

LAW

ON SUPPORT PAYMENTS IN AGRICULTURE AND RURAL DEVELOPMENT

I GENERAL PROVISIONS

Article 1

This Law lays down the measures on support payments in agriculture and rural development (hereinafter: support payments), including the support payment models, sources, selection of priorities, support payment levels, support payment beneficiaries (hereinafter also: clients) while defining the methods of implementation, supervision of the implementation of this Law, penalty provisions, transitional and final provisions, and other payments-related matters in the Federation of Bosnia and Herzegovina (hereinafter: the Federation).

Article 2

- (1) Support payments as defined in this Law shall be implemented following the commitments specified in the Treaty on the Accession to the World Trade Organization and the EU Stabilization and Association Agreement.
- (2) The Federal Ministry of Agriculture, Water Management and Forestry (hereinafter: the Federal Ministry of Agriculture) in cooperation with the entity of the Republic of Srpska and the District of Brčko, and in coordination with the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, shall ensure harmonization of payment measures in order to comply with the commitments as defined in paragraph (1) of this Article pending the establishment of a line ministry at the level of Bosnia and Herzegovina.
- (3) For the purpose of meeting the commitments defined in paragraph (1) of this Article, the Federal Ministry of Agriculture and cantonal ministries responsible for agriculture (hereinafter: cantonal ministries) shall ensure harmonization while defining their payment measures.
- (4) Cantonal ministries shall not support production types defined in production support model outlined in Annex II – Priorities in the Production Support Models (hereinafter: Annex II), attached to this Law and forming its integral part. Cantonal ministries can provide for payments for other production types of cantonal interest as well as for production types listed in Annex II of this Law, but only up to the minimum payment level as specified in Annex II.

- (5) In the implementation of their capital investment and rural development models, cantonal ministries shall ensure harmonization with respective models at the Federation level.

II SOURCES, SELECTION OF PRIORITIES AND PAYMENT LEVELS

Article 3

- (1) Funding for payments mentioned in Article 1 of this Law shall be provided for in the Budget of the Federation of Bosnia and Herzegovina (hereinafter: Budget of the Federation) for each calendar year, including other sources of funding.
- (2) The level of funding for payments as laid down in paragraph (1) of this Article shall be 3 – 6 % of the Budget income and revenues generated in a current year in the Federation.
- (3) Aside from the funding provided for in paragraph (1) of this Article, funding allocations for payments can be provided for in cantonal and municipal budgets.

Article 4

- (1) The selection of priorities is laid down in Annex II of this Law.
- (2) Allocation levels for some support payment models, general and specific criteria for their execution that have not been prescribed by this Law including other special requirements, shall be laid down in the Agriculture and Rural Development Support Payment Program (hereinafter: Support Payment Program) in accordance with the Mid-term Strategy of the Agriculture Sector Development in the Federation of BiH.
- (3) The final proposal of the Support Payment Program shall be prepared by the Federal Ministry of Agriculture in cooperation with the Agriculture Committees of the Parliament of the Federation of Bosnia and Herzegovina.
- (4) The Support Payment Program mentioned in paragraph (2) of this Article shall be adopted by the Government of the Federation of Bosnia and Herzegovina (hereinafter: Government of the Federation) within 60 days of entering into force of the Law on the Budget Execution of the Federation of Bosnia and Herzegovina.

III SUPPORT PAYMENT MODELS AND ALLOCATION OF FUNDS

Article 5

- (1) Support payments for the purposes of this Law shall include payments within the production support measures and payments within the structural policy measures.
- (2) Support payments within the production support measures shall be implemented under the Production Support Model.
- (3) Support payments within the structural policy measures shall be implemented under the:

- Capital Investment Model
- Rural Development Model
- Income Support Model.
- Model of Other Types of Support Payments.

Article 6

- (1) Distribution of the available funds for payments within a given budget year shall be executed in such a way as to ensure that individual models be granted appropriate amounts in line with the funds available.
- (2) If the funds provided for within the framework of a model are not used within a set deadline, their reallocation to other models within the Support Payment Program may be carried out.

Article 7

- (1) The basic eligibility criterion for payments within the Production Support Model, Income Support Model and Capital Investment Model shall be the minimum overall farm output as specified in Annex I, which is part of this Law.
- (2) The overall farm output is the sum of the individual outputs expressed in production units.
- (3) The minimum individual farm output that may be included in the calculation of the overall farm output shall be 0.4 of production unit.
- (4) The minimum overall farm output as the basic criterion for a farm to be classified as a commercial farm shall be three production units. Farms that fail to comply with this criterion are non-commercial farms.
- (5) A family farm complying with the minimum overall farm output can choose the status of either a commercial or a non-commercial farm.
- (6) Commercial farms shall be entitled to support payments under the Production Support Model, the Capital Investment Model and the Rural Development Model.
- (7) Noncommercial farms shall be entitled to support payments under the Income Support Model and Rural Development Model.
- (8) Other legal and physical persons other than farms can be entitled to support payments defined in Article 21 of this Law, as well as to support payments under the Rural Development Model, and in exceptional cases, under the Model of Other Types of Support provided that they comply with specific requirements.
- (9) Pending the establishment of registers mentioned in Article 24 of this Law, each application for support payments shall be accompanied by a farm status statement (whether it is commercial/non-commercial) with enclosed filled-in form as defined in Annex I.

Article 8

- (1) The minimum quantity eligible for support is the lowest annual output for which a client receives support payment under the Production Support Model.
- (2) The maximum quantity eligible for support is the highest annual amount of support within the production support model wherein each client is paid the full prescribed amount of support.
- (3) The maximum amount of support payment under the Rural Development Model and the Capital Investment Model shall be the ceiling that may be paid to an individual client in a single budget year within the framework of the mentioned models.

Article 9

- (1) Clients in less-favored areas can receive a higher amount of payments with regard to certain items within the mentioned models.
- (2) Less favorable areas in agriculture shall be defined in a separate law.
- (3) The Government of the Federation shall define items within certain support models under which users in less-favored areas shall receive a higher amount of financial support in the framework of the annual Support Payment Program after the adoption of the law mentioned in paragraph (2) of this Article.
- (4) The level of a payment shall be increased by up to 35% to clients mentioned in paragraph (1) of this Article.

IV THE PRODUCTION SUPPORT MODEL

Article 10

- (1) Production support model shall include:
 - a) Plant production;
 - b) Animal production;
 - c) Organic production;
 - d) Authentic protected breeds.
- (2) The minimum support level is set out in Annex II, and the maximum support level shall be laid down in the Support Payment Program.
- (3) Level of support per client shall be reduced proportionally if the total number of applications for Production Support Model exceeds the ceiling.
- (4) If the ceiling of some production types in a current year exceeds the determined level of funds, and other production types do not reach the determined level of funds, unexpended funds for support may be reallocated within the Production Support Model.
- (5) The reallocation of funds mentioned in paragraph (4) of this Article shall be carried out by the Government of the Federation as proposed by the Federal Minister of Agriculture, Water Management and Forestry (hereinafter: the Federal Minister of Agriculture).

- (6) The Support Payment Program shall set out the selection of priority production types as defined in Annex II, including, as appropriate, other types of production to be supported through the Budget of Federation for the current year subject to funding levels approved in the Budget of the Federation for the year concerned.

Article 11

- (1) In order to guard against volatility of prices of agricultural products, raw materials, inputs and implements, adjustment coefficients for support payments within the Production Support Model shall be defined as required.
- (2) Adjustment coefficients mentioned in paragraph (1) of this Article shall be defined in a separate Appendix to the Support Payment Program.
- (3) Coefficient modifications shall be carried out by the Government of the Federation acting on the proposal by the Federal Minister of Agriculture.

Article 12

- (1) Production support may be granted for:

a) Plant production

1. Production of arable crops, vegetables, fruit, grapes and olives:

- Bread cereals (wheat, rye and triticale);
- fodder cereals (corn, fodder barley and oat);
- forage plants (silage corn, forage kale, forage peas, clover, lucerne, grass-clover mixture, grass mixtures, grass, common vetch and stock beet);
- oil yielding plants (soybean, sunflower and oil seed rape);
- sugar beet;
- vegetables (tomato, pepper, cucumber, onion, carrot, parsnip, parsley, red beet, beans, peas, garlic, leek, spinach, cabbage, kale, lettuce, eggplant and mercantile potato);
- buckwheat
- medicinal and aromatic herbs (chamomile, mint, lavender, rosemary, curry plant, laurel etc.)
- Tobacco, fruit, grapes and olives.

2. Production of seeds of:

- Stubble cereals,
- Potato
- Vegetables
- Forage
- Corn
- Soybean, oil seed rape and sunflower
- oat, barley, triticale
- autochthonous vegetable varieties
- grass, clover and grass-clover mixtures.

3. Production of propagating material:

- Seedlings of tree fruits
- Seedlings of berries
- Grapevine seedlings
- Vegetable and herb seedlings
- Autochthonous fruit varieties

b) Animal production:

1. Cattle production:

- Raw cow milk production
- Cattle meat production
- Production of breeding stock (cows, female calves)
- Cattle rearing in cow-calf scheme.

2. Sheep and goat production:

- Production of raw sheep and goat milk,
- Production of sheep and goat meat
- Breeding stock production (ewe, ram, she-goat, male goat).

3. Pig production:

- Pork meat production
- Breeding stock production (sows)

4. Poultry production:

- Rearing (chickens, laying hens and broilers)
- Rearing of breeding flocks.

5. Bee production:

- Hives, rearing of bee communities
- Honey production.

6. Fish production:

- Production of freshwater and sea fish (carp, trout and grayling, European seabass and gilt-head bream)
- Production of fish spawn of autochthonous species (brown trout, Adriatic trout, marble trout, brook trout and grayling).

c) Organic production:

- Plant products as referred to in item a) of this Article if used for consumption in fresh state or as a raw material for processing into a finished product with *eco* designation.
- Animal products as referred to in item b) of this Article if used for consumption in fresh state or as a raw material for processing into a finished product with *eco* designation.

d) Autochthonous protected breeds:

- Bosnian highland horse
- Native cow breed - *Busha*
- Native breed of donkey
- Sheepdog *Tornjak*

(2) Clients who carry out buying and the first degree of processing of agricultural products referred to in paragraph (1) items a), b) and c) of this Article shall also be eligible for support payments provided that they purchase domestic outputs recorded in agricultural associations, line ministries and the institutes of agriculture.

Article 13

- (1) Clients shall report their production for which they expect to receive support in the following year, as defined in Annex II, to a line cantonal ministry not later than 15th November of the current year.
- (2) Cantonal ministries shall submit reports on received applications broken down by production types to the Federal Ministry of Agriculture within 30 days following the expiry of the deadline referred to in paragraph (1) of this Article.
- (3) Clients failing to report the planned production within the deadline set in paragraph (1) of this Article shall not be eligible for support, except in the first year of application of this Law.
- (4) The payment eligibility requirements for the Production Support Model shall be prescribed by the Federal Minister of Agriculture in a separate regulation.

V THE INCOME SUPPORT MODEL

Article 14

- (1) Income Support Model is introduced for the purpose of providing support to small non-commercial family farms and ensuring more adequate living standards for family farm members.
- (2) Clients within the Income Support Model are non-commercial family farms having or using not more than 1 ha of arable agricultural land.
- (3) Eligible for support payments shall be each member of a non-commercial family farm who has the status of a farmer – pension insurance holder and is at least 55 years of age for men and 50 for women in the year of their application submission.

- (4) The support payments mentioned in paragraph (3) of this Article shall amount to 1,000.00 KM per member annually or 2,000.00 KM per a non-commercial family farm at most. Eligibility for income support is approved for the following calendar year and paid in two parts in course of the year concerned.
- (5) Eligibility for income support shall cease when the client qualifies for the age pension.
- (6) Eligibility requirements for support payments within the Income Support Model shall be prescribed by the Federal Minister of Agriculture in a separate regulation.

Article 15

The status of a non-commercial farm precludes any subsequent change of status in the course of one calendar year and excludes support within the Production Support Model and/or the Capital Investment Model.

VI THE CAPITAL INVESTMENT MODEL

Article 16

- (1) Support within the Capital Investment Model shall include the award of grants to commercial farms with the aim of improving production conditions, productivity and competitive capacity of farms, ensuring balanced development of agriculture within the whole territory of the Federation. The Support Payment Program shall define percentage amounts within the capital investment model for each canton taking into account agricultural resources of the cantons, whereby no canton shall receive less than 3% of planned funds.
- (2) Capital investment grants relate to the allocation of the Federation Budget with which the Federal Ministry of Agriculture participates in co-financing of the investments:
 - which clients finance through a mid-term or long-term credit (loan) provided by a financial institution;
 - which clients finance partly through a mid-term or long-term credit (loan) provided by a financial institution and partly using their own resources;
 - which clients finance with their own resources.
- (3) The maximum amount of support payment within the Capital Investment Model shall be defined in the Support Payment Program.
- (4) The maximum amount of support payment per client within the Capital Investment Model that shall not be subject to reduction is 30,000.00 KM.
- (5) If the total number of applications for the Capital Investment Model support exceeds the amount provided for in the Support Payment Program, the level of funds for support per individual client shall be reduced proportionately if the client concerned complies with the requirements for support above the amount defined in paragraph (4) of this Article.
- (6) Application for award of capital grants shall be submitted to the Federal Ministry of Agriculture or in certain circumstances to a competent financial institution.
- (7) Decision on award of grants shall be adopted by the Federal Ministry of Agriculture pursuant to the Support Payment Program.

- (8) Eligibility requirements for support within the Capital Investment Model shall be prescribed by the Federal Minister of Agriculture in a separate regulation.

Article 17

- (1) Capital Investment Model shall include support payments as participation in:
- a) construction of irrigation system;
 - b) establishment of permanent plantings in fruit production and viticulture;
 - c) land improvement and consolidation;
 - d) construction of facilities, procurement of machinery and equipment in animal production;
 - e) provision of breeding stock;
 - f) procurement of machinery and equipment in plant production;
 - g) construction and equipping of glass and plastic houses;
 - h) establishment of nurseries for fruit and vine seedling production;
 - i) construction of new and reconstruction and equipping of the existing fish farms and facilities for finishing and packaging of fish;
 - j) investments in production, preparation, storage and marketing of agricultural products (equipment, construction facilities, cool storage, drying chamber, sorting room and packing room etc.)
- (2) The Capital Investment Model also includes subsidizing interest rates on loans for capital investments in agriculture.
- (3) The level of interest rate subsidy and the eligibility criteria for individual capital investment forms shall be defined in the regulation referred to in Article 16 (8) of this Law.

VII THE RURAL DEVELOPMENT MODEL

Article 18

- (1) The Rural Development Model aims at the overall economic, social and cultural progress of the population in rural areas of the Federation of BiH, while respecting the principle of sustainable development.
- (2) The competitiveness enhancement, protection and improvement of rural environment and diversification of rural activities shall be the areas eligible for support payments within the Rural Development Model.
- (3) Support payments for rural development of a given rural area shall be made from the Federal, cantonal and municipal budgets, following general strategic commitments while being mutually harmonized and complemented.

- (4) Rural development payments are introduced for the purpose of improving agriculture, developing plant and animal production and non-agricultural activities related to it, preserving local breeds and keeping land in good agricultural and environmental condition.
- (5) The ceiling for payments within the Rural Development Model shall be determined in the Support Payment Program.

Article 19

(1) The Rural Development Model is primarily focused on the following:

- a) competitiveness enhancement, including:
 - investments in farms,
 - rural infrastructure,
 - support to young farmers,
 - capacity building for farming,
 - traditional products.
- b) Protection of rural environment, including:
 - Less-favored areas
 - Organic production
 - Preservation of local plant varieties and animal breeds
 - Agri-environment management
- c) Diversification of rural activities, including:
 - Services and additional activities
 - Conservation of rural heritage.

Article 20

- (1) In addition to the measures referred to in Article 19 of this Law, the preparation of the Support Payment Program may also include other measures provided for at the state level as well as the measures laid down in the EU rural development regulations.
- (2) Eligibility requirements for payments within the Rural Development Model shall be prescribed by the Federal Minister of Agriculture in a separate regulation.

VIII THE MODEL OF OTHER TYPES OF SUPPORT

Article 21

- (1) Other support types include: support to the implementation of certain measures of structural and land policy and other measures not included in the Capital Investment and Rural Development Models.
- (2) Other measures mentioned in paragraph one of this Article may include different start-up support programs, support to autumn or spring sowings and similar measures not included in other models.

Article 22

- (1) Funds for other types of support, which are not absorbed by any of the models defined in Article 5 of this Law, may be used for the following purposes as well:
 - Co-financing of insurance premiums for potential damages in agricultural production;
 - Co-financing of technical meetings, congresses, symposia, seminars and fairs
 - Development of research and technical programs in the area of agriculture and rural development;
 - Implementation of projects of interest for the Federation;
 - Organization of farmers (cooperatives, associations, unions, chambers) etc.
 - Co-financing the costs of product/production standardization;
 - Co-financing of food and agricultural exports
 - Co-financing of laboratory equipping
 - Agritourism
 - Co-financing of activities of the Chamber of Agronomy of the Federation of BiH
 - Implementation of projects on strengthening the involvement of women in agriculture and rural development.
- (2) Eligibility requirements for the Model of Other Support Types shall be prescribed by the Federal Minister of Agriculture in a separate regulation.

IX CLIENTS

Article 23

- (1) Clients are farms and other legal and physical persons eligible for payments provided that they meet the following general requirements:
 - a) have headquarters or residence in the territory of the Federation,
 - b) have registered according to Article 24 (1) of this Law,
 - c) have met other specifically prescribed requirements.
- (2) Clients mentioned in paragraph 1 of this Article shall use the granted funds for the intended purpose and shall keep the documentation supporting the received payment for three years from the date of granting of the support payment.

Article 24

- (1) Clients wishing to be granted support payments in accordance with this Law shall be registered in the Farm Register or Client Register (hereinafter: Registers) in accordance with the Law on Agriculture ("Official Gazette of the Federation BiH", no. 88/07 and 4/10).
- (2) Clients – farm holders shall submit their applications for registration as referred to in paragraph 1 of this Article to a competent municipal service in whose territory the headquarters of legal persons and businesses, or residence of physical persons – family farm holders are situated.
- (3) The Federal Ministry of Agriculture shall keep the Central Register for the Federation ensuring technical conditions for electronic operation of the Register.

Article 25

- (1) A family farm holder is a person identified as such in a written statement by members who are registered as the family farm members in the Farm Register.
- (2) A business owner registered for exercising an agricultural activity shall also be a farm holder at the same time.
- (3) An authorized representative of an enterprise or a cooperative registered for carrying out agricultural activities shall be a farm holder.

X IMPLEMENTATION OF SUPPORT PAYMENTS

Article 26

Support payments shall be executed on the basis of this Law, the Support Payment Program referred to in Article 4 of this Law and implementing regulations for each model of support specifying detailed requirements and methods of implementation.

Article 27

- (1) The Federal Ministry of Agriculture shall implement the Support Payment Program in cooperation with cantonal ministries.
- (2) The clients eligible for support payments within the Production Support Model shall submit their applications and the required documentation to a relevant cantonal ministry or a relevant cantonal agricultural institute.
- (3) Cantonal ministries and their technical services, or cantonal agricultural institutes shall receive applications, verify documentation, process applications and carry out fact-finding missions on the ground pursuant to the Support Payment Program and a separate regulation on the production support model.
- (4) Cantonal ministries can outsource tasks outlined in paragraph 3 of this Article to municipal services in charge of agricultural matters in the canton concerned.
- (5) After processing and verification of the submitted documentation, a cantonal ministry shall calculate payments only for clients with timely, substantiated and complete

applications. Calculation of payments is carried out using the prescribed formats which shall be delivered by the cantonal ministry to the Federal Ministry of Agriculture and accompanied by a separate request within the set deadlines.

- (6) A cantonal ministry shall issue an official decision on late, incomplete or unsubstantiated applications. The official decision issued by the cantonal ministry may be appealed to the Federal Ministry of Agriculture, Water Management and Forestry within 8 days of the date of receipt of the official decision.
- (7) Pending the establishment of an information system for the payment processing, cantonal ministries shall deliver electronic excel-processed calculations of payments alongside the request specified in paragraph 5.
- (8) Field inspection and control of potential clients in production phase, including inspection and control during the collection and processing of documentation, prior to their delivery to the Federal Ministry of Agriculture, shall be carried out by the cantonal agricultural inspectors.
- (9) Additional control and inspection shall be carried out by the federal agricultural inspection in cooperation with the cantonal agricultural inspection.

Article 28

- (1) The clients eligible for payments within the Capital Investment Model, the Rural Development Model, the Income Support Model and the Model of Other Support Types shall submit their requests and the required documentation to the Federal Ministry of Agriculture.
- (2) Pursuant to the Support Payment Program and the separate regulations for each model as referred to in paragraph (1) of this Article, the Federal Ministry of Agriculture receives the applications, carries out the verification of documentation, processing of files and fact-finding missions on the ground.
- (3) Cantonal ministries and their technical services or cantonal agricultural institutes may carry out fact-finding missions in the field in the process of implementation of payments within the models referred to in paragraph (1) of this Article where this is prescribed in the Support Payment Program and the separate regulations.
- (4) Following the processing and verification of the delivered documentation, the Federal Ministry of Agriculture, Water Management and Forestry calculates payments for clients with timely, substantiated and complete applications and issues approvals of payments defining the amounts clients are entitled to. The approval defining the amounts of payments shall be final in administrative procedure and shall not be appealed. However, administrative disputes can be instituted by filing a lawsuit before the Cantonal Court in Sarajevo.
- (5) Approved applications are forwarded to the Federal Ministry of Finance – Treasury Disbursement Sector.
- (6) The Federal Ministry of Agriculture shall issue a final decision on late, incomplete or unsubstantiated applications. The official decision issued by the Federal Ministry of Agriculture shall not be appealed; however, administrative dispute can be instituted by filing a lawsuit before the Cantonal Court in Sarajevo.

- (7) Technical supervision of the implementation of support payments as referred to in paragraph (1) of this Article shall also, as required, be carried out by the officials of the Federal Ministry of Agriculture authorized by the Federal Minister of Agriculture.

Article 29

Documentation submitted by a client to the Federal Ministry of Agriculture or a cantonal ministry shall be entered into the registry of files and documents, thus becoming official documentation to be handled pursuant to the provisions of the Regulation on Office Management in Public Authorities and Services in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of Bosnia and Herzegovina, no 20/98) and Guidelines on Office Management Operations in Public Authorities and Services in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, no. 30/98 and 49/98).

Article 30

- (1) Cantonal ministries shall keep and allow access to all the required and collected documentation referred to in Article 29 of this Law during control carried out by the relevant Federal inspections or during the technical supervision carried out by the authorized officials of the Federal Ministry of Agriculture.
- (2) Documentation referred to in paragraph (1) of this Article shall be kept for three years.

Article 31

The Federal Ministry of Agriculture shall monitor the execution of the financial plan of payments for each budget year and the implementation of the proposed measures and models as apportioned and keep the central data base disaggregated per types of payments and clients.

Article 32

- (1) Following the application processing, the Federal Ministry of Agriculture shall regularly inform each cantonal ministry about the approved applications submitted for disbursement with respect to clients from the territory of a respective canton.
- (2) Cantonal ministries shall submit reports on the implementation of cantonal support payments within their cantons for the previous year to the Federal Ministry of Agriculture not later than 31 January of the current year.

Article 33

By the end of March of the current year at the latest, the Federal Ministry of Agriculture shall submit to the Federation Government an annual report on the implementation of support payments in the Federation for the previous year on the basis of data on the implementation of support payments and the reports submitted by the cantonal ministries.

XI ADMINISTRATIVE AND INSPECTION SUPERVISION

Article 34

- (1) The Federal Ministry of Agriculture shall carry out the administrative supervision of this Law and regulations passed under it and placed within the competence of the Federation as laid down in this Law. The Federal Ministry of Agriculture shall carry out the supervision of cantonal ministries concerning the implementation of the Federation policy in the field of support payments within the territory of the Federation.
- (2) Cantonal ministries shall carry administrative supervision of the implementation of this Law and regulations passed under it and placed within the competence of the cantons as laid down in this Law.
- (3) Supervision of the implementation of this Law and regulations passed under it shall also be carried out by the Federal Ministry of Finance within its legal powers.

Article 35

- (1) Inspection supervision in the implementation of this Law and regulations passed under this Law shall be carried out by the federal agricultural inspection organized in the Federal Inspection Directorate and cantonal agricultural inspections organized in cantonal inspection directorates.
- (2) Inspection supervision shall be carried out according to Law on Organization of Public Authorities in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation BiH, no. 35/05) and the Law on Inspections in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation BiH no. 69/05) (hereinafter: Law on Inspections).

Article 36

Inspection supervision of the implementation of this Law shall be directly carried out by the federal and cantonal agricultural inspectors in their capacity as civil servants with special powers and responsibilities (hereinafter: agricultural inspection).

Article 37

Aside from powers and responsibilities laid down in Law on Inspections, agricultural inspection is authorized and required to:

1. supervise the implementation and application of this Law and secondary legislation adopted under this Law;
2. supervise the implementation and application of regulations related to disbursement and use of support payments and determine any unlawful disbursement or unauthorized use of support payments;
3. order any beneficiary to return funds in case of unlawful acquisition or unauthorized use of the funds;

4. carry out inspection supervision of performance of public organizations – institutes and agencies delivering technical services in agriculture related to activities pertaining to the implementation of this Law;
5. Issue misdemeanor warrants and submit requests for initiation of misdemeanor procedure due to violation of the provisions of this Law and regulations adopted under it;
6. Examine the lists and folders of requests and documentation related to all types of support payments;
7. check the credibility of documents attached to the list of requests for support payments with the persons/entities that issued the documents concerned;
8. carry out other inspection tasks related to the application of this Law and regulations adopted under it.

Article 38

- (1) Following the provisions of Article 27 of the Law on Inspections, the Agricultural Inspection adopts annual work programs and monthly work plans for carrying out of inspection supervision.
- (2) When drafting annual programs and plans, the Federal Agricultural Inspection shall seek the opinion of the Federal Ministry of Agriculture and cantonal agricultural inspections shall seek the opinion of their respective cantonal ministries.
- (3) The Chief Federal Agricultural Inspector shall submit a monthly report on inspection supervision carried out in the field of support payments to the Federal Ministry of Agriculture.
- (4) The Chief Cantonal Agricultural Inspectors shall submit monthly reports to their respective cantonal ministries on the inspection supervision carried out in the field of support payments.

Article 39

- (1) Physical and legal entities subject to supervision by the relevant agricultural inspection shall provide data and notifications, allow supervision and ensure conditions for smooth work.
- (2) Physical and legal entities referred to in paragraph (1) of this Article shall submit or prepare data and materials required for carrying out of inspection supervision activities to an agricultural inspector as requested and within a deadline set by the inspector concerned.

Article 40

- (1) When carrying out the inspection supervision, an agricultural inspector may temporarily seize documents and files that may serve as evidence in disciplinary, offence or court proceedings.
- (2) A confirmation note on the temporary seizure of the documentation or files mentioned in paragraph (1) of this Article shall be issued.

Article 41

- (1) Agricultural inspector shall order administrative, preventive and other measures by issuing a written decision.
- (2) A written decision by a Federal Agricultural Inspector as referred to in paragraph (1) of this Article may be appealed to the Federal Ministry of Agriculture within eight days of the date of receipt of the written decision.

Article 42

- (1) A written decision by a cantonal agricultural inspector on ordered administrative measures may be appealed to the Federal Inspection Directorate within eight days of the date of receipt of the written decision.
- (2) Appeals shall be handled pursuant to the provisions of the Law on Inspections.

Article 43

An appeal against a decision issued by a Federal or a cantonal agricultural inspector during inspection supervision pursuant to the provisions of this Law, shall be decided by the relevant second instance bodies mentioned in Article 41 and 42 of this Law within 15 days of the date of receipt of the appeal and their decision shall constitute a final administrative document against which administrative dispute can be instituted before the relevant cantonal court in the seat of the first instance body.

XII PENALTY CLAUSES

Article 44

- (1) Legal entities shall be fined from 3,000 KM to 15,000 KM for an offence if they:
 1. Obtain support payments contrary to the provisions of the Article 23(1);
 2. Use the granted support payments for purposes other than designated – Article 23(2);
 3. Provide incorrect data in their request for farm or client registration with a view to obtaining payments – Article 24;
 4. Submit incorrect/false data and documentation for the purpose of obtaining payments.
- (2) A responsible person within the legal entity concerned shall be fined from 500 KM up to 2 000 KM for the offence as referred to in paragraph 1 of this Article.
- (3) For offences referred to in items 1 and 2 of the paragraph (1) of this Article, aside from fines, a precautionary measure shall be ordered for the purpose of seizing the payments obtained through this offence.

Article 45

- (1) Legal entities shall be fined from 1,000 KM to 10,000 KM for offence if they:
1. fail to keep the documentation on the basis of which support payments have been obtained within the deadline as defined in Article 23(2);
 2. fail to allow supervision by an agricultural inspector in the way and within the deadline laid down in provisions of the Law on Inspections;
 3. fail to implement the standard agritechnological and zootechnical measures in production for which support payments have been requested or granted;
 4. supervision determines that the production subject of a payment request hasn't been achieved within the volume or scope as stated in the request.
 5. fail to return unlawfully obtained funds within the deadline set by an agricultural inspector – Article 37(1)(3);
- (2) A responsible person within the legal entity concerned shall be fined from 500 KM up to 1 000 KM for the offence as referred to in paragraph 1 of this Article.

Article 46

- (1) Legal persons shall be fined from 1,000 KM to 3,000 KM for offence if they:
1. Issue a document required by a special provision of this Law for granting of support payments (certificates, acknowledgements, accounts etc.) based on which a client is granted a payment although the document does not match the actual status, has been granted retroactively and is not entered into the accounting or other records.
- (2) A responsible person within the legal entity concerned shall be fined from 200 KM up to 1 000 KM for the offence as referred to in this Article.

Article 47

- (1) Physical persons shall be fined from 300 KM to 1,500 KM if they:
1. obtain support payments contrary to the provisions of Article 23 (1);
 2. use the granted funds for purposes other than designated – Article 23(2);
 3. fail to keep the documentation based on which support payments have been granted within a period as defined in Article 23(2);
 4. provide incorrect data in their request for farm or client registration with a view to obtaining support payments – Article 24;
 5. fail to allow supervision by an agricultural inspector in the way and within the deadline laid down in provisions of the Law on Inspections;
 6. submit incorrect/false data and documentation for the purpose of obtaining support payments;
 7. supervision determines that the produce subject of a payment request hasn't been achieved within the volume or scope as stated in the request;
 8. fail to implement agritechnological and zootechnical measures with regard to produce for which support payments have been requested or granted;
 9. act contrary to the provisions of Article 14 and 15 of this Law;

10. fail to return unlawfully obtained funds within the deadline set by an agricultural inspector – Article 37(1)(3);
11. act contrary to Article 46(1) of this Law.

(2) In addition to fines, the precautionary measure of seizing of the obtained support payment shall also be instituted in case of offences specified in items 1 and 2 of paragraph (1) of this Article.

Article 48

If the inspection supervision determines that the actual state found does not correspond to the state declared in a document issued by a technical service, Federal or cantonal agricultural institutes, public enterprises or agencies for delivering technical agricultural services (Article 27 and 37 of this Law), measures will be taken pursuant to the provisions of the Law on the Organization of Public Authorities against persons employed in the concerned public organizations, technical services, cantonal and Federal institutes, public enterprises or agencies for delivering technical services in agriculture.

Article 49

Clients who commit offence referred to in Article 23 of this Law shall not be entitled to support payments for three years, starting from the date of submission of the final decision.

XIII TRANSITIONAL AND FINAL PROVISIONS

Article 50

The Federation Government shall adopt the Program referred to in Article 4(3) of this Law each year within 60 days of the date of entering into force of the Budget of Federation BiH and the Law on Budget Execution of the Federation BiH.

Article 51

The Federal Minister of Agriculture shall issue secondary legislation, within his/her competence as laid down in this Law, not later than 90 days of the date of entering into force of this Law.

Article 52

Provisions of Article 24 of this Law on obligations of farm and client registration shall be applied once such registers are established according to Law on Agriculture.

Article 53

Pending entry into force of provisions referred to in Article 50 and 51 of this Law, the following provisions shall remain in force:

Decision on the Adoption of the Program on Funds Allocation and Disbursement Criteria for the "Payments in Agriculture" established in the Budget of the Federation of Bosnia and

Herzegovina of 2010 for the Federal Ministry of Agriculture, Water Management and Forestry (Official Gazette of the Federation of BiH, no. 7/10) and Directive on Eligibility Requirements for Payments in Primary Agricultural Production (Official Gazette of the Federation BiH no. 20/09, 37/09, 51/09, 54/09, 58/09 and 68/09).

Article 54

Law on Support Payments in Primary Agricultural Production (Official Gazette of the Federation BiH no. 28/04) shall be repealed on the date of entry into force of this Law.

Article 55

This Law shall enter into force on the eighth day following that of its publication in the Official Gazette of the Federation BiH.

ANNEX I

Calculation of the total farm output

Production type	Measurement unit	Quantity		Coefficient		Production unit total
1	2	3	4	5	6	7
Cereals	ha		x	1.0	=	
Oil plants	ha		x	1.4	=	
Tobacco	ha		x	2.5	=	
Vegetables	ha		x	5.0	=	
Vineyards	ha		x	6.0	=	
Orchards	ha		x	5.0	=	
Herbs	ha		x	4.0	=	
Seed crops	ha		x	5.0	=	
Other agricultural crops	ha		x	1.0	=	
Cattle up to 2-years old	number		x	0.5	=	
Cattle over 2 years	number		x	1.0	=	
ewe, she-goat, ram, he-goat	number		x	0.15	=	
Bee communities	number		x	0.05	=	
Horses up to 2 years old	number		x	0.8	=	
Horses over 2 years old	number		x	1.2	=	
Pigs up to 50 kg	number		x	0.1	=	
Pigs over 50 kg	number		x	0.3	=	
Hens	number		x	0.005	=	

Chicken	number		x	0.002	=	
TOTAL	Xxx	xxx	xx	xxx	xx	

METHODOLOGY:

- a. Hectares of used surface area, number of trees, number of livestock and number of poultry of a farm are written in Column 3.
- b. Individual output is calculated by multiplying the production volumes stated in column 3 by the coefficient in column 5.
- c. To calculate the total output of a farm, add up outputs of individual production types as appropriate.
- d. For production types without a specified coefficient, a request to the Federal Ministry of Agriculture for farm classification shall be submitted for the purpose of acquiring the status of a commercial farm.

ANNEX II

Priorities in production support model

Description	Unit	Minimum quantity supported
Production support model		
<i>Support to field and vegetable crops</i>		
Bread cereals (declared seed) (declared seeds and receipt, oil plants, stubble crops)	ha	1.00
Corn grain (reference yield) (declared seed and receipt)	ha	2.00
Other cereals	ha	1.00
Oil plants (soy, sunflower and oil seed rape)	ha	1.00
Forage plants in crop fields	ha	0.50
Sugar rape	ha	1.00
Tobacco	ha	0.50
Vegetables	kg	0.50
Commercial potato	ha	1.00
Herbs (for each individual species)	ha	1.00
Seed crops (processing costs to be added in case of cereals)	ha	All recognized crops
Declared seeds	kg	All produced
Supporting propagating material, perennial establishments and olive oil		
Propagating material declared	pieces	All recognized propagating material
Vineyard for wine varieties	ha	0.30
Vineyard for table varieties	ha	0.30
Orchards intensive (number of seedlings, irrigation)	ha	0.50
Orchards semi-intensive (number of seedlings)	ha	0.50

Supporting livestock and livestock products		
Cattle production		
Milk (cow)	liter	500 a month
Dairy cows	head	3
First-calf heifers	head	2
Fattened bullocks from domestically produces calves	head	3
Fattened bullocks from imported calves	head	10
Cows and a bull in cow-calf system	head	15
Sheep and Goat		
Milk (sheep and goat)	liter	300 a month
Breeding ewes and rams of basic herd over 1 year old	head	50
Breeding she-goats and he-goats	head	25
Lambs over 20 kg-receipt	head	10
Pigs		
Fattened pigs from domestically produced piglets	head	25
Fattened pigs from piglets from production	head	75
Breeding sows	head	5
First-piglet sows	head	3
Poultry		
Laying hens in exploitation phase	beak	
Broilers	beak	5,000 per shift
Domestic chickens	beak	1,000
Imported chickens	beak	5,000
Parent breeding chickens	piece	5,000
Beekeeping		
Bee communities	hive	20
Honey, receipt as proof	kg	300
Fish farming		

fish spawn (domestic production)	piece	100,000
Freshwater fish production I group (receipt as proof)	kg	3,000
Organic production		
Organic production (total for all cultures)	ha	0.25
Rural development model		
<i>Indigenous autochthonous breeds</i>		
Indigenous cow breed - Busha	head	1
Bosnian mountain horse	head	1
Indigenous donkey breed	head	1

Chairman of
The House of Peoples
The Parliament of the Federation of Bosnia and Herzegovina
Mr. Stjepan Krešić

Chairman of
The House of Representatives
Of the Parliament of the Federation of Bosnia and Herzegovina
Mr. Safet Softić

Law on Amendments to the Law on Support Payments in Agriculture and Rural Development

Article 1

In the Law on Support Payments in Agriculture and Rural Development (Official Gazette of the Federation of BiH no. 42/10), the paragraph (2) of Article 3 is amended as follows:

"(2) the level of funding as laid down in paragraph (1) of this Article shall be 3 to 6% of tax and non-tax revenues of the Budget of the Federation, excluding the pension and disability insurance benefit funds."

Article 2

This law shall enter into force on the eighth day following that of its publication in the Official Gazette of the Federation of Bosnia and Herzegovina.

Chairman of
The House of Representatives
Of the Parliament of the Federation of Bosnia and Herzegovina
Mirsad Zaimović

Chairman of
The House of Peoples
The Parliament of the Federation of Bosnia and Herzegovina
Tomislav Martinović