of FARMA II are strongest in the first year after receiving services from the project and that effects gradually diminish. An overall glance at developments shows that 2019 has been a difficult year, where some positive developments of previous years could not be continued.

The business data show that FARMA II in 2015/2016 started with a small group of larger PO's and therefore the year of 2015 and to a lesser extent 2016 often show consistently and significantly higher median and average figures than in subsequent years. Therefore, in this analysis, data on 2015 have not been considered in the analysis of average and median figures on the aspects above.

This analysis of median figures in the development of business results is a necessary complement to FARMA II's cumulative reporting on these results. Because the group of PO's served by FARMA II has expanded over time, cumulative reports show significant increase on almost all business result indicators. While this shows that FARMA is reaching its anticipated results and impact it does so by expanding its reach. However, this analysis needs to be complemented with what are developments at the level of specific typical PO's, as is done above. This complementary analysis shows a more diverse picture of impact of FARMA II and it shows clear areas of success and other areas of challenges for agricultural market development for PO's in BiH.

#### **4.4.2 Key trade indicators in FARMA sectors**

This section is based on a detailed trade analysis presented in Annex 6. This annex also contains the quantitative data tables that were used for the trade analysis.

The analysis of international trade developments over the past decade does not point to strong effects of FARMA II support in the specific agricultural sub-sectors on exports figures at the overall sub-sector level. The international trade developments show rather volatile patterns over the past years and no clear and consistent growth in line with FARMA II support in these sectors. This points towards the finding that impacts of FARMA II over the past years have been mostly confined to the circle of PO's directly serviced by it. International trade developments and trend also show that trade trends are subject to many external factors, such as political relations and non-tariff barriers.

EU markets for Poultry and Dairy have shown a steep decline in the first half of the decade, to recuperate slowly for Dairy produce in the past years, and more recently (only in 2019) for poultry. The steep decline is strongly related to the accession of Croatia to the EU, which prior to 2013 was the most important export destination of poultry and dairy produce from BiH. This market was effectively closed due to the adherence of Croatia to EU market requirements. MAP and Honey

showed low but progressing export levels. Fruits and Vegetable (F&V) after a period of strong growth, in recent years show stagnation and decline. Because of the fact that F&V is by far the largest sector in FARMA II, this is reason for concern, particularly when observing that imports of F&V are growing steeply. This is a clear indication that the F&V sector suffers production and supply-side constraints that make it more challenging to reach local and international markets.

The trade trend figures in Annex 6 show that the poultry sector has likely been effective to achieve import substitution in the past years. Recently, with the re-opening of the EU markets, from 2019 again poultry now has strong potential for growth. If supply-side constraints can be solved F&V show potential for import substitution as well as Dairy. In the Dairy sector, a potential for both national and international markets is identified for particularly higher end products with more value added.

Overall trade figures show little variation in key export markets for BiH and this indicates that FARMA II maybe should not focus only on EU markets but should also consider other markets that might have more potential for growth. This includes also national and local markets in import substitution with an increased attention and tailored support to smaller PO's and national value chain development to cater for national markets (as suggested in the ToC).

In comparison with performance of other Balkan markets in the same FARMA II sub-sectors, performance of BiH is not so good. Catering of BiH for other Balkan markets seems to be in decline and compared to other Balkan countries BiH is in the lower league of exporters to the EU.

These findings from the international trade analysis show that FARMA II is facing challenges in achieving its objective of increased exports to the EU and it shows that a more diversified approach on market development is required both from the supply and demand side.

#### **4.4.3 Key effects and outcomes of FARMA confirmed by PO's and Stakeholders**

In the framework of this evaluation, a comprehensive survey was conducted among 262 PO's in the business results database of FARMA II (for 2 PO's no address was available in the database). 103 PO's responded to the survey. 14 respondents reacted to the survey without responding to it, indicating they were either out of business in 2020 or were not aware of the support provided by FARMA. According to the database of FARMA II there were 20 PO's without reported sales in 2019, indicating they have gone out of business.

The response rate of the 103 PO's in the FARMA II database therefore is 39% against all companies, though this rate is considerably higher if we consider only companies that were still in business in 2020 (230 PO's) at 45%.

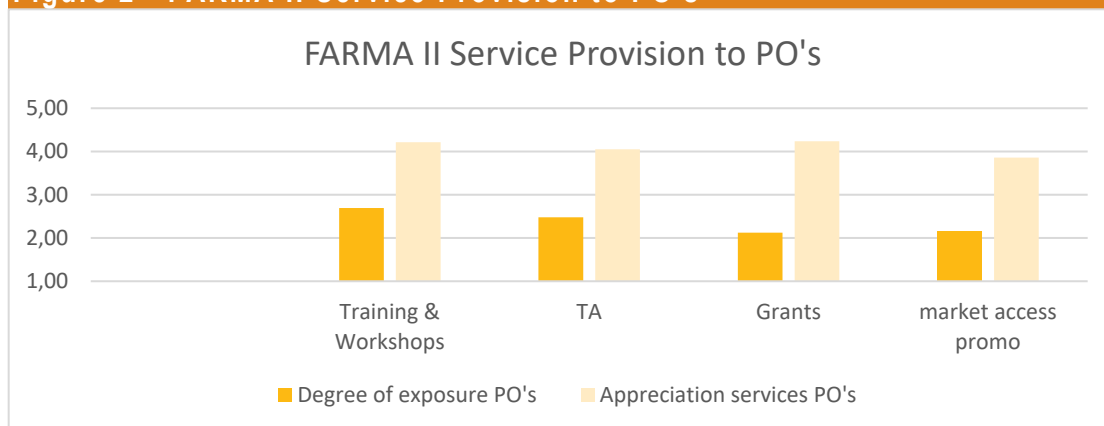
Three roughly equally sized respondent categories were identified in the survey:

- PO's that have received up until 15 hours of TA throughout the entire period of participation in the FARMA II project (here onwards referred to as category A PO's). There were 31 responses in this category, mostly from smaller sized PO's (with sales turnovers until 1 M MAP per year);

- PO's that have received between 15 and 40 hours of TA (category B PO's with 32 respondents), mostly medium sized companies with sales turnovers between 1 M and 10 M MAP))
- PO's with more than 40 hours of TA received from FARMA (category C PO' with 40 respondents, mostly larger sized PO's with sales turnovers above 10 M MAP).

This section contains the key findings from this survey. As the respondent categories are relatively small, there are only a limited number of statistically relevant differences between respondent groups. The analysis in this entire section only presents differences between respondent groups with a statistical significance of more than 95% ( $t < 0,05$ ).

**Figure 2 - FARMA II Service Provision to PO's**

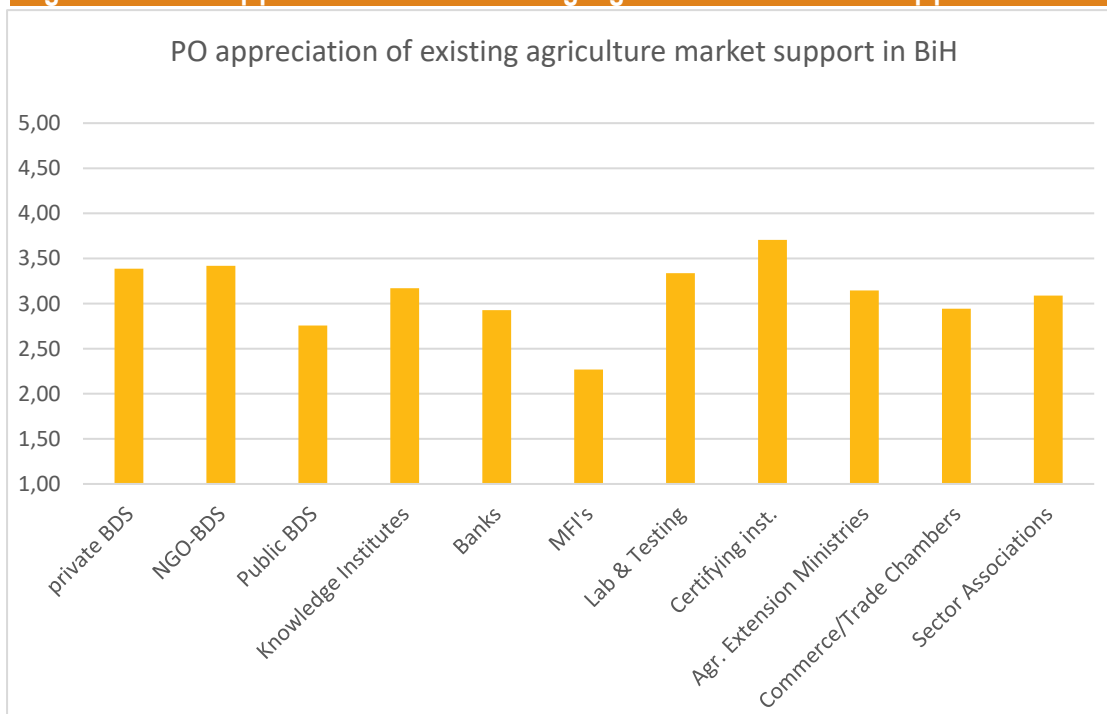


*Legend: 5-point scale (1=not at all/very bad; 2=once/bad; 3=occasionally/sufficient; 4=frequently/good and 5=all the time/excellent)*

Figure 2 above shows the degree of exposure of PO's to FARMA in the green bars. Overall exposure has not been very intensive, as the average scores are below occasional exposure. PO's have been most exposed to Training and workshops followed by Technical Assistance. Market Access promotion support was mainly done with category C PO's that have receive over 40 hours of TA. Categories A and B have had much less exposure to market promotion activities. Category A companies (that received less than 15 hours of TA) show statistically relevant lower exposure rates. Grant giving is the service least known by the PO's, slightly below market access promotion support.

Appreciation of services has been highest for training and workshops and for grant giving and slightly less for TA. Market Access promotion support has been valued lower. Category A PO's consistently show lower appreciation of the FARMA II services compared with category B and C companies.

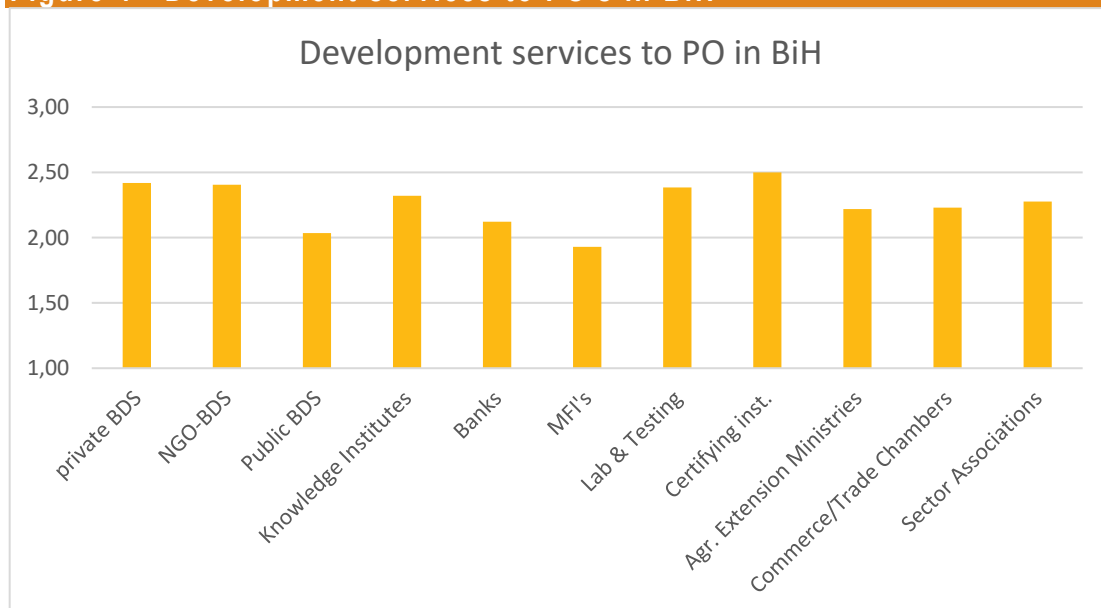
Not surprisingly, this underscores the finding that increased exposure of PO's to FARMA leads to more diverse and more frequent exposure to different kind of services and to higher appreciation of FARMA services.

**Figure 3 - PO appreciation of existing agriculture market support in BiH**

*Legend: 5-point scale (1=very bad; 2= bad; 3= sufficient; 4= good and 5= excellent)*

As indicated in Figure 3 above, PO's appreciation of existing agriculture market development support services available in BiH oscillates around the average rate of sufficient (3). On some services PO are clearly more satisfied than on others. Higher appreciation is given to the support provided by certification institutes, which is an indicator of effects of FARMA II because the project has invested in improving certification services to PO's. Also, private sector and NGO provided business development services, such as the services provided by FARMA and by EU4Agro, score clearly above the average of 3. Public sector BDS providers score significantly lower. The value of services provided by laboratory and testing facilities and knowledge and research institutions score relatively high. The support of sector associations and product groups, chambers of commerce and trade and banks is appreciated as sufficient or close to sufficient. Only public Business Development Services (BDS) and particularly the services of Micro-Finance Institutions receive a clearly lower appreciation by the PO's. These appreciations are consistent among the three categories of PO's, with the exception of private and NGO-provided BDS services that are more highly appreciated by category B PO's.

This Category B is significantly more satisfied with private and NGO-BDS services than category A and C. Further inputs of PO's in the survey and in interviews, indicate that most concerns of the PO's are with the provision of finance to farmers. Many PO's express a clear preference for continuations of grants and much less interest in the provision of finance. This indicates that PO's, to some extent have grown accustomed to granting, which might be a challenge for introducing of alternative approaches.

**Figure 4 - Development services to PO's in BiH**

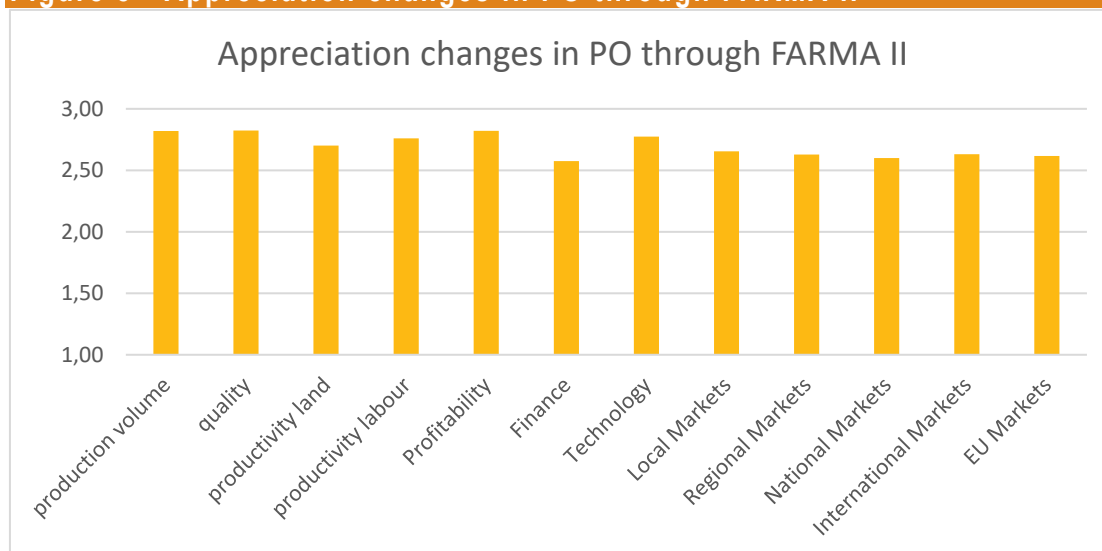
*Legend: 5-point scale (1=very bad; 2= bad; 3= sufficient; 4= good and 5= excellent)*

Overall, PO's see improvements in service delivery over the past five years (see Figure 4 above). This is particularly in the perception of quality of services of certifying institutions, lab and testing facilities and private and NGO BDS service providers. Also, services of knowledge and research facilities have shown an improved performance according to PO's. These data show effects that can at least be partially attributed to FARMA II, because FARMA II has provided significant support services to these organisations. PO's also see smaller improvements in service delivery by sector associations and product groups, chambers of commerce and trade, of agricultural extension services of the Ministries of Agriculture and of Banks. Public Sector BDS services have remained more or less on the same level. Only the service provision by MFI's is seen as deteriorating over time by the PO's. Overall, the two figures above together show that there have been improvements in the support service and enabling environment, although the improvements are not very strong. Better performing service delivery institution also appear to have shown stronger positive developments. As FARMA II has been providing support to these institutions at least to some extent these improvements can be partially attributed to FARMA II. Category A PO's show a clearly lower appreciation of the development of BDS support services to them, which might indicate that most services cater more to medium and larger sized companies than to small and micro PO's that constitute the larger part of category A PO's. This is also in line with the clearly lower appreciation of MFI services. The category B respondents that were more positive already on quality of services of most providers also show a higher appreciation of developments of all services.

PO's in the survey and in interviews consistently point towards challenges in the agricultural business support environment and repeatedly refer to the complex multi-layer state set-up that creates difficulties in this external environment. Most

improvement is needed in continued public sector reform and strengthening of public-private cooperation and partnerships.

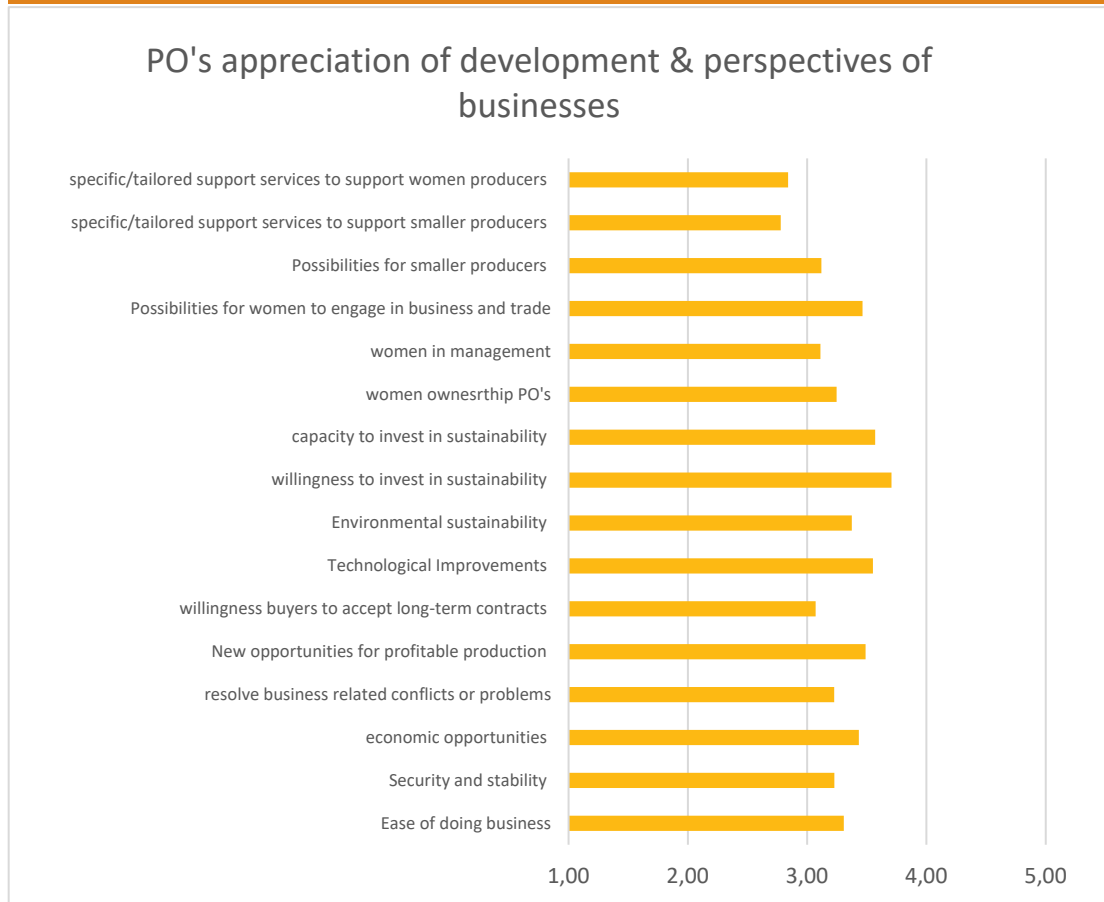
**Figure 5 - Appreciation changes in PO through FARMA II**



*Legend: 3-point scale (1= worse than before; 2=remained the same; 3= better than before)*

PO's were asked to provide an estimate of changes in aspects of their agricultural business operations as a result of their participation in FARMA II (see Figure 5). In a first glance at the figure above, it is clearly visible that PO's attribute positive changes in their businesses as a result of their participation in FARMA and this is a clear indicator of direct impact of FARMA on the PO's in its business database. The statistical analysis also shows clearly that the amount of exposure to FARMA II is directly related to a higher appreciation and recognition of FARMA to improved business performance. The data tables (See Annex 7) show that category C PO's on all aspects score significantly higher than category A PO's, except for EU market access services, where this statistical relation could not be confirmed due to the low exposure of category A PO's to these services. The strongest effects of FARMA II, according PO's were on production volumes and on profitability of their businesses. The least strong effects, though still positive, are seen in access to finance. On most aspects category C and B PO's are more positive than category A PO's, again showing that degree of exposure to FARMA II is correlated with business results. Only appreciation of access to national, international and EU markets does not show this correlation as statistically relevant, which most likely can be explained by the fact that category A PO's have not been exposed much to market promotion support activities (as was shown earlier above).

PO's were also requested to indicate their appreciation of other aspects in their agricultural (market) development operations and in the perception of the enabling environment. Here the appreciation of PO's is not related with the direct support provided by FARMA and appreciation is likely to be influenced by a variety of factors.

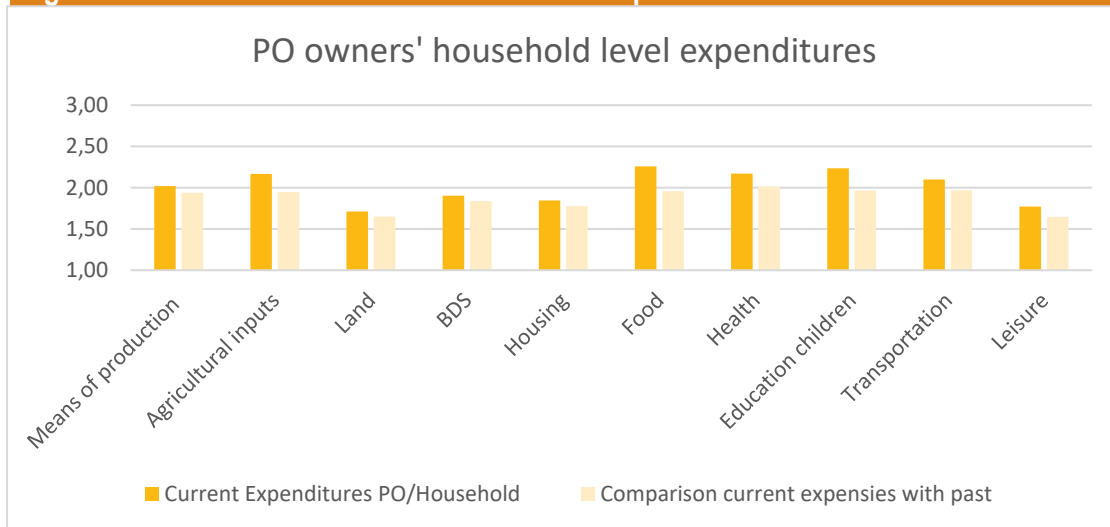
**Figure 6 - PO's appreciation of development & perspectives of businesses**

*Legend: 5-point scale (1=very bad; 2= bad; 3= sufficient; 4= good and 5= excellent)*

As shown in Figure 6 above, the highest appreciation of PO's goes to improved capacities and increased interest and willingness to invest in environmental sustainability. Also appreciation of technological development and new opportunities for agricultural production and possibilities for women to engage in business and trade are valued highly. PO's are less satisfied with the existence of tailored services to smaller and women PO's, which score below sufficient. And relatively lower scores are also given to possibilities of PO's to engage in longer-term contractual relations with buyers, position of women in management of PO's. Some difference exist between different categories of PO's. On ease of doing business, category A respondents are clearly more negative while category B PO's are more positive. Category A PO's also perceive a more challenging peace and security environment and struggle to enter into contractual relations with buyers. They also are more critical of the availability of tailor made services to smaller and women-owned companies. A specific aspect on which category C PO's are more positive is investing in environmental sustainability. As larger and more exposed companies these PO's are likely more familiar with environmental sustainability requirements for international market access.

Figure 7 below refers to how PO's relate to longer term and wider impacts of agricultural support services and the enabling environment for PO's. The question is focused not only on business expenditures but also on household expenditures and thus also relates to PO's perception of quality of life. These aspects are not directly related to FARMA II participation and appreciation of PO's of these aspects is likely to be caused by a variety of factors, although it is likely that also FARMA II also has provided some contribution.

**Figure 7 - PO owners' household level expenditures**



*Legend: 3-point scale (1=not enough/worse than before; 2=just enough/remained the same; 3=more than enough/better than before)*

Figure 7 above shows that PO's in general show that their appreciation of quality of business and life in their wider business and household environment is not high. On most aspects, respondents indicate that their expenditure are around the level of just enough, with higher levels of expenditures on food, education of children and on agricultural inputs and transportation. Less than sufficient expenditures are made on land, BDS, housing and leisure. On none of these items, levels of expenditures have improved over time and have decreased particularly on land and leisure and to a lesser extent on housing and BDS.

While these appreciations of PO's of course are highly subjective, the overall picture shows that the quality of life as an agricultural entrepreneur and the life of the family members is not appreciated as very high, but as sufficient. And more importantly, the respondents do not indicate that there have been clear improvements over the past years. This is an indicator that at the ultimate level of impact of FARMA, which is poverty reduction, among the PO's supported by FARMA there are no clear signs that poverty has decreased. Again, this of course cannot be attributed to lack of impact of FARMA, because these aspects are subject to a multitude of influences. On the other hand, if as a result of FARMA II participation, PO's would have had a big increase in income and profitability it would have been likely reflected in higher appreciation of some developments than is the case in this analysis. On the other hand, some influence of FARMA II can be noted, because

those PO's that have been exposed least (category A PO's) show lower appreciation of development of expenditures than categories B and C. Interesting is that category B respondents show a statistically higher appreciation of development of expenditures on housing and transportation, though why specifically on these two categories of expenditures remains unclear.

A final survey question was added on effects of the recent Covid-19 crisis on the businesses of the PO's. On a five-point scale, the PO's indicate that Covid-19 has affected business negatively, though reported effects are not dramatic, as is shown in the Table 12 below.

**Table 12 - Effects of the recent Covid-19 crisis on the businesses of the PO's**

| Type PO (N=103) | Covid-19 Pandemic effects on Business |
|-----------------|---------------------------------------|
| CAT C           | 2,28                                  |
| CAT B           | 2,29                                  |
| CAT A           | 2,03                                  |
| Overall         | 2,21                                  |

*Legend: 1=very negative influence; 2=negative influence; 3=neutral; 4=positive influence; 5=very positive influence)*

Category A PO's (mostly smaller PO's) indicate a lower score, though due to the limited numbers of respondents this difference is not statistically significant. However, when considering comments of PO's on the survey and interviews with stakeholder, confirm that smaller PO's likely suffer more from the Covid-19 pandemic than larger PO's. The FARMA staff is expecting that Covid-19 will likely cause a significant decrease of sales of around 20%. All respondent groups show remarkable resilience and willingness to respond creatively to new challenges. This resilience is quite well reflected in the overall average score of 2,21 on the 5-point scale that indicates that PO's experience set-backs because of Covid-19, but not to the extent that they fear for continuity of their businesses.

The tables with the analytical results and data of the PO-survey are available in Annex 7 of this report.

### **Perspectives of organisations in the enabling environment on agricultural market development and FARMA II support.**

Key stakeholder and beneficiary organisations served by FARMA with training and advisory services are typically public and semi-public institutions involved in agriculture, social-economic development, market development and trade promotion, such as municipalities, research institutes, certification bodies, lab facilities, veterinary services, extension services, inspection bodies and Ministerial departments. Also, private and public-private entities are among the stakeholders and beneficiaries such as chambers of commerce and sector association bodies.

A second survey was conducted among these national stakeholder and beneficiary institutions, mainly in the public sector. 16 organisations responded to this survey. Additional follow-up interviews were conducted with some respondents and other

stakeholder organisations and international partners. The analytical tables of the stakeholder survey are included in Annex 7. The following key findings result from this analysis.

The beneficiary institutions generally indicate very high satisfaction with the support received from FARMA II, with an average score of 4,5 on a 5-point scale. The respondents indicate that FARMA II service providers are highly knowledgeable and professional. The respondents indicate that FARMA has had a positive effect on their organisational performance with an average score of 4,2 on a 5-point scale.

An example that is frequently cited by respondents is the technical assistance provided by FARMA II to the preparation and elaboration of the strategic plan for rural development of BiH (2018-2021). Several sources report that without support from FARMA this strategic plan would not have materialised and this strategic plan is without doubt the most significant achievement of FARMA's activities in the Pathway of Change of developing and strengthening policies and regulations for agricultural market development. Stakeholders indicate that FARMA II also has had noticeable effects in improving the position of women in agriculture and agricultural market development, the promotion of technological innovation and in the stimulation of investments through the provision of matching grants. On the other hand, stakeholders also identify areas in which FARMA II has had less effect, such as improving the enabling support environment for agricultural market development, improving access and bringing down the costs of BDS and technology and also, in spite of the key mandate of FARMA II to lead PO's to EU markets, stakeholders indicate that there are still constraints in achieving this goal.

Effects of FARMA II on the specific sub-sectors served by it are recognised and this support has been consistent. The sub-sectors chosen by FARMA II are confirmed as important by the stakeholders. With respect to business performance of PO's, stakeholders see most improvement in expansion of production volume, but less in improving productivity of land and labour, indicating challenges in efficiency of production. Stakeholders also see a strong effect on more effective market access particularly at the local level, but less at the national, international and EU level. Stakeholders see increased quality and use of lab and testing facilities and certification services and increased interest of PO's in using research findings for improving production. Access to finance is flagged as an area of constraint, though stakeholders also recognise that, compared to the past, the cost of finance has decreased considerably, however in the specific agricultural sector banks and MFI's are still regularly reluctant to face the risk of rural financing. Particularly small and medium sized PO's face difficulties in accessing smaller sized bank-loans, while at the same time their finance needs are too big for MFI's to handle. More attention to the "missing middle" is still needed and in this regard the matching-grant mechanisms in FARMA II and EU4Agro and Business are highly appreciated.

Stakeholders express that FARMA II is not sufficiently associated with other organisations in the national agricultural support environment and that more exchange and cooperation is needed. While there is a recognition of the quality of the advisory services provided by FARMA II a clear concern is expressed that with the ending of FARMA II as a facility, continuity of service provision is seriously threatened.

#### 4.4.4 FARMA II effects on pieces of legislation

This section is based on the analysis of effects of FARMA II on development of pieces of legislation and on an in-depth review of three specific pieces of legislation. For the detailed analysis the reader is referred to Annex 8.

The evaluators have conducted a basic research with the object to check and validate with one to two external sources state and status of all legislative documents that the FARMA II project has included in its reporting. The study included a total of 31 documents drafted in the period 2016-2019, particularly in the first three years in active engagement with the public sector. To develop these documents, the project cooperated with a total of nine institutions from all levels of government in BiH. The list of the documents was submitted by the project in the inception phase as a list of legislative deliverables related to efforts to harmonise agriculture and food legislation in BiH with the EU Acquis.

In the case of all 31 documents, the existence and status of the legislative documents were corroborated mostly through written communication and interviews with representatives of the partner/beneficiary institutions during the research phase of the project evaluation. In addition, majority of the documents could be found online, from at least one source, as indicated in the table in Annex 8. Additionally, the legislative documents were also validated in interviews with representatives of POs, as and where appropriate.

All of the interviewed representatives of beneficiaries/partners noted that it was very unfortunate from their perspective that the project discontinued cooperation with the public administration, since there were many other aspects of their work that could benefit from further technical assistance by FARMA II.

Secondly, the analysis looked more closely at the three specific legislative documents that had been selected in consultations with FARMA II project and based on the available resources and agreed timeline of the evaluation team. Due to timeline limitations, the information for this part of the analysis was mostly gathered through general interviews with POs and representatives of the public sector aiming to gather feedback on cooperation with project and its outcomes. In addition, it was also informed by the information collected through online surveys submitted by stakeholders and beneficiaries/partners (POs).

The selected documents include: Guidelines for Sampling of Salmonella (2017); Technical Guidance and Instructions for Sampling as to Campylobacter Process Hygiene Criteria (PHC) in Broiler Carcasses (2018); and Guidelines for interpretation of honey sample analysis results (from 2018). The beneficiary institution/partner for the first legislative document was the BiH State Veterinary Office and for the subsequent two the BiH Food Safety Agency.

Respondents from the public sector described these legislative documents in generally positive terms; and representatives of the POs interviewed generally shared these views, noting as well that there was room for improvement, particularly in the area of effective implementation and enforcement of these pieces of legislation and also in strengthening capacities of public institutions in implementing, monitoring and enforcing pieces of legislation.

#### 4.4.5 Summary analysis of impact (revisiting the evaluation matrix)

In the previous sections in this chapter, elements of overall impact of FARMA II have been presented and analysed, based on specific research methods and data sources. By way of summary, this section presents the key findings from this analysis in terms of direct or indirect, negative and positive results of the FARMA II project. This section addresses the impact related research questions in the evaluation matrix (see Annex 4).

#### **Impact on agricultural and agri-business economic opportunities for POs in adopting EU and international agricultural and food standards and production techniques**

The FARMA II business results reporting (see section 4.2) shows that at the level PO's most indicators at the end of 2019 have been achieved or overachieved. Only in the area of sales, original targets might not be achieved. And, more recently investments show a declining trend, although the original targets still can be met.

The in-depth analysis of the business results in section 4.4.1 confirms the achievement of business results at the cumulative level, though this is mostly because of the fact that the FARMA II project, over time has increased its reach and included more PO's. Analysis of average and median level results for specific categories of PO's show that this impact has not been all across the board and also over time setbacks can be identified. PO's that have been more exposed to FARMA II support and also relatively larger PO's generally show more effects of the FARMA support under the key indicators, of Fixed Assets, Investments, Sales, Exports and Job Creation. Effects of FARMA support on sales and exports are not consistent and seem to diminish over time, which on the one hand can be caused by diminishing returns on TA and grant support over time and on the other hand on a range of external factors that influence sales and market access. A number of clear examples of these effects exist in the FARMA II experience, such as import bans in Kosovo for BiH poultry products, political relations in the region and trade relations with Serbia and most recently the Covid-19 crisis that is affecting business results. Effects are clearly different for different sectors, after a period of growth of exports, the Fruits and Vegetables sector, more recently shows constraints and exactly the opposite is happening in the poultry sector, that as a direct result of FARMA actions has gained access to EU markets at the end of 2019. Dairy presents a mixed picture, with recovery after a period of decline, though mostly in Dairy products with limited value addition, leaving room for more effects in high end Dairy products. Honey and MAP is a small sector, but its performance and growth seem consistent, at least until 2019. This sector also contains the group of smallest producers and many female-owned PO's, showing good potential for inclusion and poverty reduction. Women-owned PO's seem to be doing better than male owned PO's in several business results. Location of companies is of influence on business results, but this is also correlated with the size of PO's that is considerably bigger in Brčko and smaller in the Republika Srpska. Effects of granting on business results could not be confirmed in this evaluation.

PO's indicate a high level of satisfaction with the support of FARMA II and also indicate improvements in their business performance as a result of participating in FARMA and they also perceive improvements in the business enabling environment, particularly in institutions that have been supported by FARMA in research, lab and testing facilities and certification services. Many actors also refer to significant effects of FARMA on the development and introduction of relevant pieces of legislation and regulation in the agricultural sector. The most important effect attributed by many stakeholders to FARMA actions is the development of BiH's national rural development strategic plan.

FARMA II over time has reached out to a larger number of smaller PO's and this explains to a large extent to diminishing effects of FARMA when looking at median figures of business performance. This is not necessarily negative, because the FARMA II donors have expressed the desire to include a larger number of smaller PO's and this goes at the cost of impact at the individual company level, though at the same time it contributes to more inclusion.

This evaluation has found 30 PO's in FARMA's business results database of 264 PO's that ceased to operate in 2019 and 2020. This corresponds to 11%, which seems low, when considering that many companies are small and operate in risky environments of agricultural production. It is likely that Covid-19 will have a negative impact, though PO's indicate that while Covid-19 is affecting their business, it isn't ruining their businesses. FARMA II staff estimates that Covid-19 will have a negative effect of approximately 20% on business results in 2020. This is in line with the feedback received from the PO's themselves.

PO's that have participated in FARMA show a change in mindset on a variety of aspects. PO's are more interested in investing in sustainable production, quality and certification. Their knowledge of market opportunities has increased and also the requirements that come with market access. PO's increasingly use finance for their businesses, including the matching grants from FARMA II. At the same time many PO's remain with a mindset that subsidizing agricultural production remains necessary. PO's indicate that with increased market access, they have been able to diversify sources of income on different markets. Local, regional and national markets are at least as important as international and EU-markets. While FARMA II has focused on EU market entry, it has clearly supported PO's to improve access to other nearby markets, though these effects might have been much stronger if also targeted approaches on local and national market and value chain development would have been followed.

### **Effects of regulations related to food and agricultural products that meet EU and International requirements**

FARMA II, particularly in its first years has invested a lot of effort in providing support to the development of pieces of legislation. In terms of number of pieces of legislation, it has hugely overachieved upon targets. However, the effects of implementation of new pieces of legislation has remained a bit out of scope in the FARMA II reports.

It is clear from many sources that FARMA's support to development the Strategic Plan for Rural Development of BiH (2018-2021) is recognised and highly valued. And this strategic plan is also considered one of the few key strategic documents that provides a comprehensive vision on agricultural development at national level.

On the other hand, both PO's and stakeholders in the environment of agriculture and market development actions state that different actors and institutions in agriculture don't sufficiently coordinate and cooperate to constitute and enabling environment for agricultural production, value addition and market development. This limited cooperation and coordination includes lack of public-private partnership, lack of coordination between donors and also FARMA II by many stakeholders is seen as a stand-alone externally funded project facility with limited links to other actors.

The most significant challenges identified by PO's and stakeholders in the enabling environment for agricultural development and market development include a healthy, stable and secure investment climate, land-security (and needs for reform), the spread and depth of financial services particularly for the middle range of agricultural PO's. Government policies, legislation and regulations are seen as important documents, but these do not yet sufficiently trigger more effective cooperation between different actors in the different entities of BiH and the country as a whole. The Government set-up and structure is seen as a bottleneck to achieve better coordination and stakeholders indicate a continuous and increased need for concerted efforts of development partners to engage in a dialogue with the BiH Governments to advocate for more coordination and cooperation. Renewal and extension of BiH's strategic plan for rural development is seen as one of the most urgent priorities for the future.

FARMA II, in the final period of project implementation has moved away from direct assistance to public institutions, yet these institutions are important vehicles for implementation of legislation and regulations and can be important partners in strengthening the institutional support environment. This reorientation of FARMA II was done as a follow up on the MTR of FARMA in 2018, though it was not recommended in the MTR. USAID and the Embassy of Sweden and FARMA II have jointly taken this decision. However, this reorientation leaves room for significant concern that without these institutional linkages, FARMA II will become a more isolated facility with less possibilities to reach impact and achieve sustainability.

**Effects on capacities of Government entities and BDS support organisations to provide relevant TA and services to POs at local level to cope with competitive pressure and market forces within the EU.**

FARMA II has provided training and TA to a large number of public, semi-public organisations and private associations and organisations. This has led to noticeable effects on the quality of service delivery by a number of organisations supported by FARMA II. PO's mainly refer to lab and testing facilities, certification services, inspection institutions. Most of these effects are particularly noted at the specific sub-sector level.

Less effects are seen in improved articulation and cooperation of different organisations in establishing and strengthening an enabling support environment for agricultural production and market development. Several gaps and challenges are identified, such as access to finance (particularly for medium sized companies), agricultural extension services, Business Development Services and market and export promotion. While support of FARMA II is appreciated, PO's and stakeholder organisations at the same time state that the provision of these services is not provided on a large scale by other organisations. They also indicate that there is limited coordination and cooperation between these organisations, including FARMA II that is seen as a stand-alone externally funded project facility. There is significant concern with FARMA II's continuity and embedding in national structures when external funding ceases.

Attempts of FARMA II to establish advisory service facilities in its Agmentor centres, was misconceived and not sustainable and after the MTR of 2018 these centres were discontinued. However, no alternative approach was developed to strengthen such a support structure linking with and building upon existing initiatives of public and private sectors.

A positive and important contribution of FARMA II is seen in the support to BiH's strategic plan for rural development 2018-2021. And this is seen as an example of the level where much support is needed to build and strengthen coordination and a coherent support structures and building bridges between the public and private sector. While clear signs of specific effects in specific areas and organisations, a systems-change at the national level of BiH for agricultural market development support is yet to happen.

#### **Differential effects and impact of FARMA II for women and men and for smaller and larger POs, between different sectors and regions of BiH**

This evaluation shows that there are clear differential impacts, that were already cited in previous sections. The key differential impacts have been:

- Larger PO's show better business results than smaller PO's in all sectors and all regions;
- Female-led or owned PO's perform better in investments, sales and exports than male-led or owned companies;
- Poultry and Dairy sectors show stronger results than other sectors, although effects on exports are more limited. Poultry-export to the EU is expected to further grow in the near future, in Dairy more attention for higher-end products is still required. Honey and MAP show good potential for steady improvement. Fruits and Vegetables, more recently face significant constraints, mostly related with supply-side and value addition;
- PO's in RS are usually smaller and therefore effects of FARMA II in RS are less than in FBiH and Brčko.

#### **Existence and effects of unplanned and external influences on project implementation and its results**

During the FARMA II implementation there have been several external influences that have had an influence on achievement of planned results. The most important factors that could be identified in this evaluation are presented below:

- Development and trends in international trade figures sometimes show volatile and unexpected developments. These developments are often subject to non-tariff factors and political and economic development. Historically, in the FARMA II sub-sectors, Serbia constituted a destination market, though this market has largely disappeared. Another example is that in the past FARMA had succeeded in entering the Kosovo market (in poultry), though through import barriers exports in poultry were suddenly stopped. These volatile markets are difficult to predict and mitigating actions are not easy to plan. On the one hand market diversification is an obvious strategy and on the other hand it also makes sense to invest in more stable markets, such as EU markets, however access to the most nearby EU market, Croatia, is one of the export destination markets in FARMA-sectors that has seriously deteriorated. FARMA II has a focus on developing EU-markets, though this strategy alone might not be sufficient to mitigate all the risk related with unexpected and unplanned market development. In this respect a strategy that is focusing on local and national markets and on import substitution is also relevant, though only indirectly explored in FARMA. Local and national markets additionally might present easier and lower-cost possibilities for market entry of smaller PO's;
- An obvious and hugely impacting external unexpected influence is the international Covid-19 crisis. PO's and stakeholders indicate that this crisis is causing a significant impact on PO's access to markets. Based on monitoring of recent data, FARMA II estimates that Covid-19 might negatively impact PO's sales and exports approximately with 20%. Mitigating actions are quite difficult to identify and depend on many factors and actors, though FARMA II is continuing to provide its services in compliance with Covid-proof measures. Although the impact of Covid-19 is big, PO's in the survey don't show a very negative impact, which indicates that while income levels certainly will decrease, most PO's are likely to continue their businesses. When conducting the survey, the number of PO's that ceased to operate remained limited;
- Although BiH's complex Government set-up is a structural feature it also presents challenges that are difficult to anticipate. Developing and nurturing relation with RS Government institutions has remained difficult and this has led to limitations of FARMA II in reaching out to actors in RS and to achieve impact among PO's in RS. A challenge is also that RS based companies are generally smaller than elsewhere in BiH, which is likely related with political, economic and environmental conditions in RS. This aspect of dealing with smaller PO's might require more specific and tailored approach to achieve impact among PO;
- The complex Government set-up and difficulties in relating with public entities was unplanned and undesired and has led to the decision to establish a stronger private-sector focus in FARMA II. However, it is questionable if this is the right approach as many PO's and stakeholders indicate that major key bottlenecks in the enabling ecosystem for agricultural development and market development

require involvement and commitment of the public sector and the Governments. This reality will have to be considered to ensure that FARMA II can achieve more impact, including in more challenging areas, such as RS. And additionally, these relations are key in ensuring that FARMA II doesn't remain a stand-alone external project facility and that its approach and services are better embedded and aligned with national and entity level support structures to strengthen future sustainability;

- An internal aspect of FARMA II, that was unplanned, has affected progress and achievement of impact of the project. This was the fact that management of the FARMA II facility in the first period had serious difficulties in constructing positive and constructive working relations with national and entity level public partners and also with other project implementing partners. This has contributed to a certain isolation of FARMA II. This problem was recognised and resolved by applying changes in the management, though in the political and cultural context of BiH it requires significant time and effort to rebuilt trust and good working relations. FARMA II is now well on its way and this is most clearly illustrated in its support to the development of the BiH rural development strategy, where the role of FARMA II is clearly appreciated. In this respect, also the decision of FARMA to focus more on private sector might need to be revised, as opportunities for cooperation and linkages might increase, due to an improved recognition of FARMA's approach and actions.

#### **FARMA's contribution to poverty reduction in rural areas.**

Impacts at the level of FARMA's ultimate long-term objective of contributing to poverty reduction in rural areas, are difficult to verify in the framework of this evaluation, as its methodology, time-frame and budget didn't permit a fully-fledged impact analysis among larger circles of PO's and population groups nor was it possible to conduct research among control groups. Furthermore, it is clear that rural poverty is a multi-dimensional phenomenon and the FARMA II intervention can only make a small contribution, mainly in the economic dimension of poverty. Therefore, findings under this heading should be interpreted with necessary caution and a disclaimer is needed that furthermore dedicated impact research still would be required.

In the economic sphere, this evaluation has found evidence of emerging impact at the PO in the following aspects:

- PO's have perceived positive developments in market access, as a result of market promotion activities of FARMA II, these positive impacts are clearly related to the degree of exposure of PO's to FARMA II and the size of companies;
- PO's perceive small improvements in their economic situation and report increased expenditures on a variety of items, though this effect is stronger among medium and larger PO's, while smaller PO's struggle more;
- PO's and other stakeholders indicate that for a stronger economic impact in rural areas, more efforts are needed in establishing processing and value-addition industries in rural areas to provide more employment and income to the rural

population. FARMA II has provided support to this, though more efforts are clearly needed to mobilise finance and investment for rural development.

Impacts of FARMA II, as indicated above, have remained mostly confined to PO's directly targeted by FARMA and their direct family and business circles. Impact is less noticeable in the wider environment and at agricultural sub-sector level. Strong effects of FARMA II at the sub-sector level in international trade figures cannot be verified. The fact that sales effects, according to FARMA II's database, at cumulative level have been smaller than export effects, indicates that while FARMA II has succeeded to reach successes in exports for specific PO's it has had less effect on developing of other markets, that are equally if not more important. While this is in line with the statement of work of FARMA II, it leaves questions on the approach and scope of FARMA II, as was already identified in the ToC and in sections above. And as identified in previous sections, impact of FARMA II has been achieved more by expanding its reach to a larger number of companies than in-depth and long-term sustainable effects on specific PO's, and clearly less on smaller PO's.

## 4.5 SUSTAINABILITY

### **The extent to which market access and trade are secured structurally and over longer-period of time**

Sales and exports show a positive trend throughout the entire FARMA II project period, though this is largely a result of cumulative results reporting. When looking at average and median sales and export figures, this trend is much less clear, as was illustrated in the impact section above. When looking at these figures also volatile developments and changes become much more visible. These volatile developments have a big influence on access of PO's to national and international markets. Particularly at the international level, there are factors that can have a pronounced impact on trade, which is clearly visible in trade patterns between BiH and Croatia and Serbia that have not developed favourably. Import restrictions with political motivations have adverse effects on access to markets.

In this respect, access to EU-markets is likely to be more reliable and sustainable than accessing other markets and the focus of FARMA II on EU-markets therefore provides a perspective for sustainability and longer-term market access. On the other hand, market diversification is equally important to achieve more sustainable access to markets. FARMA II has not followed a stratified and diversified approach in market development, discerning between different types and sizes of PO's and in different local to international markets. While this means that FARMA II can achieve substantial results in opening the EU market for BiH poultry products, other options that might be important for specific PO's are not explored to the same extent. While focus is required to ensure expertise and high-quality support to achieve successes, it is also riskier, when suddenly a market opportunity closes. This fundamental reflection is touched upon in this evaluation in developing and reconstructing the ToC.

Through quality control, testing and certification, FARMA II has enabled PO's to access more reliable markets and buyers, which is beneficial for PO's. Larger PO's and those having received more substantial TA from FARMA show increased

confidence and trust in engaging in contractual relations with buyers, though smaller PO's and those that have received little TA from FARMA are not that confident.

The exposure to markets and market requirements of exporting PO's has increased their knowledge and also access to research data, innovation and technology have been beneficial for PO's sustainable access to markets.

A factor that influences sustainability is access of PO's to finance. FARMA II (and also other projects such as EU4agro) follow an approach of matching grants. In FARMA II, grant-giving typically was done based on a minimum of 50% of self-financing. This approach has enabled PO's to invest in production improvement and market development. However, the effects of granting in this evaluation are not clearly visible. This evaluation confirms that capitalisation and investments are important for growth of companies and gaining stronger market access. While large companies, particularly in recent years, have gained access to affordable bank loans and micro-enterprises can resort to micro-finance, the group of small and medium sized companies in the agricultural sector still face challenges in access to finance. The matching grants in FARMA II and EU4Agro and EU4Business are among the few options open for these companies. While granting can be important for capitalisation of companies, it is important to ensure that it doesn't nurture a culture of subsidies and grant-giving. In the PO-reactions in this evaluation there are calls for increased subsidies and grants, though this approach is not sustainable in the longer-term. FARMA II has a well-developed grant policy, though a development strategy of graduating PO's from granting to access to finance is missing. Preparing PO's for access to commercial finance (particularly in times when interest rates are low) is an important action and this will require a more strategic use of granting and TA by PO's in developing business plans and loan proposals with financial institutions in BiH. Sweden and USA have specific supporting mechanisms (guarantees) to lower the cost of finance and provide more security (still needed in agriculture) and FARMA II is not yet well linked with these facilities and instruments.

### **Organisational and institutional sustainability of support provision structures to POs and of POs**

An area of concern in the FARMA II project as such but also in the wider support environment is the sustainable set-up and embedding of support structures for agricultural market development in BiH. Organisational and institutional sustainability is not secured in the FARMA II design and implementation and this has also been observed in previous FARMA reviews:

- The Agmentor approach in FARMA II was not well designed and it faced serious sustainability challenges. This approach was also not well linked with other existing facilities for the provision of TA services. The challenges were recognised and Agmentor was discontinued, yet no alternative approach in FARMA II and/or linkages with other facilities were built;
- FARMA II has been designed as an externally funded project facility operated by a contracted international partner. This design and set-up of FARMA II presents serious sustainability challenges, as the project facilities have no linkages with other institutions and no local existing institutional capacity is used and

strengthened. This presents a key sustainability challenges for this support facility. What will happen, when USA and Sweden stop funding FARMA II?

- In the reconstruction of the ToC for agricultural market development it was already highlighted that limited coordination and cooperation between public and private sector actors exist to translate policies, legislation and regulation into effective services for the agricultural development. While specific individual organisations may have been strengthened, the ecosystem for agricultural market development is poorly developed, with serious gaps and even contradictions between the government entities of BiH. A systems-development for this ecosystem-development and building public-private partnerships was not part of the statement of work of FARMA II;
- Also, at the level of development partners and project support initiatives, this evaluation found little evidence of close cooperation of different projects to achieve coherence and complementarity and thus develop a systems-development approach in agricultural market development. Different development partners, such as Sweden, USA, EU, Czech, Germany, FAO, IFAD, and projects, such as FARMA, EU4Agro and EU4Business and RCDP, have not engaged enough with each other to develop a systems approach and strengthen sustainability;
- Linked with the above a stronger and concerted dialogue with the Governments of BiH is needed, with a clear presence of Sweden, USA, EU, Czech and Germany as important development partners to gain leverage on BiH in strengthening a coherent approach for agricultural market development at the national level.

### **Ratification and enforcement of pieces of legislation targeted by the FARMA II project**

Pieces of legislation have been developed with FARMA II support, this still doesn't mean that these are effectively implemented. Many PO's and stakeholders indicate that specific pieces of legislation on specific products and institutions have been beneficial for the sector and performance of specific support institutions, though effects mainly remain limited to the sub-sector level and also to the entity level.

However, these pieces of legislation don't link different institutions together and much more effort is needed in this area. A positive development for continuation and sustainability is the already mentioned was strategic plan for rural development of BiH. This is the right level to build and support a support ecosystem for agricultural development and market development. For future sustainability support in developing a follow-up plan for rural development after 2021 is an important priority.

For sustainability of FARMA II and many other interventions in agriculture an important challenge is to establish and strengthen a national level policy and support environment for agriculture, instead of entity-level institutions. An important task lies with development partners to continue to engage in policy dialogue with BiH on this challenging subject.

## 4.6 CROSS CUTTING ISSUES

### **Extent to which FARMA has focused and has achieved results at rural development and inclusion of small-scale producers and women producers.**

This evaluation confirms that FARMA II, gradually has shifted its attention more to smaller PO's. There have been two specific ways in reaching out to smaller producers, though they have not been reported upon separately. As a result, it is difficult to assess how these two approaches were balanced and related with each other:

- On the one hand, FARMA has extended its services to a larger number of smaller individual PO's. Towards the final phase of the project, during the final extension period of the project until mid-2021, this will be further intensified by providing more grants, combined with technical assistance to smaller PO's;
- On the other hand, FARMA reaches out to smaller PO's indirectly by providing services to lead companies in value chains that buy produce from smaller PO's. There are several larger PO's in FARMA II database that buy products from smaller PO's and this has also been considered to avoid double counts in the monitoring system. However, no specific and detailed information is available on the number of PO's indirectly reached through these larger companies, though this number is likely to be considerable.

It is likely that more explicit and better tailored strategies and actions will contribute to more impact, particularly among smaller producers. This is also illustrated in the reconstructed ToC that is developed in this report.

FARMA has applied gender-disaggregated reporting and it provides data on the number of women that participate in its activities. Participation of women in training and TA activities has almost tripled since 2016, from 527 in that year to 1.439 in 2019. Also, in relative figures the participation of women has increased from 32% in 2016 to 38% in 2019. The annual reports also contain a section on gender equality and other cross-cutting issues.

Looking at female owned or managed PO's in FARMA II business results database, the number of 54 female owned or managed companies constitute 20% of the total number of companies in the database.

Both these percentages for female participation and ownership can be considered well in-line if not above average figures in the agricultural sector. This indicates that FARMA II has succeeded in including women in its activities and services quite effectively.

An interesting finding in this evaluation is that female-owned or managed PO's have performed better in achieving business results than male owned or managed PO's. While the reasons for this have not been investigated in-depth in the framework of this evaluation, possible explanations can be that women have performed better in taking up contents of training and applying it on the job and that women in financial management and application of grants and loans generally show a better performance.

While FARMA has provided some specific activities for women, such as the Academy for Entrepreneurship of Women and training sessions for laboratory staff preparing for certification under ISO 17025:2017, there has not been a clear and

specific approach to capitalize on the better performance of women than men in terms of business result achievement, e.g. by providing specific grant of financing modalities for female owned PO's or by organizing more activities for women, particularly in market promotion and possibly even considering branding female owned companies in marketing efforts, such as was done with the Association of Women Producers *Romanija kajmak-skorup* (skim cream from Romanija mountain region).

### **Contribution of FARMA to improvement of gender equality and human rights**

This evaluation question is to some extent also already answered under the previous section. A key message here is that while inclusion of women in activities is an important enabler to address gender equality, it is not enough. To achieve improvement and advancement of women in businesses an active and targeted approach for women is needed. While this has not been ignored, as observed above, more specific actions and services could have been considered in FARMA II.

An additional aspect of empowerment is also related with Human Right Based Approaches and this involves recognising different cultural and religious contexts in which women engage in business activities. A more diversified approach might be needed in this respect in working with PO's in the different entities in BiH. While in practice, FARMA II, might have addressed this issue, in this evaluation no evidence could be found of specific initiatives.

An important contribution of FARMA II to both gender equality and human rights (inclusion) can be seen in the selection of the sub-sector of Honey and MAP in its programme. This sub-sector is largely dominated by small and micro companies, often family-businesses. The role and position of women in these businesses is also significant. With the choice of this sector, gender equality and inclusion of smaller PO's can be further advanced. There might be specific opportunities for other sub-sectors and possibilities for processing and value-addition initiatives that are particularly relevant for women, though these are not clearly specified in plans and reports.

### **Compliance of agricultural production with sound environmental sustainability and natural resource management practices**

FARMA II addresses environmental sustainability and natural resource management in its technical assistance and grant provision. FARMA conducts regular screening of PO's on environmental performance and it prepares environmental compliance reports to USAID and Swedish Embassy. Environmental aspects are also covered in preparing and supporting PO's to achieve certification of their products and to address specific market opportunities with premiums paid for environmentally sustainable and socially responsible products.

The FARMA II project does not have specific result areas and indicators to develop and report upon progress in introducing more sound environmental practices and on access to markets with premiums paid for environmental sustainability and CSR. A specific indicator would be interesting to provide more insight into what

extent environmentally sound production practices can also lead to increased sales and income.

## 5 Conclusions

1. The original ultimate objective of FARMA II was to increase agricultural exports to the EU and to prepare BiH Producer Organisations for EU market access. It was assumed that this focus would also strengthen local and national market access by PO's and these aspects have been included in other objectives and targets of FARMA II, addressing investments, sales and employment creation. These aspects of national market access and inclusion of smaller PO's have gradually received more attention during implementation of FARMA II. Analysis of international trade statistics data on the sub-sectors targeted by FARMA doesn't show strong and lasting effects at the sub-sector and sector level, though occasional and temporal effects could be confirmed in this evaluation. There is evidence of increase of BiH exports to the EU in the period 2010-2020 (FARMA I and II implementation) in the Fruits and Vegetable (F&V) sector. However, this growth-trend was interrupted in FARMA II in 2018 and 2019 when this sub-sector went into a considerable decline. Several stakeholders express concern on market developments in F&V and indicate that these are both supply and demand related. Dairy and Poultry sectors have shown a steep decline of exports to the EU 2013 and 2014 to almost zero levels, particularly by losing Croatia as an export market when it entered the EU and adopted EU market-requirements in 2013. After 2015, dairy exports again showed a modest increase until 2017, after which export-levels to the EU stabilized at a lower level than before (66% lower in 2019 than in 2010). After a long period with virtually no poultry exports to EU in the second half of 2019, as a direct result of FARMA II actions and support, exports to EU have restarted and are now expected to show significant growth in 2020. MAP and Honey exports to the EU have been relatively modest throughout the past decade, but at the same time have shown a steady growth trend, only interrupted in 2019 with a small decrease. When comparing BiH exports in the FARMA sectors to other Balkan countries, BiH exports show better performance only compared to Montenegro since 2010. All other Balkan countries show a clearly higher performance in exports to the EU, during the entire period. This analysis of international trade data show that the FARMA II agricultural sub-sector exports have shown only limited changes and positive developments are easily set back by other (non-tariff) influencing factors. In the more direct environment of FARMA, PO's and stakeholders confirm that FARMA II has contributed to growth of exports of PO's supported by the project and the restart of poultry exports to the EU is mentioned as one of the biggest successes of FARMA II.
2. In addition to FARMA II's effects on exports, it is also relevant to consider its contribution to local, regional, and national trade in agricultural sectors. Looking at imports from the EU and the World, it becomes visible that FARMA II has

contributed to increased national trade in Poultry and Dairy more than it did in exports. And the increase of F&V imports in BiH, over the past years, is an indicator that Fruits & Vegetables sales are constrained by supply side and value addition constraints. Local demand for MAP and Honey has remained modest throughout the entire period. These trade developments have only to a limited extent influenced the market development approach and focus of FARMA II that remained primarily directed to EU market development. Local and national market development and possibilities for import substitution have only indirectly and implicitly been addressed by FARMA II: an underlying assumption was that by exposing PO's to EU market demands and requirements this would also benefit local and national market access. However, development of sales of PO's (that combine export and local and national markets) have not proceeded as planned and on this business result indicator FARMA II is not yet achieving its targets. The analysis of developments and the reconstruction of the Theory of Change of FARMA II, conducted in this evaluation exercise, show that FARMA II did not have a specific, targeted and tailor-made approach on local and national market development, also addressing challenges of inclusion of smaller PO's in FARMA and other similar market development projects. This important finding was also documented in the IPARD Meat and Dairy study of FAO that voiced a concern that policies and strategies focus too much on large registered dairy companies, ignoring 62% of Dairy production of smaller producers in BiH. The FAO study also showed that local and national markets had a massive import-substitution potential and better prospects to generate significant income for smaller farmers.

3. Analysis of the business results of the FARMA II project database (264 PO's) show that FARMA II has achieved a significant outreach among PO's in the selected sub-sectors. This is even more so, when considering the broader outreach, training and promotion activities of FARMA among a large audience of 2.146 PO's and 225 public, semi-public and private organisations, by the end of 2019. Approximately 10.000 individual participants have benefited from one or more FARMA II activities. Among the PO's, significant effects and results of FARMA II can be highlighted. Cumulative capitalization (fixed assets recorded by PO's), sales, exports and employment effects, all show growth at the aggregate level of all PO's. However, when interpreting these data for specific (average and median) PO's, these developments are quite different. In the first place, this illustrates that the impact achieved by FARMA II has increased significantly and structurally by expanding its reach among different PO's. These effects are sufficiently strong to be noticeable at sector-level, as was illustrated earlier above. Effects at the specific and individual PO level can also be noted but are much more limited. Generally higher values for average indicator-values than for median values show that these effects are more pronounced for relatively larger companies and for PO's that have been more exposed to the FARMA II project. In some cases, business results at the individual PO level has even shown declining values over time. The analysis of business results, conducted in this evaluation, suggest that FARMA II has achieved good results in the poultry and

dairy sector and this is also the case for MAP and Honey although developments in this sub-sector are more modest. In the Fruits & Vegetable sector, PO's show a clearly lower level of business results and this is in-line with the trade developments at overall sub-sector level. This evaluation shows a strong relation between the degree of exposure to Technical Assistance (TA) provided by FARMA II and the achievement of business results. A similar correlation can be seen between the size of PO's and achievement of business results. On the other hand, the analysis in this evaluation could not confirm a clear relation between grants provision and business results. Effects on women-led or owned PO's (20% of the PO's in FARMA II's database) are stronger than on male-led or owned PO's. Results at company level also seem stronger in Brčko and FbIH than in RS. Analysis of the business results of FARMA II shows that with the start of FARMA II generally larger PO's were participating while smaller PO's joined in later years. This is de-accelerating the impacts of FARMA II at the sector level. Some concern exists with more recent developments in 2019, when on some occasions at PO-level business results show a declining trend of diminishing business results. In 2019, around 20 PO's have ended their business operations or stopped reporting on their businesses and in 2020, a similar number of PO's is likely to follow. While this number of PO's that end their businesses is not particularly high and in-line with data of performance of SME's in other economic sectors, it still confirms the diminishing returns of FARMA II support over time. In addition to this effect of diminishing returns of FARMA II on PO's, several studies (such as the IPARD sector studies of FAO) and PO's and stakeholder organisations interviewed in this evaluation also show that external and structural constraints limit the PO's opportunities to maintain and expand their businesses, such as (security of) access to land, access to finance, and political constraints. More recently, also Covid-19 presents a significant new challenge for PO's to remain in business, although this evaluation shows that, in spite of difficulties (a decrease of 20% in general sales is expected), most PO's indicate they can survive this current crisis.

4. FARMA II, during the first years has had a strong focus on supporting public sector organisations in developing policies, legislation and regulations. In total 31 pieces of legislations reported in FARMA II could all be confirmed in this evaluation. Stakeholders and PO's confirm that these pieces of legislation and regulation is impacting their businesses positively, though at the same time they also indicate that policies and legislation also need to be effectively implemented and this is not always the cases. Particularly the larger and exporting PO's show more in policies as the impact they receive is more direct and also some of the sector associations are more engaged in policy dialogue. Overall, trust in commitment and effective capacities of public sector institutions and their willingness to engage in public-private cooperation and partnership is limited, particularly among smaller PO's. Stakeholders indicate that it more pressure on institutional actors in agriculture at federal and state levels is needed to improve coordination, monitoring and enforcement of application of legislation. This is key to true institutional sustainability of the policy interventions in FARMA II

and in this respect, stakeholders show concern that FARMA II, more recently, has moved away from this line of work. In support of policy development, FARMA II has booked a very important and highly visible result. This was the development of the Strategic Plan for Rural Development of BiH (2018-2021), to which FARMA II has provided significant support. The implementation of the strategy has started, and it was recognised as ‘condition fulfilled’ by the EU, which unlocked EU funds for agricultural development. Currently there are talks to prepare a renewal of the strategic plan, which is a promising sign of sustainability of FARMA II’s effects in this area, though sensitivities in who should be leading this process exist, reflecting challenges in BiH’s government set-up and also in engaging with international actors (such as FARMA II and others) to support this process.

5. FARMA II has integrated some key recommendations of past evaluations and particularly the MTR of FARMA II:
  - Support to smaller companies is increasing over time and TA and grants are increasingly provided to smaller PO’s;
  - Women led PO’s do better and are included in FARMA II (20% seems a reasonable figure, compared to overall data on gender and business ownership in BiH);
  - Phasing out of the Agmentor (TA support facility) activities from the project. However, the follow-up of these recommendations has had a diverse effect on the impact and sustainability of FARMA II. The recommendation to increase support to smaller PO’s is reducing the impact at sector level and effects of FARMA II on agricultural exports, as is shown in the analysis of business results and impacts on PO’s in this evaluation and this should be recognised in target setting in the FARMA II project agreements. Additionally, increased support to smaller PO’s is likely to require a specific approach and tailored actions to smaller PO’s and also a focus on different markets, as is suggested in the reconstructed ToC in this evaluation report. While women-owned companies are sufficiently to well-represented in FARMA II and gender-disaggregated reporting is provided in the FARMA II reports, the better performance of female-led PO’s is not yet translated in specific targeted support strategies to these PO’s. While there was certainly enough evidence in previous reviews that the design and approach of the Agmentor-facility to provide TA and BDS support to PO’s was deficient and not sustainable, the recommendation to phase out this modality was not accompanied with a recommendation to develop alternatives in establishing and strengthening a BDS and TA institutional support environment and to strengthen linkages of FARMA II to other service providing institutions, did not contribute to develop an exit and sustainability strategy for FARMA II, that remains too much as a stand-alone externally funded project structure. A non-performing action to this end in the project was discarded without developing an alternative.
6. FARMA has not yet integrated other recommendations of the MTR of FARMA II:
  - More attention to PO’s in RS was recommended, though this group has remained relatively small in the entire FARMA target-groups;

- More attention to Public Sector and support to policy development were recommended in the MTR. In fact, a contrary decision was made in the FARMA II project to dedicate less attention to the public sector and policy and support environment, due to low performance and limited reliability of public sector institutions. The project has moved more to the private sector. This evaluation shows that PO's in RS have remained a smaller target group in FARMA II, while PO's in RS, which are generally smaller than in FBiH and Brčko face more problems in achieving business results. Resolving the challenge to increase participation of PO's in RS, it might be required to follow a specific and tailor-made approach to achieve this. The decision of FARMA II to increase the focus on private sector and move away from the public sector seems strange in the light of the MTR and other studies on agricultural development in BiH. Without efforts to support linkages with (public sector) and other institutional service providers, the sustainability of the FARMA II project seems seriously threatened. This is a key challenge to be addressed not only by the FARMA implementing staff, but also by USAID and the Swedish Embassy, who were involved in the decision taking on the course of FARMA II. Achieving public sector linkages and improving institutional sustainability require significant efforts to harmonise interventions. At the root of institutional sustainability lies the commitment from responsible ministries and departments to coordinate and control public and development partners' spending in agricultural and other projects. This perspective on institutional sustainability should not have been abandoned by the project and even more so by the supporting development partners.
7. The strategy of support to PO's, particularly during the final phase after the MTR and during the extension period until mid-2021, is to intensify grant giving and to combine grant-giving with targeted Technical Assistance (TA) particularly for smaller PO's. However, effects of grant-giving are not so clear in the analysis of the FARMA II database and require more analysis. Finance and investment needs of PO's and particularly those of exporting companies are considerable and possibly beyond the size of grants that are applied by FARMA. Linking PO's with other finance facilities and with banks and with efforts to deepen the financial sector in BiH are not included in the FARMA II design and ToC. This indicates a structural weakness of the project, particularly when looking at financial sustainability aspects. The grant-giving in FARMA II has had a strong component of matching grants, as PO's on average have contributed with approximately 75% self-finance (from saving and loans), which is a positive sign for future sustainability. However, at the same time it should be recognised that any grant-giving mechanism for the long-term is not sustainable and it also contains a risk of habituating PO's to subsidies and subsidized lending. This risk could be mitigated by a clear approach of grooming and preparation to deal with commercial finance facilities, particularly in the current times now that interest rates are particularly low. This could include using granting for the preparation of business plans and loan proposals of PO's and subsequently lead them to finance facilities. Additional facilities, already supported by Sweden and USA in BiH,

such as guarantees can further help to build a finance infrastructure that can provide sustainable financial services to PO's. This approach and attempts to secure linkages have not been observed in the FARMA II planning and implementation.

8. The ToC of FARMA included two pathways of change and a third pathway was suggested during the ToC workshop in this evaluation, which is related to strengthening of institutional support structure for agricultural market development in addition to support to the PO's and the support to policy strengthening (that was downgraded in the final phase of the project). In order to strengthen impact perspectives and sustainability of the FARMA II project, it would make sense to develop interventions to cover three pathways of change or to look for possibilities for partnerships with other institutions that could address other specific pathways. This was not yet sufficiently done in the current FARMA II set-up, as it remained largely a project-based external facility in BiH without close institutional linkages with BiH institutions in the public sector and in the public-private ecosystem of business enabling environment.
9. Although FARMA activities follow a value chain approach and there are examples of this approach in several of the interventions of FARMA, opportunities for developing and implementing value chain approaches could still be strengthened. These approaches could also more clearly include local, national and regional markets in addition to exploring EU market entry. More specific attention and actions could be developed for specific supply side constraints, market requirements, value addition and product and market diversification. These more tailored interventions are particularly relevant for F&V, MAP and Honey and specific sub-products in the Dairy sector, while support to poultry and milk might be phasing out, as PO's in these sectors, by now, have found their effective market entry.
10. The Government set-up and policy environment for agricultural development in BiH are challenging. As observed in the MTR of FARMA II, this requires more attention (in addition to the focus on private sector in FARMA II) and this should include USAID, the Swedish Government and the EU to engage in a policy dialogue with the BiH Governments at national and entity level. While FARMA II can provide technical support for policy development and institutional arrangements in the agricultural sectors, more effort is needed at the political dialogue level. Close cooperation with EU4Business and Agriculture can be helpful to this effect, though is not yet sufficiently established until present. The Swedish Embassy has remained too much of a 'sleeping' partner in FARMA II (see to the EBA evaluation in 2018) and as an important development partner of BiH could be more visible alongside USAID in efforts to engage in a stronger policy dialogue with BiH on agricultural sector development. Alongside Sweden and USA, other international development partners are engaged in ongoing dialogue efforts with the Governments of BiH are the EU: Czech and German governments; UNDP (as implementing partner of EU4Business and EU4agro); FAO; and IFAD. FARMA II's expertise and experiences need to be used as inputs in this dialogue.

11. While most of the indicators to measure FARMA II's progress and business results are useful to describe and monitor the developments and effects of the projects, the indicators on job creation are more disputable. In the first place, in an earlier stage of FARMA II, it was already concluded that the indicator of temporal and seasonal employment could not be measured in a reliable way and thus was discarded from the indicator set. However, by discarding this indicator, it is clear that many and significant effects of FARMA II cannot be visualised and analysed anymore. A large part of employment provision in agriculture is seasonal and temporal and additionally a large part of the employment, particularly in smaller PO's is family labour, which is even more difficult to quantify. While it is understandable that the indicator of seasonal and temporal employment was discarded, the indicator of fixed employment does not sufficiently perform to serve as a 'by proxy' indicator for agricultural employment. At best, it might work to this purpose in larger PO's and possibly better in the poultry and dairy sector where these larger PO's are active. However, still the reality of smaller PO's in these sectors remain invisible. In the second place, the employment indicator is also problematic in describing development and income effects in specific agricultural sectors. Particularly in agricultural production and processing and value addition, automation is an important and necessary approach to increase productivity and quality of production (also from a food-safety perspective). Therefore, the indicator of job-creation might not describe a desired development in improving profitability and market development for agricultural producer and processing companies. It is likely that other alternative indicators could be found that better describe income and poverty reduction aspects in the agricultural sector.
12. FARMA II with support and follow-up by MEASURE of EU, has developed an extensive system for data generation, monitoring and reporting. After the MTR in 2018, some weaknesses that were observed in the FARMA II database have been addressed and the database was cleaned and improved. While the registration, processing and reporting based on these M&E data and indicators is very complete and thorough, some weaknesses in the M&E can be observed: a) in the first place the reporting on FARMA II is mostly done at cumulative level of all PO's and with disaggregated results for the different sub-sectors covered by FARMA II. However, this type of reporting does not capture the full reality of the developments and results of FARMA II, as most of the increase in business result values is caused by the increased reach of FARMA II among PO's. As such, it misses developments and results at the individual company level, which requires also looking at average and median values of results, as was done in this evaluation exercise; b) The FARMA II analysis of monitoring data has been somewhat limited to the generic and sub-sector level and as such it has missed opportunities to generate more insights in developments correlated with specific business characteristics, such as gender and ownership, size of companies, location and others; and c) over time a number of PO's drop out of the FARMA II support and reach and some of them cease to operate. This group of companies can generate very important information on why support of FARMA II is working

or not, and this knowledge isn't tapped, because FARMA II isn't following up on PO's that have ceased to exist or have stopped providing data to FARMA II.

## 6 Recommendations

### **Strategic recommendations directed to the Swedish Embassy and USAID in BiH on fostering agricultural market development activities in BiH:**

1. A comprehensive approach and strategy are required to achieve impact in agricultural market development and ultimately poverty reduction in the agricultural sector in Bosnia and Herzegovina. This **comprehensive approach** could build upon the reconstructed Theory of Change developed in this evaluation report and **should at least consist of actions focusing on direct support to the private sector, i.e., agricultural producer organisations and of actions targeting public sector entities in BiH** to develop appropriate policies, legislation and rules and regulations for agricultural production and market development, as was conceived in the design of FARMA II. **An additional area, thus far not sufficiently considered, is to develop and strengthen linkages within the private sector and between public and private sector organisations to enable partnerships in setting up a proper enabling institutional support environment for agricultural market development.** If Sweden and USA wish to continue their support Agricultural market development in BiH, the Embassy of Sweden and USAID, within the framework of a coherent and comprehensive Theory of Change referred to above, should identify specific interventions focusing on specific pathways in the ToC and/or develop more comprehensive interventions focusing on several pathways in the ToC. In addition to these interventions, **stronger linkages with other complementary interventions of other development actors and the Government of BiH need to be established to ensure that all key pathways in the ToC are explored** to achieve longer-term objectives and ultimately impact in agricultural market development in BiH.
2. The recommendation above will require the Embassy of Sweden and USAID to **strengthen and intensify dialogue, coordination and cooperation mechanisms with other development actors, active in the agricultural sector in BiH**, to ensure that different interventions can be better aligned and combined in a coherent approach on agricultural market development. Coordination and cooperation should be intensified with the EU (EU4Agri and EU4Business), IFAD (RCDP), FAO, the Czech and German governments who are also active in this field. Coordination and cooperation should address two complementary challenges: a) **ensure better articulation and coherence of different interventions in the agricultural sector;** and b) **contribute to a stronger policy dialogue with and leverage on the BiH Government**, at the level of all entities, to address institutional challenges, contradictions and bottlenecks in the agricultural markets development support environment.

3. The Swedish Embassy and USAID are recommended to consider alternative implementation modalities for interventions supporting agricultural market development to the FARMA II project, which was set up as a stand-alone implementation modality. FARMA II was set up as an externally funded project facility without proper linkages with and embedding in national institutions. The Swedish Embassy and USAID are recommended to look into possibilities for **continued engagement in agricultural market development building upon and cooperating with home-bred BiH institutions, preferably in a multi-stakeholder public-private sector partnership set-up**. This change of implementation modality of FARMA II is imperative to achieve sustainability of agricultural market development initiatives in BiH on the longer term.
4. The agriculture market development approach, as applied in FARMA II, should undergo **a double shift in focus to enable broader, deeper and more sustainable impact on producer organisations** and other actors in agricultural value chains, processing industries and trading companies.
  - A. it is important to recognise **that EU market access is only one out of many options to strengthen access of PO's to markets**. More inclusive approaches reaching out to smaller PO's in different sectors and regions of the country, should also consider **support actions to develop and strengthen local, regional and national markets as well as international markets (Balkan region)**. While there is no doubt that preparing PO's for EU market entry will also benefit other market-levels, specific tailored approaches than can be more effective and inclusive for specific PO-groups are missed. And additionally, market-opportunities for **import-substitution** are missed by default in the EU-market led approach. These opportunities are important in the light of the Swedish development policy framework that is calling for more inclusive approaches;
  - B. a second shift is needed **from a mostly demand-side focus on (EU) markets to a double focus that includes supply- and demand-side challenges**. Supply-chains and value-addition to agricultural produce require specific support services. While it is good to focus on market-led opportunities in supporting supply- and value-chain development, production and supply-side bottlenecks and challenges need to be resolved before leading PO's to the markets. Lack of progress in improving market access in some of the FARMA II agricultural sectors is likely to be more related to supply-side constraints than demand-side constraints.
5. The support approach to PO's in FARMA to combine the provision of grants with Technical Assistance has been continuous and in the last phase FARMA II granting is further increased. This evaluation has shown that the effects of granting cannot be clearly seen, and this finding needs to be subject to further research and analysis. Sweden and USA cooperate in a large number of countries, including in BiH, in the provision of finance to the private sector, yet provision of finance has not been explored in the FARMA II project nor did FARMA II look

for linkages with Access to Finance initiatives. The Embassy of Sweden and USAID are recommended to **review their approach in grant-giving to PO's** in the light of the findings of this evaluation and also in the light of existing alternative financing modalities. This evaluation has shown that a specific approach and financial service provision is needed for small and medium sized agricultural PO's, an important target group in FARMA II, as Microfinance is available for micro-sized PO's and Bank-loans are increasingly within reach of larger PO's. **Specific financial services and guarantee-schemes could be developed for the middle-range of agricultural PO's, possibly with specific attention to finance provision to women-owned or managed PO's** that seem to perform slightly better than average companies. **Grant-giving in FARMA II and possibly other projects should be designed much more as a grooming activity for PO's to prepare them to access finance**, e.g., in developing business plans and loan proposals to finance providers.

6. The Embassy of Sweden and USAID are recommended to **reconsider the key indicator of job-creation used in the FARMA II project**. In an earlier stage it was already concluded in FARMA II that a large part of employment in agriculture is seasonal and therefore temporal. As this temporal employment effect was difficult to measure it was discarded as a key-indicator in FARMA II. Only the creation of permanent jobs was left in the business results measuring. However, this indicator doesn't capture the full reality of agricultural employment and particularly at the level of small family enterprises, where employment is largely self- and family employment, this indicator doesn't measure effects of FARMA for these smaller PO's. Another important reason to rethink the criterion of employment in agricultural production and market development is the fact that food quality and security increasingly require automated production and processing lines to improve volumes and quality required for effective market access. In some sub-sectors a successful market-development intervention could even lead to a decrease in employment. This evaluation suggests **replacing the employment indicators by other more relevant indicators, such as price/quality ratios of agricultural produce, or development of wage-salary ratios for specific employee-categories**.

**Specific recommendations on FARMA II and possible follow-up interventions in agriculture market development addressed to the Embassy of Sweden, USAID and Cardno as implementing partner of the FARMA II intervention:**

7. The FARMA II project as a support facility to PO's has criteria and regulations for PO's eligible for support. After cleaning of the database of FARMA as a follow-up to the MTR recommendations, the database now contains clearly identified PO's. However, these PO's are still extremely diverse in terms of sector and size and many other characteristics. It is particularly relevant to have more insight in how long and how intensely different PO's can continue to benefit from the FARMA II project. This evaluation shows a clear effect of the amount of Technical Assistance provided to PO's and business results and it also shows

stronger results in specific sectors vis-à-vis others. If FARMA II is to be continued or followed up it is recommended to **develop a clear policy, guidelines and criteria for the amount of support and time in the programme PO's can benefit from the programme before "graduating" and thus allowing space for other PO's to enter. Also, at the sector- and sub-sector level criteria for graduation should be developed to allow FARMA II to focus its attention to (sub)-sectors and PO's that most need it and where developmental effects can be biggest.** This evaluation suggests that continued support to PO's in the sectors of Fruits & Vegetables and Honey and MAP and is specific higher-end value products in Dairy should be considered, while support to PO's in poultry could be phased down. At the PO-level **there should be a clear approach and policy for 'grooming' of PO's to prepare them to engage with service and finance providers in the market in BiH.**

8. **FARMA II and possible follow-up project initiatives in the same area, should Intensify support in processing and value addition of agricultural produce to resolve challenges in the supply chain and balance this support with promotional support to access markets.** This supply-side support should be tailored to specific sized PO's with specific potential for specific markets and/or in specific sectors it could focus on lead-companies in value-chains to reach out to PO's in their supply-chain. While this is, in practice, part of the FARMA II approach, this is not done with a systematic approach, follow-up and monitoring and reporting to learn from supply side constraints and value chain development challenges and improve and tailor approaches in the future.
9. As this evaluation provides some evidence that women-owned or managed PO's perform slightly better than other PO's, FARMA II and follow-up projects could consider more specific and tailor-made services for female-led PO's. **Investing in female-owned or managed PO's is not only strengthening the inclusive approach in agricultural market development, but it also has the potential of stronger and more sustainable effects on the longer term.** The participation of women-owned and led PO's in the FARMA II business results database is around 20% seems well in line if not above average level in the BiH agricultural sector. However, **possibly in specific sub-sectors more women-owned or led PO's could be identified to participate in FARMA II and improve the business results of the project.**

**Specific recommendations to Cardno and MEASURE on monitoring and evaluation of results and business results of FARMA II and possible future interventions in agricultural market development:**

10. The analysis of business results in this evaluation process shows that most of the business result indicator targets are achieved and even overachieved. However, this achievement is mostly related to gradual entry of more PO's in the FARMA II project. FARMA II only presents cumulative data on its business results and while these are complying and exceeding contractual targets, these data don't

present a fully comprehensive picture of the effects of the project on specific PO's. This will require an **additional analysis of average and median results for specific categories of companies** as was done in this evaluation exercise. When looking at average and median results of these categories of companies, it can be observed that **effects of FARMA II are much less pronounced than at cumulative level and also some specific effects can be noted for specific categories of PO's that can provide powerful inputs for generation of knowledge** and lessons for future phases of FARMA and/or other interventions targeting these companies.

11. MEASURE and Cardno are recommended in the final reporting and analysis of results of the FARMA II project to consider the duration and amount of support provided by FARMA II to individual PO's and analyse differential effects of the project on companies that have been more and less exposed to the project and also the duration of their exposure. This evaluation provides an example of such an analysis, particularly in terms of amount of TA provided to PO's but going deeper in the database of FARMA II might generate more interesting insights. Such a detailed analysis is particularly recommended for the combination of granting and TA that is prioritised in the final stage of the FARMA II project. Here, the finding of this evaluation that granting has had limited effects on business results should be considered as one of the research hypotheses.
12. MEASURE and Cardno are recommended to **introduce a mechanism for monitoring and obtaining feedback from companies that cease to operate after having participated in FARMA II**. While the number of companies in the FARMA II database that haven't reported sales in 2019 and others that have closed down in 2020 isn't alarmingly high, FARMA II does not know about the situation of these PO's and the reasons for their closure. Obtaining data and feedback from this group of PO's can be very beneficial for learning and adapting services in FARMA II and possible follow up projects in similar fields.

# Annex 1 – Terms of Reference

Terms of Reference for the Evaluation of the *Fostering Agriculture Market Activities II (FARMA II)* project, Market Development, Bosnia and Hercegovina.

Date: 2020-06-22

## 1. Introduction

Fostering Agricultural Markets Activity II (FARMA II) is a five-year project jointly funded by the Swedish government and the United States Agency for International Development, USAID. FARMA II is a continuation of the successful cooperation between Sweden and USAID through the first FARMA project that was implemented between 2008-2015. The current FARMA II project runs from January 2016 to January 2021 and has a budget of 211,6 million SEK where Sweden contributes with 87 million SEK, USAID with 81 million SEK and 43,6 million SEK of the projects consist of private sector cofounding grants. The Embassy of Sweden in Sarajevo now wish to evaluate this project as it is on its last year of implementation.

## A description of the development problem in its context

In June of 2008, BiH signed a Stabilisation and Accession Association Agreement (SAA) with the EU. The SAA Economic criteria for integration within the EU requires the existence of a functioning market economy and the capacity to cope with market pressure and competitive forces within the EU. In addition, successful integration of BiH to the EU requires meeting EU standards which affect industry, SMEs, agriculture, free movement of goods and capital, and energy. The council of the European Union adopted on 21 of April 2015 a decision concluding the SAA with BiH. The Agreement entered into force on 1 June 2015.

The 2019 EU Country Progress Report issued in May 2019, concluded that “*Bosnia and Herzegovina has made some progress, but is still at an early stage of establishing a functioning market economy*”. The report also points out that Bosnia and Hercegovina still remains “*at an early stage in achieving the capacity to cope with competitive pressure and market forces within the [European] Union*”<sup>9</sup>. Extensive reform efforts need to be pursued to enable BiH to cope over the long term with the competitive pressure and market forces within the EU.

## Result Strategy with Western Balkan

The “Result Strategy for Sweden’s reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020” result area 3: *Enhanced economic*

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<sup>9</sup> EU Country Progress Report, May 2019 p. 74

*integration with the EU and development of market economy* defines expected result as:

- Enhanced capacity among institutions to continue economic integration with the EU; and
- Competitive small and medium sized enterprises make up a greater share of the economy.

### **Project description**

The FARMA II project has two components; 1) create agricultural and agri-business economic opportunities by assisting agricultural producer organizations in adopting EU and international agricultural and food standards and production techniques, producing new high-value products, and expanding domestic and international market access of producers and, 2) assist BiH government agencies to implement regulations related to food and agricultural products that meet EU and International requirements. The overall goal of the project is to increase trade and export of BiH agricultural products, and to advance BiH's accession into the European Union (EU). The theory of change is that by increasing export to EU markets, the project will contribute to inclusive economic growth in the agricultural sector and ultimately reduce rural poverty. The FARMA II project is also expected to contribute to women's economic empowerment as gender issues are meant to be mainstreamed into the project.

By increasing the economic activity of the agribusiness sector in BiH, the FARMA II project is expected to help BiH develop capacity at a local level to cope with competitive pressure and market forces within the EU. Activities and expected results of the FARMA II project hence fall under the "Market development" pillar of the "Result Strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020".

### **2. Evaluation rationale**

The Agreement between Sweden and USAID in support of the Agriculture Market Activity (AMA), signed in June 2015, stipulates in Article 11 (Evaluation) that *The Parties will conduct a minimum of two programmatic evaluations – one mid-term evaluation and a final evaluation. Unless agreed otherwise by the Parties, each party will administer and fund one evaluation. Funds for USAID's evaluation are in addition to USAID's contribution to the activity. Sida's evaluation will be funded under the funding category described above in 3.1.1(2) [In the Agreement]. The administration and procurement of this evaluation will be Sida's responsibility.* The mid-term evaluation of FARMA II, conducted in 2018, was funded by USAID hence leaving the funding of the final evaluation to Sweden.

As the FARMA II project terminates by January 2021 the final evaluation should be conducted during the last year of project implementation to assess what kind of impact the project has generated and what we can learn from this contribution. An additional purpose is to analyse and identify initiatives and programmes for Sweden's future support within this sector. Sweden should administer and procure the final evaluation according to the Agreement.

### 3. Evaluation object: Project/programme to be evaluated

The evaluation object is FARMA II. The primary objective of this evaluation is to assess the impact and sustainability of the project against the expected results formulated in the project logical framework. In addition, the evaluation should also analyse and identify initiatives and programmes for Sweden's future support within this sector

The FARMA II project provides technical assistance and training through a demand-driven program in the targeted sectors: fruits and vegetables, poultry, dairy products, honey and aromatic plants. There is also a small grant fund of 29 million SEK used to support innovative ideas, new technologies and management techniques that aims to improve the competitiveness of food and agricultural products and/or environmentally sustainable production and processing. Women producers and women-led producer organisations are prioritized in the technical assistance.

The Result Indicators of the project are the following:

- 1: Percent change in exports of assisted POs
- 2: Percent change in sales of assisted POs
- 3: Output (sales) of assisted POs as a percentage of total sub-sectoral output
- 4: Number of private legal entities and individual farmers certified in accordance with EU acquis and market requirements
- 5: Number of new direct officially registered jobs in FARMA II assisted POs
- 6: Number of POs receiving FARMA II technical assistance for improving business performance
- 7: Percentage of female participants participating in FARMA II
- 8: Total value of new investment in assisted POs
- 9: Number of public sector organizations certified in accordance with EU acquis and market requirements
- 10: Number of pieces of legislation related to agriculture and food harmonized to the EU acquis drafted and submitted to the Government(s) of B&H
- 11: Number of public sector organizations trained with USG assistance

The project was designed giving Sweden and USAID respective roles as donors where USAID was given responsibility for setting up a Grant Committee and process the Grants submitted by FARMA II. Due to the fact that USAID added a Environmental Checklist as a requirement for the approval of grants in spring 2019, many grants are waiting for approval and processing by USAID Washington. This has shown to be a bottleneck for the implementation of the FARMA II project and something evaluators should be aware of.

The FARMA II project is implemented by Cardno, contracted by USAID. Project activities are guided primary by this contract. However, lengthy discussions around the mid-term evaluation, published in May 2018, gave the project a slightly different direction when a certain discrepancy of expectations on results between Sweden and USAID was discovered. The definition of a PO (producer organization) was extended to include small-scale producers and more focus was put on rural development and women's economic empowerment. This is also important for the evaluators to be aware of when evaluating the project.

Another important thing to mention when assessing the impact and sustainability of the two phases of the FARMA project (FARMA and FARMA II) is that the previous FARMA project was implemented by Chemonics, hence possible negative statements about one partner based on bad performance of the other should be interpreted with this context in mind.

For further information, the project/programme proposal is attached as Annex D.

The intervention logic or theory of change of the project/programme shall be further elaborated by the evaluator in the inception report.

#### **4. Evaluation scope**

The evaluation scope is limited mainly to the time frame of the conducted FARMA II project implementation, 2016-2020, and should where relevant build on previous evaluation of the first and second phase of the FARMA project.

The assignment will be executed mainly in Sarajevo but field trips around the country is expected if possible.

If needed, the scope of the evaluation may be further elaborated by the evaluator in the inception report.

#### **5. Evaluation purpose: Intended use and intended users**

The purpose or intended use of the evaluation is to provide input to Sida's decision on future funding and help FARMA II to improve implementation in an exit phase. The purpose is also to help Sida to assess progress of its portfolio of projects/programmes to inform strategic decision making for the next Reform Strategy with the Western Balkans where this evaluation will be one of several assessments.

The secondary purpose of the evaluation is a desk study of prior evaluations undertaken in the area of Economic Development under the present Result Strategy and a project identification field mission on the ground in BiH. This is to help the Embassy/Sida to make a project identification analysis for interventions in the result area of Economic Development. Consultants should give recommendations on if and how Sweden should continue supporting women and men living in rural areas within a sustainable, inclusive economic development framework. Prospects of shifting from agriculture to agritourism or sustainable forestry should be discussed.

The primary intended users of the evaluation are:

- the Embassy of Sweden and Sida Eurolatin department
- USAID mission in Bosnia and Hercegovina
- the project management team of FARMA II

The evaluation is to be designed, conducted and reported to meet the needs of the intended users and tenderers shall elaborate in the tender how this will be ensured during the evaluation process. Other stakeholders that should be kept informed about the evaluation are to be found in Annex E.

During the inception phase, the evaluator and the users will agree on who will be responsible for keeping the various stakeholders informed about the evaluation.

#### **6. Evaluation objective: Criteria and questions**

The objective/objectives of this evaluation are to evaluate the *Impact* and the *Sustainability* as well as *cross-cutting issues* of the support to the FARMA II project in Bosnia and Hercegovina.

The evaluation questions are:

### **Impact**

- What is the overall impact of the project in terms of direct or indirect, negative and positive results?

### **Sustainability**

Is it likely that the benefits (outcomes) of the project are sustainable?

### **Cross-cutting challenges**

- Has the project contributed to poverty reduction in rural areas? How?
- To what extent has the intervention contributed to the improvement of gender equality?
- To what extent has the project focused at rural development/ small scale producers and women producers? What are the results achieved?
- Has the project been designed and implemented in accordance with the perspective on environment and climate change, and if so how and with what results, i.e. have risks for the environment been considered and managed?

Questions are expected to be developed in the tender by the tenderer and further developed during the inception phase of the evaluation.

## **7. Evaluation approach and methods**

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation design, methodology and methods for qualitative and quantitative data collection and analysis are expected to be fully developed and presented in the inception report.

Limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. A *gender responsive* methodology, methods and tools and data analysis techniques should be used. A clear distinction is to be made between evaluation approach/methodology and methods. The evaluator should also identify limitations and constraints with the chosen approach and method and to the extent possible, present mitigation measures to address them.

Sida's approach to evaluation is *utilization-focused*, which means the evaluator should facilitate the *entire evaluation process* with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

In cases where sensitive or confidential issues are to be addressed in the evaluation, evaluators should ensure an evaluation design that do not put informants and stakeholders at risk during the data collection phase or the dissemination phase.

## 8. Organisation of evaluation management

This evaluation is commissioned by Embassy of Sweden. The intended users are Embassy of Sweden, USAID and FARMA II whom all has contributed to and agreed on the ToR for this evaluation. The Embassy of Sweden together with USAID will approve the inception report and the final report of the evaluation and to evaluate the tenders. All intended user; Embassy of Sweden, USAID and FARMA II will participate in the start-up meeting of the evaluation, as well as in the debriefing/validation workshop where preliminary findings and conclusions are discussed. There will be two start-up meetings, one with Sida/Embassy only and one together with USAID and FARMA II representatives.

## 9. Evaluation quality

All Sida's evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation<sup>10</sup>. The evaluators shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation<sup>11</sup>. The evaluators shall specify how quality assurance will be handled by them during the evaluation process. The supplier shall ensure that any of its employees, agents and subcontractors, as well as any informant to an evaluation, whose personal data are transferred to Sida, promptly receive and take note of the information provided in Sida's Privacy Policy: <https://www.sida.se/English/About-us/about-the-website/privacy-notice/>. The supplier shall promptly inform any of its informants if their names and organisational affiliation will be included and published in the final report of an evaluation, which will be made available in Sida's publication database and in Open Aid, a web-based information service about Swedish international development cooperation.

## 10. Time schedule and deliverables

It is expected that a time and work plan is presented in the tender and further detailed in the inception report. The evaluation shall be carried out between August 2020 – November 2020. The timing of any field visits, surveys and interviews need to be settled by the evaluator in dialogue with the main stakeholders during the inception phase.

The table below lists key deliverables for the evaluation process. Alternative deadlines for final inception report, final report and other deliverables may be suggested by the consultant and negotiated during the inception phase.

| Deliverables | Participants | Tentative Deadlines |
|--------------|--------------|---------------------|
|--------------|--------------|---------------------|

<sup>10</sup> DAC Quality Standards for development Evaluation, OECD, 2010.

<sup>11</sup> Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014.

|                                                                                  |                                                                          |                                                            |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------|
| 1. Start-up meeting, Video                                                       | Embassy Sarajevo,<br>USAID mission in Bosnia<br>and Hercegovina, Cardno. | Upon signing call off<br>contract, estimated<br>mid August |
| 2. Draft methodology and<br>workplan for evaluation<br>report (inception report) | Evaluators                                                               | By end of August                                           |
| 3. Comments from intended<br>users to evaluators                                 | Embassy Sarajevo,<br>USAID mission in Bosnia<br>and Hercegovina, Cardno. | Beginning of<br>September                                  |
| 4. Data collection, analysis<br>and report writing                               | Evaluators                                                               | Through September                                          |
| 5. Debriefing/validation<br>workshop (meeting)                                   | Embassy Sarajevo,<br>USAID mission in Bosnia<br>and Hercegovina, Cardno. | Beginning of October                                       |
| 6. Draft evaluation report                                                       | Evaluators                                                               | Mid October                                                |
| 7. Comments from intended<br>users to evaluators                                 | Embassy Sarajevo,<br>USAID mission in Bosnia<br>and Hercegovina, Cardno. | Mid November                                               |
| 8. Final evaluation report                                                       | Evaluators                                                               | End of November                                            |

**The inception report** will form the basis for the continued evaluation process and shall be approved by Sida before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology (including how a utilization-focused and gender responsive approach will be ensured), methods for data collection and analysis as well as the full evaluation design. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

**The final report** shall be written in English and be professionally proof read. The final report should have clear structure and follow the report format in the Sida Decentralised Evaluation Report Template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages. The evaluation approach/methodology and methods for data collection used shall be clearly described and explained in detail and a clear distinction between the two shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed. Findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Evaluation findings, conclusions and recommendations should reflect a gender analysis/an analysis of identified and relevant cross-cutting issues. Recommendations and lessons learned should flow logically from conclusions. Recommendations should be specific, directed to relevant stakeholders and categorised as a short-term, medium-term and long-term. The report should be no more than 35 pages excluding annexes (including Terms of Reference

and Inception Report). The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation<sup>12</sup>.

The evaluator shall, upon approval of the final report, insert the report into the Sida Decentralised Evaluation Report for decentralised evaluations and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication data base. The order is placed by sending the approved report to [sida@nordicmorning.com](mailto:sida@nordicmorning.com), always with a copy to the responsible Sida Programme Officer as well as Sida's Evaluation Unit ([evaluation@sida.se](mailto:evaluation@sida.se)). Write "Sida decentralised evaluations" in the email subject field. The following information must always be included in the order to Nordic Morning:

1. The name of the consulting company.
2. The full evaluation title.
3. The invoice reference "ZZ980601".
4. Type of allocation "sakanslag".
5. Type of order "digital publicering/publikationsdatabas".

### 11. Evaluation team qualification

The proposed consultant, apart from conditions set out in the framework agreement, should have degree in agronomy, economy or other relevant area and 12 years of work experience in the area of (inclusive and sustainable) economic development. The team as a whole should have work experience from rural economic development/ market system development and EU-integration experience of working and/or reviewing of donor projects from the Western Balkans region and experience of having conducted similar assignments. It is mandatory that the evaluation team includes the following competencies: experience of working with women's economic empowerment and experience managing successful projects. At least one in the team needs to speak the Bosnian/Serbian/Croatian language. The evaluation may comprise of international and local consultants-team.

A CV of maximum 3 pages for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience.

It is important that the competencies of the individual team members are complimentary. It is highly recommended that local consultants are included in the team if appropriate.

The evaluators must be independent from the evaluation object and evaluated activities, and have no stake in the outcome of the evaluation.

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<sup>12</sup> Glossary of Key Terms in Evaluation and Results Based Management, Sida in cooperation with OECD/DAC, 2014

## 12. Financial and human resources

The maximum budget amount available for the evaluation is 700 000 SEK

The contact person at Sida/Swedish Embassy is Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo. The contact person should be consulted if any problems arise during the evaluation process.

Relevant Sida documentation will be provided by Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo.

Contact details to intended users (cooperation partners, Swedish Embassies, other donors etc.) will be provided by Emma Bergenholtz, Programme officer Economic Development at the Embassy of Sweden in Sarajevo.

The evaluator will be required to arrange the logistics such booking interviews, organising focus groups, preparing field visits, etc including any necessary security arrangements.

## 13. Annexes

### Annex A: List of key documentation

- AMA Agreement USAID signed
- FARMA II - Gender Analysis Mainstreaming - Jun 2016
- Sector performance evaluation on of USAID/Sweden Fostering Agricultural Markets Activity II (FARMA II) May 2018 (Mid-term evaluation)
- Evaluation of previous FARMA project (conducted by SIPU in February 2015)
- Strategic Plan for Rural Development of Bosnia and Herzegovina (2018-2021) Framework Document
- FARMA II Annual Report Y1
- FARMA II Annual Report Y2
- FARMA II Annual Report Y3
- FARMA II Annual Report Y4
- FARMA II Workplan Y1
- FARMA II Workplan Y2
- FARMA II Workplan Y3
- FARMA II Workplan Y4
- FARMA II Workplan Y5
- FARMA II Activity Monitoring & Evaluation Plan

### Annex B: Data sheet on the evaluation object

| Information on the evaluation object (i.e. project or programme) |                                 |
|------------------------------------------------------------------|---------------------------------|
| Title of the evaluation object                                   |                                 |
| ID no. in PLANIt                                                 | 55060027                        |
| Dox no./Archive case no.                                         |                                 |
| Activity period (if applicable)                                  | January 2016- January 2021      |
| Agreed budget (if applicable)                                    | 211,6 million SEK               |
| Main sector                                                      | Agriculture/ Market Development |

|                                            |                                                                                                               |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Name and type of implementing organisation | Cardno International Development, NGO                                                                         |
| Aid type                                   | Project                                                                                                       |
| Swedish strategy                           | Result Strategy for Sweden's reform cooperation with Eastern Europe, the Western Balkans and Turkey 2014-2020 |

| Information on the evaluation assignment                            |                               |
|---------------------------------------------------------------------|-------------------------------|
| Commissioning unit/Swedish Embassy                                  | Embassy of Sweden in Sarajevo |
| Contact person at unit/Swedish Embassy                              | Emma Bergenholtz              |
| Timing of evaluation (mid-term, end-of-programme, ex-post or other) | End-of-programme              |
| ID no. in PLANIt (if other than above).                             |                               |

### **Annex C: Decentralised evaluation report template**

### **Annex D : Project/Programme document**

To be sent upon request

### **Annex E : List of Other Stakeholders**

To be sent upon request

## Annex 2 - Document list

AETS, 2015. Evaluation of Western Balkans Investment Framework (WBIF) Final Evaluation Report. The European Union's IPA – Pre-accession instrument DG NEAR

Ardeni, Pier Giorgio Ardeni. 2015. Evaluation of the project “Fostering Agricultural Markets Activity” (FARMA). Final Report. Sida

Buhl-Nielsen E. et. Al. 2020. Evaluation of Stimulating SME growth and enhancing market and economic development, Bosnia and Herzegovina. Final Report. Sida

European Commission, 2015. BOSNIA AND HERZEGOVINA 2015 REPORT, Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

European Commission, 2019. Analytical Report Accompanying the document Communication from the Commission to the European Parliament and the Council Commission Opinion on Bosnia and Herzegovina's application for membership of the European Union

European Commission, 2019. Commission Opinion on Bosnia and Herzegovina's application for membership of the European Union

European Commission, 2019. COMMISSION IMPLEMENTING DECISION of 28.11.2019 adopting an Annual Action Programme for Bosnia and Herzegovina for the year 2019

European Commission, 2020. Commission Implementing Decision of 28.7.2020 amending Commission Implementing Decision C(2020)432 of 17.02.2020 adopting an Annual Action Programme for Bosnia and Herzegovina for the year 2020

FAO, 2012. The Cereals Sector in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FAO, 2102. Analysis of economic diversification in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FAO, 2012. Analysis of the Forest Sector in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FAO, 2012. The Fruit and Vegetable Sector in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FAO, 2012. The Meat and Dairy Sector in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FAO, 2012. The Wine Sector in Bosnia and Herzegovina, Preparation of IPARD Sector Analyses in Bosnia and Herzegovina, FAO

FARMA, 2011, 2012, 2013, 2015. Annual Reports of FARMA 2011, 2012, 2013 and 2015. Prepared for USAID and Sida

FARMA II, 2016, 2017, 2018, 2019, 2020. Annual Work Plans of FARMA II, 2016, 2017, 2018, 2019 and 2020

FARMA II, 2017, 2018, 2019, 2020. Annual Reports of FARMA II, 2016, 2017, 2018 and 2019

FARMA II, 2016-2019, Business Results and Data 2016-2019 (Annex A to annual reports)

FARMA II (AMA), 2015. Revised Budget Spreadsheet AMA 2015-2020

FARMA II, 2016. Gender Analysis and gender mainstreaming Strategy of FARMA II

FARMA II, 2018, 2019. Annual Financial Reports of FARMA II 2018, 2019. Prepared for USAID and Sida

FARMA II, 2018. FARMA II Post-evaluation Action Plan (by Cardno)

FARMA II, 2019. USAID/SWEDEN FOSTERING AGRICULTURAL MARKETS ACTIVITY II (FARMA II) REVISED ACTIVITY MONITORING & EVALUATION PLAN (AMEP)

FARMA II, 2020. Revised Grants Manual of FARMA II

FARMA II, 2020. List of legislative deliverable documents

FARMA II, 2020. Activity Mitigation Plan 2020

Green Council Organisation, 2018. Environmental policies that carry the economic development of BiH. The analysis of the Strategic Plan for Rural Development of Bosnia and Herzegovina 2018 - 2021

IMPAQ International, 2015. Improving Agricultural Competitiveness in Bosnia and Herzegovina: Impact Evaluation of USAID and Sida Fostering Agricultural Market Activity (FARMA)

IMPAQ International, 2018. Monitoring and evaluation support activity (MEASURE-BIH) Fostering Bosnia and Herzegovina's agricultural sector performance evaluation of USAID/Sweden Fostering Agricultural Markets Activity II (FARMA II) May 2018, Draft report

ITC, 2020 (website). Import and Export Statistics on Bosnia and Herzegovina and EU.

Lindahl Claes, Lindahl Julie, Söderbäck Mikael and Ivankovic Tamara, 2018. Nation Building in a Fractured Country: An Evaluation of Swedish Cooperation in Economic Development with Bosnia and Herzegovina 1995-2018. Rapport 2018:10 till Expertgruppen för biståndsanalys (EBA)

Ministry of Foreign Trade and Economic Relations (MoFTER), 2018. Strategic Plan for Rural development of Bosnia and Herzegovina, 2018-2021 (Framework document)

Sida, 2015. Concluding assessments FARMA

UNDP, 2019. Project document European Union Support to Agriculture Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI) 2020-2024.

UNDP, 2020. EU for Agriculture 2020 Summary Report (September 2020)

USAID BiH, 2008. Action Memorandum for the acting mission director on FARMA

USAID BiH, 2015. Statement of Objectives for Agricultural Market Activity (Attachment A.1)

USAID and Sida, 2008. Letter of intent on FARMA

World Bank, 2016. Report on the Federation part of the Project Financial Statements of the Agriculture and Rural development project of the Ministry of Finance and Treasury of Bosnia and Herzegovina financed by: - IDA Credit No. 4325 BOS - Swedish Grant TF 090773 FOR THE YEAR ENDED DECEMBER 31, 2016

World Bank Group, 2020. Western Balkans Regular Economic Report No.17 | Spring 2020. The Economic and Social Impact of COVID-19. The Country Notes

World Bank Group, 2020. Western Balkans Regular Economic Report No.17 | Spring 2020. The Economic and Social Impact of COVID-19. Western Balkans Outlook

World Bank Group, 2020. Western Balkans Regular Economic Report No.17 | Spring 2020. The Economic and Social Impact of COVID-19. Setting the Stage

#### Web links:

FARMA: <https://farmabih.ba>

USAID BiH: <https://www.usaid.gov/bosnia>

ITC Trade Map: <https://www.trademap.org>  
[http://www.vet.gov.ba/pdf/Aktuelnosti\\_24112015/Plan.pdf](http://www.vet.gov.ba/pdf/Aktuelnosti_24112015/Plan.pdf)  
<http://www.bata.gov.ba/novosti/default.aspx?id=926&langTag=hr-HR>  
[http://www.bata.gov.ba/Akreditirana\\_tijela/Spisak-akreditiranih-tijela.pdf](http://www.bata.gov.ba/Akreditirana_tijela/Spisak-akreditiranih-tijela.pdf)  
<https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/Program-kategorizacije-objekata.pdf>  
<http://www.vet.gov.ba/v2/hr/dokument/d294>  
<http://www.sluzbenilist.ba/page/akt/mLp7j3HBvXE=>  
<http://sluzbenilist.ba/page/akt/aeuGxvGp75Q=>  
<https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Veterinarstvo-odluke/31vet-odluka1716.pdf>  
<https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/vet-plSUSM2020.pdf>  
<http://www.vladars.net/>  
[https://www.fsa.gov.ba/old/images/izdavacka/bs-smjernice\\_2019.pdf](https://www.fsa.gov.ba/old/images/izdavacka/bs-smjernice_2019.pdf)  
[https://www.fsa.gov.ba/old/images/izdavacka/bs\\_-Tehnicke\\_smjernice\\_i\\_uputstva\\_za\\_uzorkovanje\\_za\\_kriterij\\_higijene\\_procesa\\_za\\_Campylobacter.pdf](https://www.fsa.gov.ba/old/images/izdavacka/bs_-Tehnicke_smjernice_i_uputstva_za_uzorkovanje_za_kriterij_higijene_procesa_za_Campylobacter.pdf)  
<https://fsa.gov.ba/bs/vm-bih-donesen-pravilnik-o-izmjenama-i-dopunama-pravilnika-o-mikrobioloskim-kriterijima-za-hranu/>  
[https://www.fsa.gov.ba/old/images/pravni-propisi/bs-Pravilnik\\_o\\_mikrobiolo%C5%A1kim\\_kriterijima\\_za\\_hranu\\_R02\\_64-18.pdf](https://www.fsa.gov.ba/old/images/pravni-propisi/bs-Pravilnik_o_mikrobiolo%C5%A1kim_kriterijima_za_hranu_R02_64-18.pdf)  
[https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice\\_za\\_interpretaciju\\_rezultata\\_ispitivanja\\_kvaliteta\\_meda.pdf](https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_interpretaciju_rezultata_ispitivanja_kvaliteta_meda.pdf)  
<https://farmabih.ba/assets/files/fBR11Kjb3P-prirucnik-dobre-pcelarske-praksepdf.pdf>  
<https://startbih.ba/clanak/zenica-seminar-o-pcelarstvu-i-online-prirucnik-o-dobrim-pcelarskim-praksama/117162>  
<https://www.docsity.com/sr/prirucnik-dobre-pcelarske-prakse/5701221/>  
<https://www.scribd.com/document/328511797/Prirucnik-Dobre-Pcelarske-Prak>  
[https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice\\_za\\_uzorkovanje\\_hrane\\_u\\_svrhu\\_provođenja\\_VPK\\_ostataka\\_pesticida\\_u\\_i\\_na\\_hrani\\_biljnog\\_i\\_zivotinjskog\\_porijekla.pdf](https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_uzorkovanje_hrane_u_svrhu_provođenja_VPK_ostataka_pesticida_u_i_na_hrani_biljnog_i_zivotinjskog_porijekla.pdf)  
<http://uzzb.gov.ba/wp-content/uploads/2018/04/Xylella-fastidiosa-lat.pdf>  
<http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Thaumatotibia-leucotreta-Mayrick-1913.pdf>  
<http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Halyomorpha-halys-Stal-1855.pdf>  
<http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-glabripennis.pdf>  
<http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-chinensis.pdf>  
<http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Monilinia-fructicola.pdf>  
[http://www.mpr.gov.ba/web\\_dokumenti/default.aspx?id=10631&langTag=bs-BA](http://www.mpr.gov.ba/web_dokumenti/default.aspx?id=10631&langTag=bs-BA)  
<http://www.vet.gov.ba/v2/bs/document/d376>

## Annex 3 - List of interviewees

### List of People Interviewed and consulted during inception phase

|                    |                          |                                                                                        |
|--------------------|--------------------------|----------------------------------------------------------------------------------------|
| Emma Bergenholtz   | Swedish Embassy to BiH   | Programme Officer, Development Cooperation                                             |
| Torgny Svenungsson | Swedish Embassy to BiH   | Head of Development Cooperation                                                        |
| Bob (Robert) Reno  | USAID in BiH             | Programme Officer at Program and Project Office (PPO)                                  |
| Karl Wurster       | USAID in BiH             | Acting Director of Economic Growth Team                                                |
| Elma Bukvic Jusic  | USAID in BiH             | Development Assistance Specialist                                                      |
| Edis Brkić         | USAID in BiH             | Chief of Party of USAID/BiH Monitoring and Evaluation Support Activity II (MEASURE II) |
| Bill Mays          | Cardno, emerging markets | Chief of Party /project Director of Sweden/USAID FARMA II project                      |
| Fedja Begović      | Cardno, emerging markets | Deputy Chief of Party of Sweden/USAID FARMA II project                                 |

### List of People interviewed during the research phase

|                        |                           |                                                                                                             |
|------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------|
| Mario Vignejevic       | Swedish Embassy to BiH    | Programme Officer                                                                                           |
| Bob (Robert) Reno      | USAID in BiH              | Programme Officer at Program and Project Office (PPO)                                                       |
| Bill Mays              | Cardno, emerging markets  | Chief of Party /project Director of Sweden/USAID FARMA II project                                           |
| Fedja Begović and team | Cardno, emerging markets  | Deputy Chief of Party of Sweden/USAID FARMA II project                                                      |
| Maja Dosenovic         | EUD in BiH                | Programme Manager – Agriculture and Rural Development, Fisheries, Food Safety, Veterinary and Phytosanitary |
| Vesna Grkovic          | EUD in BiH                | Programme Manager - competitiveness and innovation and SMEs development                                     |
| Ognjenka Lalović       | BiH foreign trade chamber | director/head economic department                                                                           |

|                   |                                                       |                                                                        |
|-------------------|-------------------------------------------------------|------------------------------------------------------------------------|
| Tarik Kovač       | BiH foreign trade chamber                             | project manager/export manager                                         |
| Ismar Ceremida    | UNDP in BiH                                           | EU4Agri/EU4Business Project Manager                                    |
| Halil Omanovic    | PCU Director RCDP                                     | IFAD                                                                   |
| Slaviša Jovanović | Advisor and Digital/innovation expert                 | GiZ                                                                    |
| Husnija Kudic     | FBiH Ministry of Agriculture                          | Advisor to the Minister                                                |
| Irena Jerkic      | FBiH Ministry of Agriculture                          | Head of Agricultural Extension Service Division                        |
| Gordana Rokvic    | RS Ministry of Agriculture                            | Advisor to the Minister                                                |
| Dusan Neskovic    | BiH Ministry of Foreign Trade and Economic Relations, | Assistant Minister, Department for Agriculture and Rural Development   |
| Zeljko Kovac      | BiH State Veterinary Office                           | Chief of Department for Food Safety and Conditions in Facilities       |
| Dzemil Hajric     | BiH Food Safety Agency                                | Director                                                               |
| Dragan Brenjo     | BiH Food Safety Agency                                | Former Deputy Director, Head Dept for Food Certification and Labelling |
| Ajla Dautbasic    | BiH Plant Health Administration                       | Expert Associate, Department for Plant Health Protection               |
| Nermin Smajlagic  | FBiH Administration for Inspection Affairs            | Chief Veterinary Inspector                                             |
| Dragan Mataruga   | RS Inspectorate                                       | Head of Agricultural Inspections                                       |
| Nebojsa Rakic     | BiH Poultry Coordination Body                         | Secretary                                                              |
| Predrag Milicic   | RS Poultry Association                                | Chair                                                                  |
| Miljan Erbez      | RS Dairy Association                                  | Project Coordinator                                                    |
| Armin Kurbegovic  | BiH Berry Union of Associations                       | Manager                                                                |
| Esed Smajic       | Drina plod OPZ Srebrenica (MAP & Honey)               | Director                                                               |
| Tomislav Zelenika | Helita doo Siroki Brijeg (MAP & Honey)                | Director                                                               |
| Mladen Orasanin   | Bilje i ljekobilje doo Sokolac (MAP & Honey)          | Director                                                               |
| Maida Sejtanic    | Agrom-EM doo Mostar (F&V)                             | Deputy Director                                                        |

|                    |                                             |                                    |
|--------------------|---------------------------------------------|------------------------------------|
| Ibrahim Tursunovic | Maocanka doo Maoca (F&V)                    | Director                           |
| Nenad Ljubojevic   | Uvac Rudo PZ Rudo (F&V)                     | Director                           |
| Jovan Rakic        | Rakic Komerc doo Bijeljina (poultry)        | Deputy Director                    |
| Dragoslav Bakovic  | Poljovet doo Gradacac (poultry)             | Director                           |
| Indira Omeragic    | Mlijecna industrija 99 doo Gradacac (dairy) | Director                           |
| Goran Babic        | Babic doo Srebrenik (dairy)                 | Director                           |
| Smail Berhamovic   | Berham-Import doo Visoko (poultry)          | Director                           |
| Darko Cobanov      | Eko Sir Pudja doo Livno (dairy)             | Executive Director                 |
| Almin Malisevic    | FBiH Chambers of Commerce                   | Head of Economic Department        |
| Jovanka Salatic    | RS Chambers of Commerce                     | Head of Regional Agriculture Dept. |
| Dragan Sepa        | RS Chambers of Commerce                     | Head of RS Agriculture Department  |

## Annex 4 - Evaluation Matrix

| Evaluation criteria and questions                                                                                            | Impact statements to be verified                                                                                                                                             | Indicators and research orientation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Data collection instruments                                                                                                                                                               | Sources of information                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Impact</b><br>What is the overall impact of the project in terms of direct or indirect, negative and positive results? | A. Improved agricultural and agri-business economic opportunities realised by POs in adopting EU and international agricultural and food standards and production techniques | <ul style="list-style-type: none"> <li>- <i>(FARMA II own indicators for different POs)</i></li> <li>- POs and members have diversified sources of income and buyers</li> <li>- # of farmers that show interest in and willingness to pay for increased/continued certification of products for market access</li> <li>- POs and member show increased knowledge of market and export opportunities and requirements;</li> <li>- POs and members use finance in production, processing and trading investments</li> </ul> | <ul style="list-style-type: none"> <li>- ToC Workshops</li> <li>- Desk study</li> <li>- KIIs &amp; group meetings</li> <li>- PO/site inspection visits (when possible) allowed</li> </ul> | <ul style="list-style-type: none"> <li>- Swedish Embassy and USAID</li> <li>- Cardno/TA providers</li> <li>- POs</li> <li>- Individual producers</li> <li>- BDS providers</li> <li>- Govt. Institutions</li> </ul> |
|                                                                                                                              | B. Increased and improved regulations related to food and agricultural products that meet EU and International requirements                                                  | <ul style="list-style-type: none"> <li>- <i>(FARMA II own indicators for different pieces of legislation and support structures)</i></li> <li>- POs and members perceive improved finance and investment climate and security</li> <li>- POs and members have improved confidence in agricultural support structure and policies</li> </ul>                                                                                                                                                                               | <ul style="list-style-type: none"> <li>- Survey among PO members</li> <li>- Debriefing and validation meeting</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>- Project documents</li> <li>- Context and Policy documents</li> </ul>                                                                                                      |

|  |                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                             |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------|
|  | C. Improved capacities of Govt. entities and BDS support organisations to provide relevant TA and services to POs at local level to cope with competitive pressure and market forces within the EU. | <ul style="list-style-type: none"> <li>- POs and members have higher appreciation of quality and timeliness and accessibility (pricing) of agricultural support services</li> <li>- Agribusiness support outlet services (particularly lab and certification services) have moved closer to POs</li> <li>- Agricultural support services are catering better to POs and members demands</li> <li>- Increase of quantity and quality of services that address international trade and export</li> </ul> |  | - Production and Trade Data |
|  | D. Differential effects and impacts of FARMA II for women and men and for smaller and larger POs, between different sectors and regions of BiH                                                      | <ul style="list-style-type: none"> <li>- Families of PO members have invested in housing, education and health and/or or have developed savings</li> <li>- POs and members perceive improved and more stable support policies and structures in agriculture</li> <li>- Families of PO members perceive better quality of life in rural areas than a decade ago</li> <li>- Interest of children of farmers to continue in their parent's companies or set-up own agricultural companies</li> </ul>      |  |                             |
|  | E. Existence and effects of unplanned and external influences on project implementation and its results                                                                                             | <ul style="list-style-type: none"> <li>- Amount and kind of challenges, problems and conflicts reported by POs and members in doing their businesses</li> <li>- Amount and kind of new opportunities for production and processing reported by POs and members</li> </ul>                                                                                                                                                                                                                              |  |                             |

|                                                                                                       |                                                                                                       |                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                       | F. FARMA's contribution to poverty reduction in rural areas.                                          | <ul style="list-style-type: none"> <li>- Number of relevant BDS services and structures in rural areas</li> <li>- Satisfaction of POs and members with services provided by FARMA II</li> <li>- Perception of POs and members of effects on quality of life in rural areas before and after participating in FARMA II</li> </ul> |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                              |
| <b>2. Sustainability</b><br>Is it likely that the benefits (outcomes) of the project are sustainable? | A. The extent to which market access and Trade is secured structurally and over longer-period of time | <ul style="list-style-type: none"> <li>- Sales and exports show positive trend throughout the entire FARMA II project</li> <li>- Buyers and agents are stable and willingness to engage in long-term contracts increases</li> <li>- Perception of POs and members of future market developments</li> </ul>                       | <ul style="list-style-type: none"> <li>- Desk study</li> <li>- KIIs &amp; group meetings</li> <li>- PO/site inspection visits (when possible) allowed</li> <li>- Survey among PO members</li> <li>- Debriefing and validation meeting</li> </ul> | <ul style="list-style-type: none"> <li>- Swedish Embassy and USAID</li> <li>- Cardno/TA providers</li> <li>- POs</li> <li>- Individual producers</li> <li>- BDS providers</li> <li>- Govt. Institutions</li> <li>- Project documents</li> <li>- Context and Policy documents</li> <li>- Production and Trade Data</li> </ul> |
|                                                                                                       | B. Organisational and institutional sustainability of Support Provision structures to POs and of POs  | <ul style="list-style-type: none"> <li>- Amount of income of BDs providers from POs and members</li> <li>- Amount of income from POs from their membership</li> <li>- Number of POs and BDS service providers that start/end activities</li> </ul>                                                                               |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                              |
|                                                                                                       | C. Ratification and enforcement of pieces of legislation targeted by the FARMA II project             | <ul style="list-style-type: none"> <li>- Developmental stage of pieces of legislation targeted by FARMA II and changes over time</li> <li>- Amount and kind of missing pieces of legislation mentioned by POs and farmers</li> </ul>                                                                                             |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                              |

|                                                                                                |                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. Cross-cutting Issues</b><br>To what extent has the project promoted cross-cutting goals? | A. Extent to which FARMA has focused and has achieved results at rural development and inclusion of small-scale producers and women producers. | <ul style="list-style-type: none"> <li>- % of smaller POs, members and women producers in FARMA</li> <li>- Existence of specific/tailored support services to smaller and women producers and their satisfaction with quality of these services</li> <li>- Missing services identified by smaller companies and women producers</li> </ul>       | <ul style="list-style-type: none"> <li>- ToC Workshops</li> <li>- Desk study</li> <li>- KIIs &amp; group meetings</li> <li>- PO/site inspection visits (when possible) allowed</li> <li>- Survey among PO members</li> <li>- Debriefing and validation meeting</li> </ul> | <ul style="list-style-type: none"> <li>- Swedish Embassy and USAID</li> <li>- Cardno/TA providers</li> <li>- POs</li> <li>- Individual producers</li> <li>- BDS providers</li> <li>- Govt. Institutions</li> <li>- Project documents</li> <li>- Context and Policy documents</li> <li>- Production and Trade Data</li> </ul> |
|                                                                                                | B. Contribution of FARMA to improvement of gender equality and human rights                                                                    | <ul style="list-style-type: none"> <li>- Changes in women's share of ownership of companies and share in profits</li> <li>- % of women in leadership and management of POs and BDS support organisations</li> <li>- Inclusion of different population groups (regions, minority groups) in FARMA and POs supported by FARMA</li> </ul>           |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                              |
|                                                                                                | C. Compliance of agricultural production with sound environmental sustainability and natural resource management practices                     | <ul style="list-style-type: none"> <li>- % of POs and members that have and renew specific environmental certificates</li> <li>- Willingness of POs and members to invest in environmentally sound agricultural production</li> <li>- Amount of environmental premiums on prices of products and share of premium for POs and members</li> </ul> |                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                              |

# Annex 5 - Review of Business Results

## FARMA II

In this evaluation a comprehensive analysis of business results was made of the FARMA II business results database of 264 registered PO's. (For detailed analytical tables and t-test results, see at the end of this annex for the Excel tables). This analysis has looked at a number of variables that might have influenced the impact of FARMA II support on key business indicators. A first key variable, that was agreed upon during the inception phase, was to look at differences in business results in correlation with the degree of exposure of PO's to FARMA II in terms of hours of Technical Assistance (TA) received. Three roughly equal sized groups were established:

- Category A PO's that have received up to 15 hours of TA of FARMA II (101 PO's)
- Category B PO's that have received between 15 and 40 hours of TA (90 PO's)
- Category C PO's that have received more than 40 hours of TA (73 PO's).

The impact survey that was distributed among the PO's (see section 4.4.3) also followed this basic distribution.

The underlying hypothesis for this division in three categories was that the degree of exposure of PO's to FARMA II services is likely to benefit the business results obtained. When running the analysis, a first important finding is that size of sales (and therefore size of company) is strongly correlated with the amount of TA received from FARMA II. Smaller PO's (until 10 M MAP sales turnover in 2019) are overrepresented in category A, medium sized PO's (between 1 and 10 M MAP sales in 2019) are overrepresented in category B, and larger sized PO's (above 10 M MAP) are strongly overrepresented in category C. This first important finding seems logical when considering that larger sized PO's likely have to have a bigger variety and larger demand for TA than smaller PO's. The correlation between size and amount of TA is relevant in the analysis of the survey results in section 4.4.3.

In this section, we briefly present main findings of the analysis of business results correlated with the following characteristics:

- Amount of TA received (Categories A, B and C)
- Sub-sector (Fruits & Vegetables, Dairy, MAP & Honey, Poultry)
- Sales turnover (until 1 M MAP; between 1 and 10 M MAP; above 10 M MAP)
- Grant giving or not
- Male or Female-owned or managed
- Location of PO (RS, FBiH, Brčko)
- Year of entry in FARMA

The analysis of business results has complemented cumulative reporting as done by the FARMA II project, with an analysis of average and median values for different categories of PO's as presented above. This analysis is important to gain more insight in the effects of FARMA on a typical PO in a given category. Median figures provide the most realistic picture of these effects at PO level and therefore the summary analysis in this section focuses on median values.

As this evaluation is focusing on impacts, the evaluators have decided not to follow % of allocation of results to specific PO's as was agreed between Cardno and MEASURE in the presentation of business results, to ensure that these results can be more directly attributed to FARMA support.<sup>13</sup> In this analysis all values and changes refer to the full scope of PO operations that in some cases extent well beyond FARMA's support, though are still relevant at the impact level. While doing so, the focus in this impact evaluation shifts from attributing effects and impact to FARMA II to analysing contributions of FARMA II to these effects and impacts.

### **Amount of TA received**

#### *Development of Fixed Assets (2015-2019):*

- Median fixed assets since 2016 don't show changes. In 2015 Fixed Assets were higher, showing that FARMA II started with larger companies in 2015.
- Median amounts of Fixed Assets of PO's in 2019 for category A is 0.28 M MAP; category B 1.1 M MAP and category C is 5 M MAP.
- Only category A companies have shown a constant though modest growth in Fixed Assets since 2017.

#### *Development of Investments (2015-2019)*

- Investments over time show a very volatile pattern, with years of investment followed by de-investments. Data on 2016 don't show a clear pattern. The overall median value of investments shows a strong decline in 2018 and 2019.
- Category A and B PO's show a gradual pattern of de-investments, in 2018 and 2019, while investments of category C show a volatile pattern, though with continued investments in recent years.

#### *Development of Sales (2015-2019)*

- Median sales levels have been relatively stable for all categories since 2016, though with a decline for all categories in 2019. Median sales for category A PO's

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<sup>13</sup> The methodology of assigning percentages to attribute business results to FARMA might be debatable, particularly because this percentage is not applied for all business indicators but only to selected indicators. The evaluators don't want to touch upon this aspect, as this methodology has been a result of a long discussion and negotiation between MEASURE and Cardno. In the framework of this impact evaluation the evaluator's point of view is that impact happens in the wider PO environment and this relates to overall business operations to which FARMA provides a contribution. Therefore, in this evaluation the evaluators depart from the approach of Cardno/MEASURE that is focusing on attribution to an analysis of the full business data in the table and focus on contribution. The evaluators acknowledge that also the approach chosen in this evaluation can be questioned and choices for other methods could be made.

in 2019 were at 0,5 M MAP, for category B companies this amount was 1.7 M MAP and for category C this was considerably higher at 5 M MAP.

#### *Development of Exports (2015-2019)*

- Overall median value of exports has shown a steady increase since 2016. Particularly category A PO's have shown a constant growth in exports. Category B companies also showed growth since 2016 though interrupted in 2018. Category C exports showed a steady growth though this was interrupted in 2019.
- It is quite remarkable that median value of exports in 2019 are highest for category A companies at 1.2 M MAP, while category B and C both showed 0,9 M MAP. Average sales however are more than double for category B and C PO's. This indicates that particularly a smaller number of larger companies is exporting. The same pattern can be seen at a lower level for category A companies

#### *Development of Employment (2015-2019)*

- Median levels of employment in category A and B companies are quite stable over time, except for the first year of 2015, indicating that in that in the first year of FARMA II particularly larger PO's entered the project, followed by an increased number of smaller PO's in later years.
- Category A PO's are clearly smaller with a median size of 4 jobs in 2019. Category B PO's have 11 jobs in 2019.
- Category C companies are considerably larger than A and B PO's and also show a stronger growth potential. Median size of category C PO's in 2019 was 72 employees. Potential for job-creation seems to be largely limited to this category of companies

### **Sub-sector (Fruits & Vegetables, Dairy, MAP & Honey, Poultry)**

#### *Development of Fixed Assets (2015-2019)*

- Dairy and MAP&H sectors have shown constant growth of Fixed Assets, F&V and Poultry have shown a decline, which was particularly strong in F&V
- Median Fixed assets (2019) are largest for poultry PO's at 5.8 M MAP, followed by Dairy with 2.2 M MAP. F&V (0,4 M MAP) and MAP&H (0,2 M MAP) have significantly lower fixed assets, indicating a much smaller company size.

#### *Development of Investments (2015-2019)*

- Median values of investment for F&V and MAP&H in recent years are negative. For Dairy and Poultry values are volatile, though positive in 2019

#### *Development of Sales (2015-2019)*

- Dairy PO's have shown a steady increase of sales amounting to 2.6 M MAP (median value in 2019), Poultry shows significantly higher sales and a growth until 2019, when the median figure dropped to 16,3 M MAP. MAP&H shows a volatile pattern with a strong decline in 2017 and 2018 but recuperating to 0,2 M MAP in 2019. This also confirms the picture that particularly MAP&H companies are micro-sized PO's. F&V show a decline in sales in 2018 and particularly in 2019, when median sales were at 0,8 M MAP.

*Development of Exports (2015-2019)*

- In median amounts, poultry companies are by far the largest exporters (2.4 M MAP in 2019) about four times more than the second largest exporters, the Dairy companies (0,7 M MAP). F&V exporters only export 0,3 M MAP and MAP&H only 0,2 M MAP in 2019.
- The poultry sector shows a constant strong growth in the entire period since 2016, Dairy shows a drop in 2017 and 2018 but a full recovery in 2019. MAP&H after an initial decline since 2017 show a steady increase. F&V showed an increase until 2018 but a steep drop in median level exports well below levels of 2015. This shows that particularly the F&V is facing difficult times in exporting

*Development of Employment (2015-2019)*

- Poultry companies are much larger than PO's in other sectors. Median size of Poultry PO's in 2019 was 88 employees. This sector shows a relatively strong and constant growth since 2016. Dairy companies have also shown a constant and strong growth in the same period, though at a much lower level than the poultry sector. Median employment in Dairy PO's in 2019 was at 20 employees. F&V PO's have remained stable throughout the entire period and the median size F&V PO in 2019 had 5 employees. MAP&H are the smallest companies though they have shown a modest growth to median size in 2019 of 3 employees. The strongest employment effects have occurred mainly in Poultry and Dairy companies.

**Sales turnover (micro and small PO's, small-medium PO's, medium large)***Development of Fixed Assets (2015-2019)*

- Fixed assets of small (< 1 M MAP) PO's have not shown an increase in the entire period and in 2019 were at 0,7 M MAP. Medium sized PO's (between 1 and 10 M MAP) show as steady increase of median value of Fixed assets to the level of 3.2 M MAP in 2019. The largest PO's (more than 10 M MAP) are clearly in a different league with median Fixed Assets amounting to 757 M MAP in 2019. Also, this category shows a steady increase of Fixed Assets

*Development of Investments (2015-2019)*

- Smaller PO's have started to show median de-investments in 2018 and 2019, while also medium sized PO reported de-investments in 2019. Only the largest PO's continued to invest and did this at high level with 2.7 M MAP investments in 2019.
- While 2019 showed de-investments for smaller and medium companies also the larger companies invested less than in previous years. This shows that 2019 was not a good year for investments.

*Development of Sales (2015-2019)*

- The smallest PO's showed a decline of sales in 2018 and 2019. Medium sized companies showed a decline to recover strongly in 2019. The larger companies have shown a steady increase through the entire period.

- Median sales of the smallest companies are at 0,9 M MAP in 2019. This amount is 6.8 M MAP for median sized companies and 1.237.4 M for the largest companies. These data show that the size of companies in term of sales is a strong indicator for improved sales over time and also a much stronger monetary effect than among the smaller and medium sized companies.

#### *Development of Exports (2015-2019)*

- Smaller sized companies have not performed well in terms of export. Their exports have decreased throughout the entire period and in 2019 were at 0,4 M MAP. Medium sized companies showed a constant growth of exports until 2019, only interrupted in 2018. The median exports value of this category in 2019 was 1,8 M MAP. Larger companies have shown a strong growth in exports throughout the entire period and export significantly more than the smaller sized companies with median export values of 5.1 M MAP in 2019.

#### *Development of Employment (2015-2019)*

- Not surprising the development of employment shows a similar pattern as the development of sales and exports. The smallest companies show a decrease to a median employment of 10 workers in 2019. Medium sized companies show a quite stable employment of 31 workers in 2019 and previous years. The Largest companies showed a strong and constant growth of employment and the median employment size was 7.722 in 2019. This very high level of employment is particularly caused by 1 very large company that apart from poultry is also providing employment in a chain of supermarkets in BiH. In the business results these employment figures have not been taken into account. However, in terms of impact, this growth or employment is relevant because it takes place in a lead company (as supermarket chain) that is active in a variety of agricultural value chains in BiH.

### **Grant giving**

#### *Development of Fixed Assets (2015-2019)*

- PO's that have not received grants show steady decline of median fix assets through the entire period of FARMA II, arriving at a median Fixed Assets levels of 2.1 M MAP in 2019. This amount of fixed assets is much higher than the companies that did not receive grant with a median fixed asset level in 2019 of 0,4 M MAP. This finding indicates that grants have been mostly provided to smaller PO's. The PO's that received grants show a more volatile level of fixed assets, with declines in 2016 and 2019 and with increases I 2017 and 2018.

#### *Development of Investments (2015-2019)*

- Both grantees and non-grantees show a decline of median investment levels, although non- grantees entered earlier in median de-investment levels than grantees. However median de-investment rates among grantees in 2019 were at – 5,2 M MAP those of non-grantees were at -3,2 M MAP.

#### *Development of Sales (2015-2019)*

- Median sales levels of non-grantees have declined in 2018 and 2019 to a level of 1.9 M MAP in 2019, while sales levels for grantees have also declined but only in 2019. Median sales of grantees were significant lower (at 1.6 M MAP) than those of non-grantees (at 7.1 M MAP), which again is showing that smaller PO's have received more granting. However, at the same time for both groups no significant increases can be reported in sales over time.

#### *Development of Exports (2015-2019)*

- Granting also did not have a significant different effect on exports than non-receipt of grants. Both groups shows a strong increase in exports in 2019, with declines in exports in previous years. Grant receiving companies show lower median export levels at 0,5 M MAP than non-grantees with 0.6 M MAP, again showing that smaller PO's have received more grants

#### *Development of Employment (2015-2019)*

- The fact that non-grant receiving PO's are bigger is also indicated in the median employment of these PO's that with 14 employees in 2019 is significantly bigger than for grant receiving PO's with 5 employees.
- For both groups a small increase in employment is reported, though no significant differences between the two groups can be discerned

#### **Male or Female-owned or managed**

54 of the PO's in the FARMA database are female owned or managed while 2010 PO's are male owned. This represents 20% of all PO's in the database. This percentage is well in line, if not above, of average figures of female ownership of companies in the agricultural sector.

#### *Development of Fixed Assets (2015-2019)*

- Development of median fixed assets for male owned PO's has remained quite stable over the entire period, while for female owned PO's, after a decrease in 2017 a clear increase can be seen in 2018 and 2019. Median Fixed Assets levels at 0,7 M MAP for female owned companies in the last two years of FARMA were higher than for male owned PO's (0,5 MAP).

#### *Development of Investments (2015-2019)*

- Female owned PO's have shown de-investments in 2019, while male owned PO's report de-investments, in 2018 and 2019, though at a lower rate of female owned PO's. Median de-investments were 3,4 M MAP for male owned PO's and 11,7 M MAP for female owned PO's

#### *Development of Sales (2015-2019)*

- While development of median sales in male owned companies have decreased since 2017, sales of female owned PO's have increased in the same period. Also, the median levels of sales for female owned PO's in 2019, at 1.1 M MAP, is higher than male owned PO's at 0,9 M MAP. This indicates a stronger sales development potential for female owned PO's than male owned PO's/

#### *Development of Exports (2015-2019)*

- The same development as under sales and even more pronounced can be seen in the development of median export figures. While median exports of male owned companies have declined since 2016, until a level 0,3 M MAP in 2019, median exports of female owned PO's showed the opposite trend; a constant increase until 0,4 M MAP median exports in 2019.

#### *Development of Employment (2015-2019)*

- With respect to development of median employment levels in male and female owned PO's no clear trend be seen. For male owned companies the median figure remained the same at 5 throughout the entire period, while the median for female owned PO's oscillated between 5 and 7 and was 6 in 2019.

#### **Location of PO (RS, FBiH, Brčko)**

The statistical relevance of development and differences between Brčko based PO's and other entities in BiH remains limited, because the group of Brčko only counts 6 companies. 162 PO's are based om FBiH and 96 in RS. These larger numbers of PO's in FBiH and RS allow for a more reliable comparison between PO's in these two entities.

#### *Development of Fixed Assets and development of Investments (2015-2019)*

- Correlation of fixed assets levels in the different entities doesn't show a clear picture and developments are volatile in all three entities. Only with respect to median Fixed Asset levels, they are clearly higher in Brčko at 2.7 M MAP, followed by 0, 8 M MAP for FBiH and 0,5 M MAP om RS. This points mostly to a finding that PO's in Brčko are relatively large and PO's in RS are relatively small.)
- Development of investments and differences between the entities in terms of investment show the same picture. Investment levels in RS and FBiH in 2019 were negative, while in Brčko they remained positive

#### *Development of Sales (2015-2019)*

- Sales of Brčko based PO's are higher and developed more positively than in FBiH and RS, where PO's, after an increase in 2016 showed a decrease in sales in 2018 and 2019.
- Median sales of Brčko based PO's in 2019 were 2.4 M MAP, FBiH based PO's reported 1.1 M MAP and PO's reported only 0,6 M MAP

#### *Development of Exports (2015-2019)*

- Although the development of exports is quite similar as the development of sales there is one significant difference. Median exports of FBiH based PO's showed a strong increase (0,5 M MAP in 2019) (as did Brčko companies, 0,9 M MAP), while RS based PO's showed a decrease (0,2 M MAP in 2019)

#### *Development of Employment (2015-2019)*

- No effects in development of employment can be seen in FBiH and RS, where median company sizes, throughout the entire period remain at 6 and 5 respectively. Companies in Brčko in 2018 and 2019 showed sharp increase in employment to a level 25 PO's

**Year of entry in FARMA (2016, 2017, 2018, 2019)**

A final analysis was made of differences in results correlated with the year of entry in the programme. 68 PO's were supported by FARMA II since 2016, 98 PO's since 2017 and 58 since 2018. In 2019, 40 more PO's joined the projects

*Development of Fixed Assets (2015-2019)*

- In the development of assets, no clear developments as a result of entry in FARMA can be reported. The batches of 2016 and 2018 show a decline in median figures, but as figures in all years are volatile this is statistically not relevant.

*Development of Investments and sales (2015-2019)*

- Investment levels show a declining trend for all batches and investments were negative for all batches except the 2019 batch. This might be an indicator that investment effects of FARMA can mostly be felt in the first year of participation in the project and in later years these effects diminish.
- The development of sales is quite similar to the development of investments. The first two batches show a significant decrease in sales over time, particularly in the final two years of FARMA. The more recent batches report a better performance. In 2019 median sales of the 2016 batch were higher at 2.1M MAP than the 2017 batch with 0.7 M MAP. The 2018 and 2019 batches showed similar amounts in 2019 at 0.5 M MAP. This indicated that FARMA has started with larger PO's and later added more smaller PO's.

*Development of Exports (2015-2019)*

- Effects on levels of export for the different batches are volatile and no clear trend can be seen. However, the first two batches (2016 and 2017) show higher median export levels (at 0.4 M MAP) than the more recent batches of 2018 (0.3 M MAP) and 2019 (0.1 M MAP).
- These figures show a likely immediate and short-term effect of FARMA II on export levels (and also to a lesser extent on sales) of PO's, although there are also signs that these effects might leak away over time.

*Development of Employment (2015-2019)*

- No clear employment effects can be reported over time for none of the batches. Median employment has remained quite stable over time.
- Again, employment figures show that the PO's that entered FARMA in 2016 are roughly double the size of the later batches with a median figure of 11 in 2019. The other batches have between 4 and 6 in the same year.

**For the survey analysis data tables, a separate Excel file has been produced:**

Annex 5 - Analysis Business result tables FARMA II database.

This data set is available at the Swedish Embassy for direct stakeholders of FARMA II.

## Annex 6 - Trade developments in key FARMA II sectors

In order to assess if and to what extent FARMA II support to PO's in the Poultry, Dairy, Fruit & Vegetables and MAP & Honey sectors has had an impact on overall sub-sector level export figures, the evaluators have engaged in an analysis of international trade data on specific product tariff groups with specific codes registered in the FARMA II database. The list of specific product numbers is presented at the end of this annex, where also the relevant background tables for this analysis can be found.

The analysis of trade data was done at three levels:

- Development of exports and imports to the world and to EU-28 countries (including Croatia) by BiH companies in the specific sub-sectors;
- Analysis of regional level trade figures in the respective sub-sectors;
- Analysis of performance of a number of other Balkan countries in exports of the same product groups of FARMA II.

This section presents the summary key findings of this analysis.

BiH's key international trade partners in the EU and in the world in 2019 are presented in Table 13 below:

| Table 13 - BiH's key international trade partners in the EU and in the world in 2019 |        |                                            |        |
|--------------------------------------------------------------------------------------|--------|--------------------------------------------|--------|
| Top 10 EU Export Trade Partners in 2019                                              |        | Top 10 World Export Trade Partners in 2019 |        |
| Germany                                                                              | 958743 | Germany                                    | 958743 |
| Croatia                                                                              | 801690 | Croatia                                    | 801690 |
| Italy                                                                                | 745514 | Areas Not Specified                        | 762723 |
| Austria                                                                              | 623751 | Italy                                      | 745514 |
| Slovenia                                                                             | 575976 | Austria                                    | 623751 |
| Hungary                                                                              | 154384 | Slovenia                                   | 575976 |
| France                                                                               | 151302 | Montenegro                                 | 232982 |
| Netherlands                                                                          | 139124 | Turkey                                     | 167233 |
| Poland                                                                               | 96332  | Hungary                                    | 154384 |
| Czech Republic                                                                       | 91986  | France                                     | 151302 |

Legend: amount in 1000's USD. Source: [www.trademap.org](http://www.trademap.org)

Table 13 above shows that BiH's most important trade partners in 2019 are concentrated in the EU-28 area. Seven of the ten most important trade partners worldwide are EU countries. Only Montenegro and Turkey are important trade partners outside the EU. A significant part of BiH's exports destinations is not

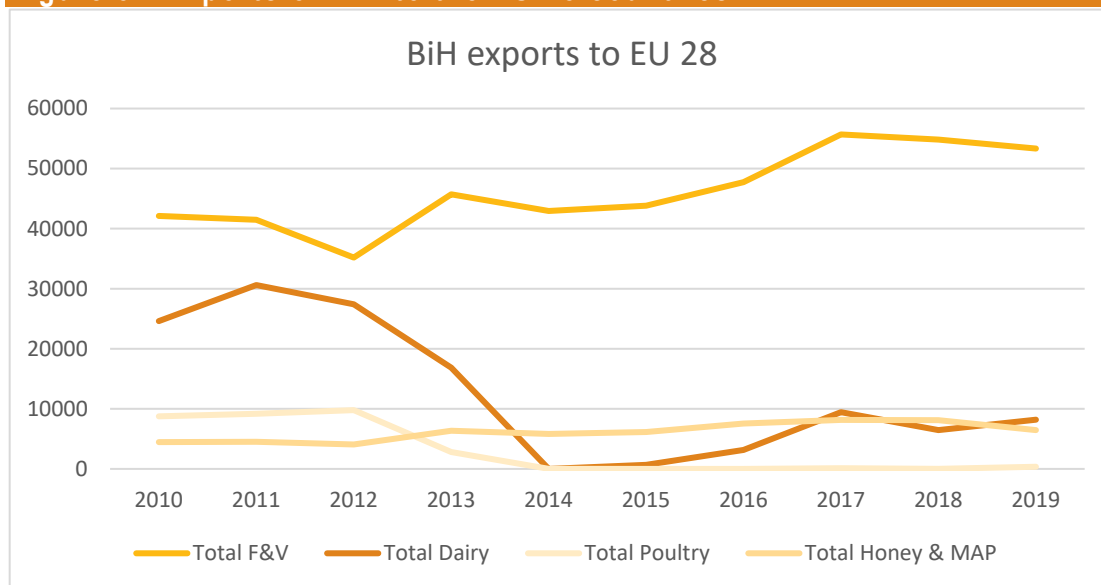
specified, but most likely these destinations are located in the Balkan region and Eastern Europe.

The composition and order of EU trade partners has virtually not undergone significant changes. The 10 most important EU trade partners remained exactly the same since 2010. Only Slovenia and Austria have switched position. At global level in 2010, Switzerland was in the top 10 of international trade partners and in 2019 was outside the top 10, while Turkey entered. Only relative positions of Slovenia, Austria and Montenegro changed with one position and exports to non-specified areas were lower in 2010.

This analysis shows that international trade partners of BiH have remained very stable throughout the past decade. The only new important trade partner of BiH is a non-EU country; Turkey. A careful conclusion of this analysis is that regardless of the process of per-accession process, the EU already constitutes a key export destination area for BiH. In terms of export diversification, this also points to the importance of other destination markets for BiH to explore possibilities for growth and diversification, such as Eastern Europe, Middle East and Asia. These options are currently also explored by the BiH Foreign Trade Chamber. On the other hand, it should also be recognised that the EU market still shows a huge potential for further growth.

Figure 8 below, shows the developments of exports of BiH to the EU-28 countries (including Croatia) in the FARMA II product sectors.

**Figure 8 - Exports of BiH to the EU-28 countries**



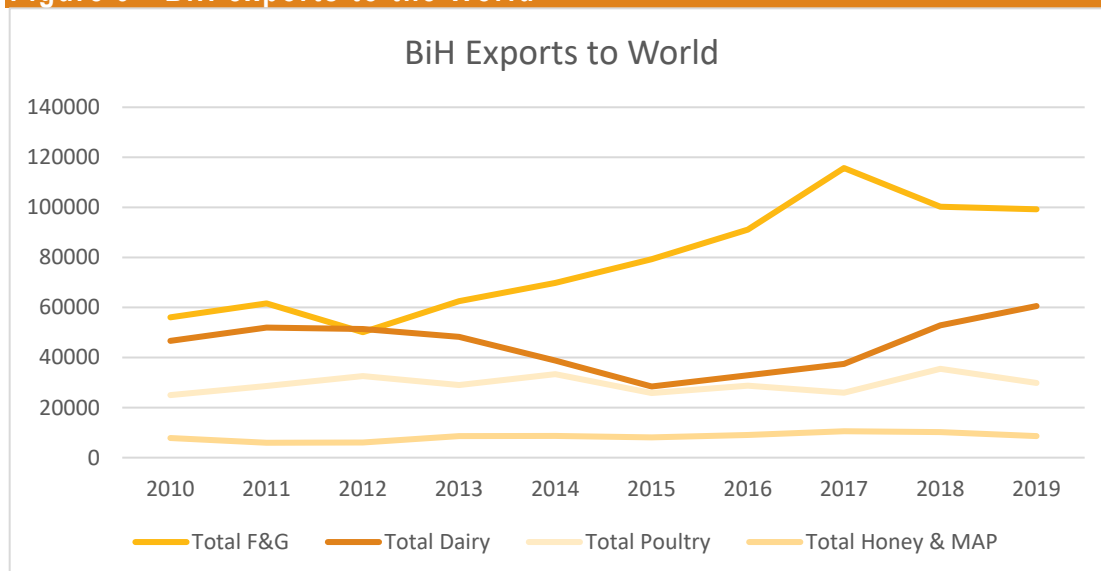
*Legend: amount in 1000's USD. Aggregated values for all product groups under FARMA sectors. Source: [www.trademap.org](http://www.trademap.org)*

Figure 8 above shows that exports in Fruits and Vegetables to the EU have expanding significantly until 2017, with some small interruptions in 2012 and 2014. However, exports in F&V are declining since 2018 and this development is confirmed by several stakeholders, who also express concerns with this development. Dairy exports to the EU have dropped almost to zero from 2011 to 2014. Only from

2016 onwards there has been a recovery but exports are still far below historical levels. Also, Poultry exports have dropped to almost zero from 2012 to 2014 and have remained at this level until 2019. This trend has been key to interventions in FARMA II that have had a strong focus on reopening of the demanding EU market for Poultry exports. In 2019 it has succeeded in doing so and first exports started to happen in September 2019 and therefore are not yet clearly visible in the trade statistics, but it is expected that poultry exports to the EU will show a steep increase in 2020. Honey and MAP exports to the EU have been modest in the last decade, but this subsector shows a steady but small increase in exports until 2018, only to be interrupted in 2019.

In order to be able to assess this export performance of FARMA II subsectors, two comparative analyses are needed. First, it is needed to look at exports level of BiH to the world, which are presented in Figure 9 below.

**Figure 9 - BiH exports to the World**



*Legend: amount in 1000's USD. Aggregated values for all product groups under FARMA sectors. Source: [www.trademap.org](http://www.trademap.org)*

F&V exports of BiH at the global level show a similar development as exports to the EU, although with a sharper decline in value in 2018 and 2019. This indicates that exports to EU have performed slightly better than global trade, to which FARMA II support might have had a contribution. At the same time the drops in exports confirm that the F&V sector is facing challenges and these challenges are not only market-related but also caused by supply-side constraints. This analysis is confirmed several stakeholders in this evaluation.

Dairy exports to the world have shown a much smaller decline since 2011 and a much sharper increase after 2015. This shows that BiH Dairy exports have found other alternative markets and that the sector is doing quite well. This analysis shows potential of further efforts to enter EU markets with Dairy products. Stakeholders confirm that the Dairy sector is doing quite well in exports, though there are

opportunities for diversification of products and investing in more local value addition and an increase of focus on high-end Dairy products.

Poultry exports to the world have remained quite stable throughout the entire decade, only to arrive at slightly higher levels in 2019. This trend points to two important findings. Firstly, BiH poultry exports have found other markets, while the EU market access was in decline. And secondly, the fact that FARMA II data confirm that production and sales have grown in poultry shows that it is likely that poultry produce has also entered national markets and has had an import substitution effect. This effect is shown in dropping import figures of poultry produce over the past decade.

The trend-lines in MAP and Honey at global level show a stable development and it underscores that the economic importance of this sector is still small. However, the fact that here EU-exports are showing an increase, while global levels are declining slightly, might be an indicator that this sector presents an important niche-opportunity for market development. This is even more relevant, when considering that MAP and Honey production, processing and trade is done by smaller PO's and also more women are involved. This shows an interesting combination of growth potential with strong poverty reduction potential.

The last part of the analysis is to look at imports of products in the FARMA sectors, as was done above for the poultry sector. In addition to the poultry sector, no other sectors with import substitution effects could be identified. However, in two sectors such potential may well exist. In F&V and Dairy sectors, since 2015, imports show a strong growing trend, indicating that local production is not sufficiently catering for the national market. This might be an important indicator for FARMA to consider in possibly reorient its focus in some sectors from EU-exports to strengthening national supply chains and value addition in specific sectors, such as F&V and Dairy.

The evaluators have also looked at BiH's exports to other Balkan countries, including Croatia (which is also part of EU-28) in the FARMA II sectors. This analysis is shown in Table 14 below.

**Table 14 - BiH's exports to other Balkan countries**

|                   | North Macedonia |      |      | Montenegro |       |       | Albania |      |      |
|-------------------|-----------------|------|------|------------|-------|-------|---------|------|------|
|                   | 2010            | 2015 | 2019 | 2010       | 2015  | 2019  | 2010    | 2015 | 2019 |
| Total F&G         | 389             | 608  | 912  | 1395       | 1338  | 2086  | 3       | 0    | 5    |
| Total Dairy       | 7133            | 7987 | 9326 | 2980       | 10165 | 19934 | 461     | 919  | 824  |
| Total Poultry     | 1119            | 7626 | 9024 | 5156       | 5225  | 7334  | 85      | 127  | 198  |
| Total Honey & MAP | 99              | 98   | 219  | 89         | 241   | 487   | 0       | 0    | 0    |
|                   | Serbia          |      |      | Croatia    |       |       |         |      |      |
|                   | 2010            | 2015 | 2019 | 2010       | 2015  | 2019  |         |      |      |
| Total F&G         | 7124            | 0    | 0    | 16344      | 8215  | 6609  |         |      |      |
| Total Dairy       | 11477           | 0    | 0    | 24614      | 691   | 7549  |         |      |      |
| Total Poultry     | 7552            | 0    | 0    | 8665       | 0     | 355   |         |      |      |
| Total Honey & MAP | 471             | 0    | 0    | 1233       | 552   | 972   |         |      |      |

Legend: amount in 1000's USD. Source: [www.trademap.org](http://www.trademap.org)

This analysis shows some interesting findings. While exports in all FARMA sub-sectors have shown consistent growth in North Macedonia and Montenegro, exports to Serbia in all sectors have dropped to 0, although some exports to Serbia might still have occurred under areas not specified. The export performance in agriculture to Serbia is in line with overall exports and related to political relations and non-tariff barriers and therefore not likely to be influenced by FARMA II. Exports in all sectors to Croatia have also shown a steep decrease, indicating that Croatia in agricultural products has decreased a lot in importance, while it has remained an important trade partner of BiH in other sectors. This finding might show a specific challenge to FARMA II, to step up efforts to promote agricultural exports to the nearby market of Croatia, where it could have comparative advantages in terms of costs, quality and timeliness. Albania, as an export market in agriculture produce has remained small and only the poultry sector shows a clear trend of increased exports, though still at a very modest level.

Finally, the evaluators have also looked at the performance of BiH in key sectors and FARMA sub-sectors in comparison of export performance of other Balkan countries in the past decade. The results are presented in Table 15 below:

| Table 15 - Performance of BiH in key sectors and FARMA sub-sectors |              |              |              |                 |              |               |             |             |             |
|--------------------------------------------------------------------|--------------|--------------|--------------|-----------------|--------------|---------------|-------------|-------------|-------------|
| Exports to EU 28                                                   | BiH          |              |              | North Macedonia |              |               | Montenegro  |             |             |
|                                                                    | 2010         | 2015         | 2019         | 2010            | 2015         | 2019          | 2010        | 2015        | 2018*       |
| 0105- live poultry                                                 | 18           | 0            | 0            | 0               | 0            | 0             | 0           | 0           | 0           |
| 0207- Poultry meat                                                 | 4010         | 0            | 58           | 0               | 29           | 6             | 0           | 6           | 1           |
| 04-Dairy&Honey                                                     | 27718        | 691          | 8186         | 191             | 150          | 469           | 0           | 43          | 47          |
| 07-Vegetables                                                      | 19025        | 14547        | 18984        | 50616           | 46693        | 49874         | 3497        | 2310        | 3715        |
| 08-Fruits &nuts                                                    | 18795        | 27281        | 28761        | 18227           | 18052        | 18045         | 2203        | 714         | 643         |
| 09-Spices                                                          | 2956         | 2986         | 4836         | 1726            | 1673         | 3315          | 65          | 295         | 62          |
| 1211-Plants for Perfume                                            | 2079         | 2005         | 2415         | 940             | 357          | 565           | 0           | 0           | 321         |
| 1602-Prepared meat                                                 | 1662         | 0            | 304          | 0               | 0            | 0             | 0           | 8           | 2           |
| 20-Prepared F&V                                                    | 8474         | 6439         | 7700         | 21503           | 22970        | 28739         | 207         | 5           | 15          |
| 3301-Essential oils                                                | 376          | 874          | 2802         | 272             | 239          | 481           | 322         | 1247        | 333         |
| <b>Total FARMA sectors</b>                                         | <b>85113</b> | <b>54823</b> | <b>74046</b> | <b>93475</b>    | <b>90163</b> | <b>101494</b> | <b>6294</b> | <b>4628</b> | <b>5139</b> |
|                                                                    |              | <b>64%</b>   | <b>87%</b>   |                 | <b>96%</b>   | <b>109%</b>   |             | <b>74%</b>  | <b>82%</b>  |
| Exports to EU 28                                                   | Albania      |              |              | Serbia          |              |               | Croatia     |             |             |
|                                                                    | 2010         | 2015         | 2018*        | 2010            | 2015         | 2019          | 2010        | 2015        | 2019        |
| 0105- live poultry                                                 | 0            | 0            | 0            | 0               | 0            | 0             | 0           | 2626        | 5447        |
| 0207- Poultry meat                                                 | 0            | 0            | 0            | 101             | 20           | 50            | 1915        | 8223        | 9196        |
| 04-Dairy&Honey                                                     | 2701         | 1513         | 1152         | 6750            | 10021        | 10746         | 10117       | 24588       | 43584       |
| 07-Vegetables                                                      | 2843         | 9313         | 26727        | 48137           | 51223        | 74003         | 3620        | 12333       | 30163       |
| 08-Fruits &nuts                                                    | 1866         | 7294         | 10190        | 254026          | 361314       | 366724        | 17699       | 22804       | 33889       |
| 09-Spices                                                          | 553          | 364          | 772          | 10647           | 8238         | 12250         | 1823        | 8599        | 13554       |
| 1211-Plants for Perfume                                            | 8971         | 16457        | 14776        | 2805            | 3459         | 3913          | 4436        | 8728        | 12179       |
| 1602-Prepared meat                                                 | 0            | 0            | 0            | 199             | 689          | 14579         | 21301       | 32477       | 44004       |
| 20-Prepared F&V                                                    | 2951         | 6406         | 16846        | 43558           | 50413        | 72333         | 14831       | 19264       | 30551       |
| 3301-Essential oils                                                | 409          | 0            | 0            | 1246            | 1456         | 1626          | 1114        | 5264        | 11135       |

|                            |              |              |              |               |               |               |              |               |               |
|----------------------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|---------------|
| <b>Total FARMA sectors</b> | <b>20294</b> | <b>41347</b> | <b>70463</b> | <b>367469</b> | <b>486833</b> | <b>556224</b> | <b>76856</b> | <b>144906</b> | <b>233702</b> |
|                            |              | <b>204%</b>  | <b>347%</b>  |               | <b>132%</b>   | <b>151%</b>   |              | <b>189%</b>   | <b>304%</b>   |

Legend: amount in 1000's USD. Source: [www.trademap.org](http://www.trademap.org)

This analysis shows that export performance of BiH compared to other Balkan countries is not among the better countries. The best performing countries in the FARMA sub-sectors are Albania and Croatia, that have achieved a tripling of agricultural exports to the EU in 2019 in just one decade. Serbia also shows consistent growth of exports to the EU over the decade with a growth of 51% in a decade. North Macedonia, after a slight drop in EU agricultural export in the first half of the decade recuperated in 2019, with a small increase of 9% in the past decade. The export performance of BiH and Montenegro are in line, with Montenegro showing a slightly poorer performance than BiH. In both countries it is noticeable that export levels have decreased significantly in the first half of the decade, particularly in BiH where in 2015, exports were only at 64% of 2010-levels. Both countries, and again particularly BiH managed to recuperate levels until 2019, arriving at 87% of 2010 levels and growing with 35% in the last four years. While it is likely that FARMA II has contributed to this recuperation of growth of agricultural exports, these data also show that similar and even stronger growth-levels have occurred in other Balkan countries (except for Montenegro). In the framework of this evaluation, a further comparative study was not possible due to time and budget constraints. Therefore, the causes of these differences could not be identified.

**Table 16 - List of product numbers considered in the FARMA II sub-sector trade analysis**

| Fruit and Vegetables |      | Dairy     |      | Poultry   |      | MAP & Honey |             |
|----------------------|------|-----------|------|-----------|------|-------------|-------------|
| T2                   | T4   | T2        | T4   | T2        | T4   | T2          | T4          |
| <b>07</b>            | 0701 | <b>04</b> | 0401 | <b>01</b> | 0105 | <b>04</b>   | 0409        |
|                      | 0702 |           | 0402 | <b>02</b> | 0207 | <b>07</b>   | 0709        |
|                      | 0703 |           | 0403 | <b>04</b> | 0407 |             | 0710        |
|                      | 0704 |           | 0404 |           | 0408 |             | 0711        |
|                      | 0705 |           | 0405 | <b>16</b> | 1602 |             | 0712        |
|                      | 0706 |           | 0406 |           |      | <b>08</b>   | 0802        |
|                      | 0707 |           |      |           |      |             | 0810        |
|                      | 0708 |           |      |           |      |             | 0811        |
|                      | 0709 |           |      |           |      | <b>09</b>   | 0909        |
|                      | 0710 |           |      |           |      |             | 0910        |
|                      | 0711 |           |      |           |      | <b>12</b>   | <b>1211</b> |
|                      | 0712 |           |      |           |      | <b>20</b>   | <b>2001</b> |
|                      | 0713 |           |      |           |      | <b>33</b>   | <b>3301</b> |
|                      | 0714 |           |      |           |      |             |             |
| <b>08</b>            | 0806 |           |      |           |      |             |             |
|                      | 0807 |           |      |           |      |             |             |
|                      | 0808 |           |      |           |      |             |             |

|           |      |  |  |  |  |  |  |
|-----------|------|--|--|--|--|--|--|
|           | 0809 |  |  |  |  |  |  |
|           | 0810 |  |  |  |  |  |  |
| <b>08</b> | 0811 |  |  |  |  |  |  |
|           | 0812 |  |  |  |  |  |  |
|           | 0813 |  |  |  |  |  |  |
| <b>20</b> | 2001 |  |  |  |  |  |  |
|           | 2002 |  |  |  |  |  |  |
|           | 2004 |  |  |  |  |  |  |
|           | 2005 |  |  |  |  |  |  |
|           | 2006 |  |  |  |  |  |  |
|           | 2007 |  |  |  |  |  |  |
|           | 2009 |  |  |  |  |  |  |

**For the trade analysis data tables, separate Excel files have been produced:**

Annex 6 - BiH Exports to EU & World and Imports from EU & World

Annex 6 - Exports BiH to Balkan

Annex 6- Comparison Balkan countries in exports in FARMA sectors

This data set is available at the Swedish Embassy for direct stakeholders of FARMA II.

# Annex 7 - PO and Stakeholder Surveys

**For the survey analysis data tables, separate Excel files have been produced:**

Annex 7 – PO survey results

Annex 7 – Stakeholder survey results

This data set is available at the Swedish Embassy for direct stakeholders of FARMA II.

## Annex 8 - Pieces of Legislation supported by FARMA II

A first part of analysis of the effects of FARMA II support in developing legislative documents on agricultural market developed consisted of a basic research to validate with one to two external sources state and status of all legislative and regulatory documents that were included in FARMA II's reports. This research included a total of 31 documents drafted in the period 2016-2019, while the project was actively engaged with the public sector. To develop these documents, the project cooperated with a total of nine institutions from all levels of government in BiH. The list of the documents was submitted by the project in the inception phase as a list of legislative deliverables related to efforts to harmonise agriculture and food legislation in BiH with the EU Acquis.

The results of the basic research are presented in Table 17. In case of all 31 documents, the existence and status of the legislative documents were corroborated mostly through written communication and interviews with representative of the partner/beneficiary institutions during the research phase of the project evaluation. In addition, majority of the documents could be found online, from at least one source, as indicated in the Table 17. Additionally, the legislative documents were also validated in interviews with representatives of POs, as and where appropriate.

A smaller number of legislative documents were drafted and adopted in response to specific circumstances, subsequently implemented and expired. On the other hand, a larger number of the documents continues to be in use or updated on regular basis. In case of only two documents there has apparently been no progress in terms of adopting the submitted. In both these cases, the legislative documents were of the form that could not be simply adopted at the level partner institutions themselves, but had to be submitted for legislative procedure with the higher level of authority. Understanding the complex procedure that this entails, it is not a big surprise that this happened and it does not undermine the output entirely. In contrast to these two documents, Strategic Plan for Rural Development in BiH (2018-2021), as document with probably the most complex development and adoption procedure, was successfully adopted at four levels of authority in BiH (BiH, FBiH, RS and BD BiH). According to BiH Ministry of Foreign Trade and Economic Relations, lead institution in charge of submitting the document for adoption to the BiH Council of Ministers at the end of the process, this was by far the biggest contribution of the FARMA II project. However, it should be noted that the Strategic Plan for Rural Development in BiH had the leverage unmatched in case of other documents that its adoption and implementation lead to unlocking of considerable EU funds for all levels of authority in BiH. This can be considered a key success result of FARMA II.

According to representatives of beneficiaries/partners, FARMA II legislative deliverables were extremely useful, beneficial, appropriate and timely. In the interviews, majority of respondents voiced their satisfaction with cooperation with FARMA II staff, selection of experts engaged and process management, and the outcomes. Contrary to this majority view,

one of the beneficiaries/partners did note that the cooperation with some of the project team has not been smooth at all times, but reported that through collaborative process they were able to overcome disagreements.

All of the interviewed representatives of beneficiaries/partners noted that it was very unfortunate from their perspective that the project discontinued cooperation with the public administration, since there were many other aspects of their work that could benefit from further technical assistance by FARMA II. In particular, according to representatives of BiH Food Safety Agency (FSA) and the Chief Veterinary Inspector in FBiH, respectively noted that major weakness of the legislative activity related to food safety and official controls in their experience was the implementation phase in which it is the inspectors that bear the brunt of this effort. Namely, the local budgets usually do not provide sufficient funds for training of the inspectors, in particular at the lower levels of authority, such as the cantons. Thus, some of the FARMA II activities in this regard are deemed as extremely valuable by the respondents.

The process of legislative drafting in BiH, in general does not provide for engagement of civil society and private sector interest groups directly in the early stages, but only in the later phase after the first draft has already been developed<sup>14</sup>. This is usually done through the process of so-called public consultations that entails pre-registration of the interested public, i.e. natural persons and civil society organisations. According to interviewed respondents from the public sector, this framework was also applied in case of legislative documents drafted as part of the FARMA II project implementation.

However, associations with membership that consists of bigger and stronger companies are also known to communicate with institutions directly over some issues that require regulation. The example cited by FSA was an issue with proper labelling of dairy products that was addressed in writing with the FSA by the association of dairy companies.

Additionally, the RS Chamber of Commerce reported in an interview that they are regularly part of the legislative drafting process in that entity, invited by the line Ministries to be engaged in the process even in the earlier stages, representing interests of the relevant sector associations.

In terms of the future legislative priorities, representatives of beneficiary/partner institutions noted continuous process of harmonisation of the BiH legislation with the EU Acquis as the biggest challenge. In particular they noted the food and veterinary laws and continuous work on strengthening the structure of official controls. In addition, BiH Plant Health Agency stressed the need for major efforts to align regulation in BiH regarding exports of the propagating material to the EU. No priorities in particular related to legislative or institutional framework were voiced by the interviewed PO's.

**Table 13 - Verification of existence and application of FARMA II supported pieces of legislation**

<sup>14</sup> For further details see:

<http://www.mpr.gov.ba/aktuelnosti/propisi/konsultacije/Default.aspx?id=7464&langTag=en-US>

## ANNEX 8 - PIECES OF LEGISLATION SUPPORTED BY FARMA II

| # | Document title                                                                                                               | Beneficiary institutions/<br>partners <sup>15</sup> | Status as reported by FARMA II | Validated | Comment                                                                                                                                                                                                                                             |
|---|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | 2016                                                                                                                         |                                                     |                                |           |                                                                                                                                                                                                                                                     |
| 1 | Road Map to create conditions that will enable export of products of plant and animal origin                                 | BiH MoFTER                                          | Drafted, submitted             | Yes       | Document originally drafted in 2011, during FARMA I project and since that time regular monitoring is done and report submitted to BiH CoM. BiH CoM reviews and adopts the report on Road Map annually. Preparation of report for 2020 is underway. |
| 2 | Methodological guideline for field inspectors for certification schemes, control of CAC plant material, sampling and testing | BiH PHA                                             | Drafted, adopted               | Yes       | Confirmed by PHA                                                                                                                                                                                                                                    |
| 3 | The Follow-up Actions on the FVO Report 2014 (Action Plan)                                                                   | BiH SVO                                             | Drafted, adopted               | Yes       | Expired<br><a href="http://www.vet.gov.ba/pdf/files/Aktuelnosti_24112015/Plan.pdf">http://www.vet.gov.ba/pdf/files/Aktuelnosti_24112015/Plan.pdf</a>                                                                                                |
| 4 | The Follow-up Actions on the FVO Report 2012-Mock inspection (Action Plan)                                                   | BiH SVO                                             | Drafted, adopted               | Yes       | Expired<br><a href="http://www.vet.gov.ba/pdf/files/Aktuelnosti_24112015/Plan.pdf">http://www.vet.gov.ba/pdf/files/Aktuelnosti_24112015/Plan.pdf</a>                                                                                                |
| 5 | Instruction on phytosanitary control on quarantine harmful organisms for phytosanitary inspectors                            | BiH PHA                                             | Drafted, adopted               | Yes       | Confirmed by PHA                                                                                                                                                                                                                                    |
| 6 | Guide for microbiological laboratories for accreditation in accordance to ISO 17025 standard                                 | BiH BATA                                            | Drafted, submitted             | Yes       | <a href="http://www.bata.gov.ba/novosti/default.aspx?id=926&amp;langTag=hr-HR">http://www.bata.gov.ba/novosti/default.aspx?id=926&amp;langTag=hr-HR</a>                                                                                             |

<sup>15</sup> BiH Ministry of Foreign Trade and Economic Relations (MOFTER), BiH Plant Health Administration (PHA), BiH State Veterinary Office (SVO), BiH Food Safety Agency (FSA), BiH Accreditation Agency (BATA), FBiH Ministry of Agriculture (MoA), RS Ministry of Agriculture (MoA), Brčko District Department of Agriculture (DoA), and FBiH Agro-Mediterranean Institute (FAZ)

# ANNEX 8 - PIECES OF LEGISLATION SUPPORTED BY FARMA II

|    |                                                                                                                                                                                |                                         |                                          |     |                                                                                                                                                                                                                                                                                                                                    |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7  | Assessment of phytosanitary laboratory FAZM 2017                                                                                                                               | BiH FAZ                                 | Drafted, submitted                       | Yes | <a href="http://www.bata.gov.ba/Akreditirana_tijela/Spisak-akreditiranih-tijela.pdf">http://www.bata.gov.ba/Akreditirana_tijela/Spisak-akreditiranih-tijela.pdf</a>                                                                                                                                                                |
| 8  | Draft Strategic Plan for Rural Development                                                                                                                                     | MoFTER, Entity MoAs, Brčko District DoA | Approved by State and Entity Governments | Yes | MoFTER, Entity MoAs, Brčko District DoA                                                                                                                                                                                                                                                                                            |
| 9  | Draft Veterinary Law                                                                                                                                                           | FBiH MoA                                | Draft submitted                          | Yes | Status unchanged                                                                                                                                                                                                                                                                                                                   |
| 10 | Decision, Instructions and Checklist for Categorization of Establishments dealing with food of animal origin                                                                   | RS Government                           | Draft submitted                          | Yes | Status unchanged                                                                                                                                                                                                                                                                                                                   |
| 11 | Decision on Categorization of Establishments dealing with food of animal origin and Instruction for categorization of establishments dealing with food of animal origin        | FBiH Government                         | Adopted                                  | Yes | Adopted in 2019; validated on FBiH MoA web site <a href="https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/Program-kategorizacije-objekata.pdf">https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/Program-kategorizacije-objekata.pdf</a>                                      |
| 12 | Instructions/guide lines for Sampling of Salmonella: sampling for broilers farms; sampling for laying hens flock farms; hatcheries; sampling for breeding flock farms.         | BiH SVO                                 | Adopted                                  | Yes | <a href="http://www.vet.gov.ba/v2/hr/dokument/d294">http://www.vet.gov.ba/v2/hr/dokument/d294</a><br>Published on the SVO web page and available to farmers and hatcheries                                                                                                                                                         |
| 13 | Decision on implementation of Program for Control of Salmonella in Poultry Sector (poultry breed Gallus Gallus) in Bosnia and Herzegovina for 2017 Official Gazette No 29/2017 | BiH SVO                                 | Adopted                                  | Yes | <a href="http://www.sluzbenilist.ba/page/akt/mLp7j3HBvXE=">http://www.sluzbenilist.ba/page/akt/mLp7j3HBvXE=</a>                                                                                                                                                                                                                    |
| 14 | Program for Control of Salmonella in Broiler Farms (poultry breed Gallus Gallus) in                                                                                            | BiH SVO                                 | Adopted                                  | Yes | <a href="http://sluzbenilist.ba/page/akt/aeuGxvGp75Q=">http://sluzbenilist.ba/page/akt/aeuGxvGp75Q=</a><br><a href="https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Veterinarstvo-odluke/31vet-odluka1716.pdf">https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Veterinarstvo-odluke/31vet-odluka1716.pdf</a> |

# ANNEX 8 - PIECES OF LEGISLATION SUPPORTED BY FARMA II

|    |                                                                                                                                                                                                                                                |                 |                                       |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | Bosnia and Herzegovina                                                                                                                                                                                                                         |                 |                                       |      | (Program is an integral part of the Decision) 24 February 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 15 | Plan for Official Control in FBiH and RS for salmonella sampling ( <a href="http://fmpvs.gov.ba/upload_files/1501161529-Plansluzbenoguzorokovanja2017.pdf">http://fmpvs.gov.ba/upload_files/1501161529-Plansluzbenoguzorokovanja2017.pdf</a> ) | FBiH and RS MoA | Adopted                               | Yes  | <a href="https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/vet-plSUSM2020.pdf">https://fmpvs.gov.ba/wp-content/uploads/2017/Veterinarstvo/Planovi-programi/vet-plSUSM2020.pdf</a><br><a href="http://www.vladars.net/">http://www.vladars.net/</a><br>RS Amended AP for Implementation of EC Recommendations (Feb 2018)                                                                                                                                                                                                    |
|    | 2018                                                                                                                                                                                                                                           |                 |                                       |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 16 | Guidelines/Manual on Good Hygiene Practices and the application of HACCP Principles at Slaughter and Cutting of Poultry                                                                                                                        | BiH FSA         | Drafted, adopted                      | Yes  | Confirmed by BiH FSA<br><a href="https://www.fsa.gov.ba/old/images/izdavacka/bs-smjernice_2019.pdf">https://www.fsa.gov.ba/old/images/izdavacka/bs-smjernice_2019.pdf</a>                                                                                                                                                                                                                                                                                                                                                                            |
| 17 | Technical Guidance and Instructions for Sampling as to Campylobacter Process Hygiene Criteria (PHC) in Broiler Carcasses                                                                                                                       | BiH FSA         | Drafted, adopted                      | Yes  | Confirmed by BiH FSA<br><a href="https://www.fsa.gov.ba/old/images/izdavacka/bs-Tehnicke_smjernice_i_uputstva_za_uzorkovanje_za_kriterij_higijene_procesa_za_Campylobacter.pdf">https://www.fsa.gov.ba/old/images/izdavacka/bs-Tehnicke_smjernice_i_uputstva_za_uzorkovanje_za_kriterij_higijene_procesa_za_Campylobacter.pdf</a>                                                                                                                                                                                                                    |
| 18 | Rulebook on microbiological criteria for foodstuffs (amendments)                                                                                                                                                                               | BiH FSA         | Drafted, adopted                      | Yes  | Confirmed by BiH FSA<br><a href="https://fsa.gov.ba/bs/vm-bih-donesen-pravilnik-o-izmjenama-i-dopunama-pravilnika-o-mikrobioloskim-kriterijima-za-hranu/">https://fsa.gov.ba/bs/vm-bih-donesen-pravilnik-o-izmjenama-i-dopunama-pravilnika-o-mikrobioloskim-kriterijima-za-hranu/</a><br><a href="https://www.fsa.gov.ba/old/images/pravni-propisi/bs-Pravilnik_o_mikrobiolo%C5%A1kim_kriterijima_za_hranu_R02_64-18.pdf">https://www.fsa.gov.ba/old/images/pravni-propisi/bs-Pravilnik_o_mikrobiolo%C5%A1kim_kriterijima_za_hranu_R02_64-18.pdf</a> |
| 19 | Instructions/guidelines for interpretation of honey sample analysis results                                                                                                                                                                    | BiH FSA         | Drafted, adopted                      | Yes  | Confirmed by BiH FSA<br><a href="https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_interpretaciju_rezultata_ispitivanja_kvaliteta_meda.pdf">https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_interpretaciju_rezultata_ispitivanja_kvaliteta_meda.pdf</a>                                                                                                                                                                                                                                                                        |
| 20 | FBiH Rulebook on Beekeeping                                                                                                                                                                                                                    | FBiH MoA        | Drafted and adopted                   | Yes, | FBiH MoA web site, FBiH Official Gazette 31/18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 21 | Guidelines measures for FBiH Beekeeping Program                                                                                                                                                                                                | FBiH MoA        | Drafted and accepted by the FBiH MoA; | Yes  | <a href="https://farmabih.ba/assets/files/fBR11Kjb3P-prirucnik-dobre-pcelarske-praksepdf.pdf">https://farmabih.ba/assets/files/fBR11Kjb3P-prirucnik-dobre-pcelarske-praksepdf.pdf</a><br><a href="https://startbih.ba/clanak/zencica-seminar-o-pcelarstvu-i-online-prirucnik-o-dobrim-">https://startbih.ba/clanak/zencica-seminar-o-pcelarstvu-i-online-prirucnik-o-dobrim-</a>                                                                                                                                                                     |

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|----|----------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                                                                                                    |         |                    |     | <a href="https://www.pcelarskim-praksama/117162">pcelarskim-praksama/117162</a><br><a href="https://www.docsity.com/sr/prirucnik-dobre-pcelarske-prakse/5701221/">https://www.docsity.com/sr/prirucnik-dobre-pcelarske-prakse/5701221/</a><br><a href="https://www.scribd.com/document/328511797/Prirucnik-Dobre-Pcelarske-Prak">https://www.scribd.com/document/328511797/Prirucnik-Dobre-Pcelarske-Prak</a>                                                                                                                                                                                     |
| 22 | Technical support on capacity building on Pesticide Residues Monitoring and Control for relevant public authorities                                | BiH FSA | Drafted, submitted | Yes | Document title that resulted from capacity building activity: Guidelines for sampling food for the purpose of implementation of Multiyear programme of pesticide residue control in and on food of plant and animal origin<br><a href="https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_uzorkovanje_hrane_u_svrhu_provodjenja_VPK_ostataka_pesticida_u_i_na_hrani_biljnog_i_zivotinjskog_porijekla.pdf">https://www.fsa.gov.ba/old/images/izdavacka/bs-Smjernice_za_uzorkovanje_hrane_u_svrhu_provodjenja_VPK_ostataka_pesticida_u_i_na_hrani_biljnog_i_zivotinjskog_porijekla.pdf</a> |
|    | 2019                                                                                                                                               |         |                    |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 23 | Guidelines for sampling and control of plant material for <i>Xylella fastidiosa</i> (Olive Quick Decline Syndrome)                                 | BiH PHA | Drafted, adopted   | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2018/04/Xylella-fastidiosa-lat.pdf">http://uzzb.gov.ba/wp-content/uploads/2018/04/Xylella-fastidiosa-lat.pdf</a>                                                                                                                                                                                                                                                                                                                                                                                                               |
| 24 | Guidelines for sampling and control of plant material for Flavescence dorée (FD)/ (Grapevine flavescence dorée)                                    | BiH PHA | Drafted, adopted   | Yes | Confirmed by PHA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 25 | Guidelines for sampling and control of plant material for Tomato ringspot virus/ringspot of tomato (transmitted from <i>Xiphinema americanum</i> ) | BiH PHA | Drafted, adopted   | Yes | Confirmed by PHA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 26 | Guidelines for sampling and control of plant material for <i>Thaumetotibia leucotreta</i> - False codling moth                                     | BiH PHA | Drafted, adopted   | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Thaumetotibia-leucotreta-Mayrick-1913.pdf">http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Thaumetotibia-leucotreta-Mayrick-1913.pdf</a>                                                                                                                                                                                                                                                                                                                                                             |

|    |                                                                                                                                           |         |                  |     |                                                                                                                                                                                                                   |
|----|-------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27 | Guidelines for sampling and control of plant material for Halyomorpha halys brown marmorated stink bug (BMSB)                             | BiH PHA | Drafted, adopted | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Halyomorpha-halys-Stal-1855.pdf">http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Halyomorpha-halys-Stal-1855.pdf</a> |
| 28 | Guidelines for sampling and control of plant material for Anoplophora glabripennis - Asian long horned beetles “Starry sky”               | BiH PHA | Drafted, adopted | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-glabripennis.pdf">http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-glabripennis.pdf</a>       |
| 29 | Guidelines for sampling and control of plant material for Anoplophora chinensis - Asian long horned beetles (Chinese long horned beetles) | BiH PHA | Drafted, adopted | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-chinensis.pdf">http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Anoplophora-chinensis.pdf</a>             |
| 30 | Guidelines for sampling and control of plant material for Diaporthe vacciniae (Phomopsis canker and dieback)                              | BiH PHA | Drafted, adopted | Yes | Confirmed by PHA                                                                                                                                                                                                  |
| 31 | Guidelines for sampling and control of plant material for Monilinia fructicola (Brown rot, twig canker)                                   | BiH PHA | Drafted, adopted | Yes | Confirmed by PHA<br><a href="http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Monilinia-fructicola.pdf">http://uzzb.gov.ba/wp-content/uploads/2019/06/Smjernice-Monilinia-fructicola.pdf</a>               |

### Review of three samples pieces of legislation by FARMA II

Secondly, the analysis looked more closely at the three specific legislative documents that had been selected in consultations with FARMA II and based on the available resources and agreed timeline of the evaluation team. Due to timeline limitations, the information for segment of the analysis was mostly gathered through general interviews with POs and representatives of the public sector aiming to gather feedback on cooperation with project and its outcomes. In addition, it was also informed by the information collected through online surveys submitted by stakeholders and beneficiaries/partners (POs).

The selected documents include: Guidelines for Sampling of Salmonella (2017); Technical Guidance and Instructions for Sampling as to Campylobacter Process Hygiene Criteria (PHC) in Broiler Carcasses (2018); and Guidelines for interpretation of honey sample analysis results

(from 2018). The beneficiary institution/partner for the first legislative document was the BiH State Veterinary Office and for the subsequent two the BiH Food Safety Agency.

In the interviews, representatives of POs from the poultry sector expressed satisfaction with the legislative documents pertaining to their sector, which are seen as essential for their success in obtaining permission for exports of poultry products to the EU. Namely, two companies from BiH were said to have already started exporting their products to the EU at the time when the evaluation interviews were conducted, while additional two were in process of obtaining the export numbers. This was commended as a very important achievement of the FARMA II project by all interviewed representatives of the POs from the poultry sector.

The POs from the poultry sector were in general satisfied with the above-mentioned documents, noting that compliance was in the interest of the companies in order to be able to export to the EU market. The sampling plans are coordinated by the Ministries of agriculture. Cooperation with the Ministries and other relevant government institutions was described as generally very good. This is all seen as part of the general effort to keep the final products safe for consumption. A representative of one of the poultry associations did note that financing of the samplings was mostly funded by the companies themselves, with the line ministries covering only 25% of the overall costs. In addition to other levies, he stressed that this was a significant financial burden for the companies. On the other hand, a company that recently started exporting eggs to the EU market, picking up where it left after its previous export had been discontinued when the neighbouring Croatia joined the EU in 2013, deems that there is still room for additional improvement. Although satisfied with the current state of affairs they would want to see even stricter implementation of the salmonella sampling and other controls.

In terms of institutional framework, occasional confusions in terms of division of competencies among the relevant institutions in the BiH set up of official controls were also recorded, but overall the system was assessed as functional. Some overlapping was also noted when talking about in various check and controls conducted by different levels of authority, on a general level.

Although they are satisfied with the current situation and business prospects, overall representatives of the POs from the poultry sector feel that there is a lot of space for improvement in terms of effectiveness and efficiency of the public sector. They would like to see them taking a lead and making quicker progress in other aspects that impact their business operations. In particular due to the Covid-19 crisis that currently did not have major adverse effect on the sector, which might change depending on for how long the pandemic continues.

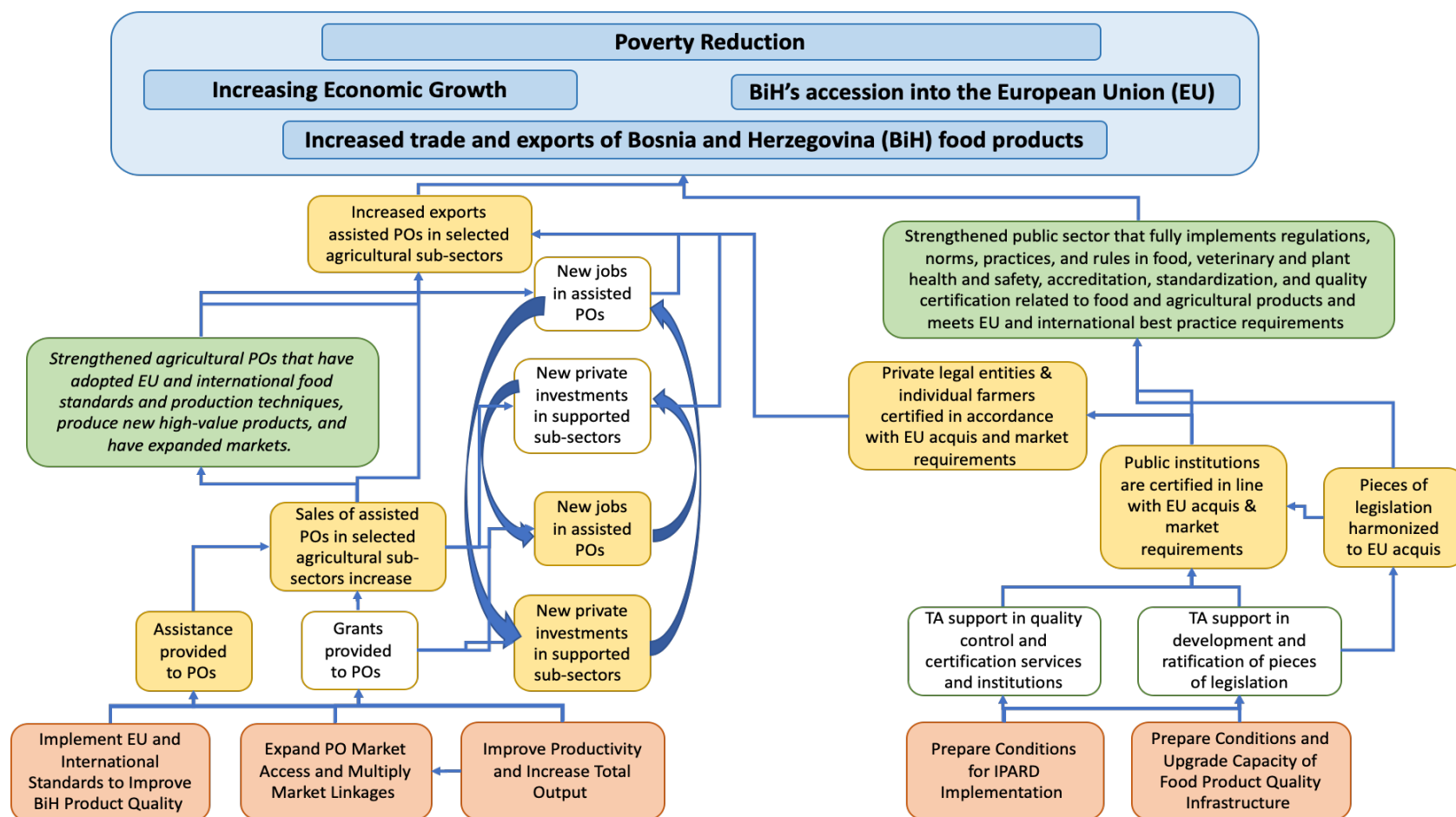
According to representative of the BiH FSA, Guidelines for interpretation of honey sample analysis results were developed in response to increasing trend of adulterated low-cost imported honey recorded in the EU market. Apparently, honey is one of the most adulterated food products in the world and BiH is no exception in this regard. This was established in the initial monitoring of honey placed on the BiH market, carried out with funds from the BiH budget. In addition, FARMA II supported development of new Rulebook, brochures, interpretation of the data and training of the inspectors. Producers of adulterated honey are apparently always one step ahead of the controls, so that efforts in this regard will continue.

According to FBiH Chief Veterinary inspector, honey monitoring and labelling activities are good examples of positive developments that should continue, despite some occasional setbacks. Apparently, monitoring was not carried out in each consecutive year due to lack of funding. Lack of funding and training for inspectors, in particular at the lower levels of

authority, were identified as a weak segment of the implementation in this case as well. However, BiH FSA expressed their clear intention to continue working on this issue in future.

According to the FBiH Chief Veterinary inspector they have seen an increase in the number of registered beekeepers, most likely in response to these activities. However, no specific feedback on this legislative document was captured through the interviews or POs survey responses.

# Annex 9 - Preliminary version of FARMA II Theory of Change



# Annex 10 - Steps and activities in evaluation process

| Activity                                                 | Description /Comments                                                                                                                                                     | Dates                     |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| <b>Inception</b>                                         |                                                                                                                                                                           |                           |
| <b>Inception</b>                                         |                                                                                                                                                                           | Sep 1-25, 2020            |
| <b>Start-up meeting with Swedish Embassy &amp; USAID</b> | Digital meeting, to mark the official start of the evaluation process                                                                                                     | September 1               |
| <b>Draft inception report</b>                            | For the development off the draft evaluation report a preliminary desk-review and a limited number of KII's was conducted                                                 | Submitted on September 18 |
| <b>Comments on draft inception report</b>                | Swedish Embassy, USAID and Cardno provided comments to the report                                                                                                         | September 23              |
| <b>Revised and Final Inception Report</b>                | <b>Submission of deliverable</b>                                                                                                                                          | <b>September 25</b>       |
| <b>Data collection and analysis</b>                      |                                                                                                                                                                           |                           |
| <b>Data collection and analysis</b>                      |                                                                                                                                                                           | Sep 28 – Oct 31, 2020     |
| <b>Desk review</b>                                       | This phase included meta-analysis of existing evaluations; comparative analysis of trade data, analysis of pieces of legislation relevant to FARMA II                     | 28 Sep. – 15 Oct.         |
| <b>ToC Workshop</b>                                      | On-line workshop with key FARMA II implementing officers and key stakeholders to discuss intervention logic and strategy of the project                                   | 2 October                 |
| <b>Key informant Interviews</b>                          | KII's, conducted as face-to-face interviews by the national expert and on-line by international experts                                                                   | 28 Sep. – 5 November      |
| <b>Surveys among POs</b>                                 | The surveys were opened at the start of the research phase until 31 October                                                                                               | 5 Oct. – 31 Oct.          |
| <b>Debriefing &amp; validation &amp; ToC workshop.</b>   | This meeting was conducted as an on-line meeting. It was with the Swedish Embassy, USAID and Cardno                                                                       | 5 November                |
| <b>Reporting and Dissemination</b>                       |                                                                                                                                                                           |                           |
| <b>Reporting and Dissemination</b>                       |                                                                                                                                                                           | 1– 27 November, 2020      |
| <b>Analysis and report writing</b>                       | Analysis commenced during the research phase and was seamlessly followed up by report writing after realisation of debriefing & validation and ToC workshop on 5 November | 1 – 18 November           |
| <b>Draft evaluation report</b>                           | <b>Submission of deliverable</b>                                                                                                                                          | <b>18 November</b>        |
| <b>Comments on draft evaluation report</b>               | A one-week timespan was included for comments by the Embassy, USAID and Cardno                                                                                            | 25 November               |
| <b>Final evaluation report</b>                           | <b>Submission of deliverable</b>                                                                                                                                          | <b>27-30 November</b>     |



## Evaluation of the Fostering Agriculture Market Activities II (FARMA II) project, market development, Bosnia and Herzegovina

The Fostering Agricultural Markets Activity II (FARMA II) project is jointly funded by the Swedish government and USAID and runs from January 2016 to July 2021. The purpose of this evaluation is to evaluate the project's impact, sustainability and cross-cutting issues. The original ultimate objective of FARMA II was to increase agricultural exports to the EU and prepare Producer Organisations for EU market access, while strengthening local and national market access has gradually received more attention. FARMA II has contributed to increased market access in agricultural subsectors, particularly in poultry and dairy and to a lesser extent in honey and medical and aromatic plants. The sector of Fruits and Vegetables is facing clear constraints. Restart of poultry exports to the EU is one of the biggest successes of FARMA II, though in all sectors more attention to national market access is needed. In policy development, an important achievement of FARMA II was the development of the Strategic Plan for Rural Development of BiH (2018–2021). Major recommendations refer to strengthening linkages between public and private sector; intensifying dialogue and cooperation mechanisms to ensure coherence of interventions and enable stronger policy dialogue; and strengthening access of, particularly smaller, PO's to local, regional, and national markets.

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