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THE ECONOMIC AND SYSTEM-RELATED ELEMENTS OF THE AGRARIAN AND RURAL DEVELOPMENT OF THE REPUBLIC OF SERBIA

1. Introduction

Rural development is defined as the complex social and economical development of a specific type of region, involving a whole group of issues, such as employment, industry, agriculture, health, transport, the environment, social services, education, communications, finance, cultural heritage and others. As such, rural development is more a matter of regional politics, whose realization entails adequate system-related solutions, and an institutional and legal framework. Despite the fact that integral rural development had been realized in some highly-developed countries in the 1980s, it is only in the last few years that it has been present in most countries in the process of transition. In order for the rural development policy to contribute to the improvement of life and work conditions in rural communities, goals must be defined, and the relevant economic and system-related elements for their operation must be provided.

2. Research goals and data bases

The goal of this paper is to present the measures and mechanisms which underlie the rural development of the Republic of Serbia in its current circumstances. The Republic of Serbia is in the process of entering European integrations, and as such, it is only natural that the creators of agrarian policies are striving to harmonize the mechanisms of rural development support with the standards defined by the European Union. Thus, this paper also deals with the basic elements of rural development as part of the Common Agrarian Policy of the European Union.

In accordance with the defined research goal, the primary data base used was the Agriculture Strategy of Serbia, as well as official documents concerning the allocation of budget funds for subsidization of the agrarian sector, whose structure

also includes funds for rural development. Other relevant sources based on which the direction of rural development as part of the Common Agrarian Policy of the European Union is viewed, were also considered.

3. The position of rural development in *The Serbian Agricultural Strategy*

As part of a document called *The Serbian Agricultural Strategy*, from 2004, among others, the basic goals and principles of the policy for rural development were defined. Rural policy, according to the abovementioned document, deals with accomplishing goals for rural areas, which include a wide spectre of different socio-economical activities. The main goal of the rural development policy is creating adequate social and economic conditions in rural communities, which would enable their adequate contribution to the economic development of the entire country.

Upgrading of rural communities should be achieved by realizing the following partial goals (*The Serbian Agricultural...* 2004, p. 70):

- fiscal policy measures used for redistribution of funds, so that one part of all budget incomes is used for encouraging rural economy, whose long-term effects would be of use for the entire population,
- rational distribution of means in order to support prospective economic activities, technological improvement, education, development of infrastructure, as well as public services,
- means for rural development should include not only agriculture, but rural economy as a whole.

The success of the rural development policy, due to numerous problems in Serbian agriculture and rural areas, will depend a great deal on the criteria used for the making of a list of priorities for various regions, which will direct the means. The criteria for making a list of priorities contain the basic estimation of the need for changes in the production structure and technical innovations in agriculture. Priority has been given to those areas with multiple economic, social and environment preservation issues, where the efficiency of agriculture is not sufficiently high due to insufficient resources or insufficient technological development.

In accordance with the defined goals, as part of *The Program of Allocation and Use of Subvention Means in Agriculture* for the year 2006, support for rural development has been provided. Budget motivations have been directed at raising the sustainability of primary agricultural production in rural communities, developing rural economy and its diversification as a means of raising the level of sustainability of agricultural households and creating the necessary mechanisms and infrastructure for support to rural development.

The users of these funds are, first and foremost, farmers aged under 40 in those regions suitable for the development of competitive intensive production, as well as farmers aged up to 55 in marginal regions with natural and legal limits for the de-

velopment of intensive agricultural production. Agricultural cooperatives and associations, as well as units of local self-government, also have the right to use these motivational means.

The program of allocation precisely determines the purpose of available means for rural development. The distribution of these means is three-fold (*The Program...* 2006, p. 8):

- motivational means for promotion of production and sales,
- motivational means for empowering the rural infrastructure,
- motivational means for the diversification of rural economy, the development and promotion of rural regions, protection of the environment and rural areas.

4. Anticipated directions of the rural development of the Republic of Serbia

The definite choice of the Republic of Serbia is membership in the European Union, and such a choice entails changes and adjustments to European standards in all segments of agrarian policy, as well as rural development. In support of this statement is the fact that the agrarian policy of Serbia is seeing changes in the importance of particular means of support. Stress is being put on supporting the structural policy and the rural development policy, in contrast with the market-price policy (Bozic, Bogdanov 2006, p. 20). In the last several years, the European Union has directed its attention to rural development. In the reform process of the Common Agrarian Policy, starting from the year 2000, rural development has become its second “base”. In accordance with this fact, a part of the total funds for support of the agrarian sector has been redirected towards:

- lowering production costs on farms, improving production and quality, promotion of the environment, hygiene, well-being of animals and diversification of agricultural activities,
- aiding young farmers to start their own business,
- educating farmers,
- early retirement for older farmers,
- special support for farmers living in areas where conditions make production difficult,
- support for farmers who cultivate land in accordance with the principles of sustainable development,
- improving processing and marketing of agricultural products,
- promotion of forestry,
- improving the quality of land, life conditions, the protection and preservation of rural heritage, managing water resources and others.

The strategic orientation of the Republic of Serbia concerning rural development has been adjusted to the abovementioned direction of rural development in the European Union. However, it seems that certain economic and system-related

elements for the support of rural and agrarian development have yet to be established. The first issue to be considered is precisely defining the role of the state and its relevant institutions in the domain of the rural development policy. The experience of other countries going through the process of transition confirms the fact that in the first stage of development, the role of the state is to initiate, organize, plan, coordinate, and implement the program of rural development. When foundations have been formed and the first effects of the planned development of rural regions made visible, it is necessary to decentralize all the abovementioned activities, and to organize them on a regional and local scale. A fact which must not be forgotten is that the role of the state has no alternatives in the operational segment of larger infrastructure projects, as well as in providing veterinary and sanitary protection.

Apart from investing in the modernization of existing institutions and the construction of new institutions, a substantially larger investment is needed for infrastructural facilities and grouping of prospective farms. System-related support for farms like these is necessary, and would entail their efficient connection with commercial chains, and companies in the agribusiness sector and non-agricultural activities in rural areas.

Special attention in the realization of the rural development policy of the Republic of Serbia must be paid to empowering human capital. Apart from educating the inhabitants of rural areas, as the main protagonists of agricultural production, it is also necessary to permanently educate and promote the knowledge and abilities of the creators and protagonists of the rural development program.

An issue of vital importance for the realization of the goals of rural development is providing financial means. The entire macro-economic situation in the Republic of Serbia, at the moment, does not allow the necessary means for financing the rural development policy. Due to this, the rural development of the Republic of Serbia is partly relying on the financial support of the European Union, in the form of preliminary aid for West Balkan countries.

5. Conclusion

Rural development represents a complex and long-term strategy, policy or model of social development in rural regions. Owing to this, a highly logical fact is that the state policy of rural development should be designed to fully affirm and exploit the territorial features of certain regions. Only by respecting territorial features is it possible, by applying adequate measures, to realize a transformation of developmental limitations into developmental possibilities. In the process of planning the rural development policy of the Republic of Serbia, we should not forget that preservation and restoration of rural communities, has an economic and social importance, as well as a demographic, ecological and cultural dimension visible in the need to improve the quality of life in these communities. The promotion of

existing, as well as the discovery of new economic and system-related elements of the rural development of the Republic of Serbia, means respecting one's own specific features, as well as taking heed of the valuable experiences of other countries. The success of the agrarian and rural development policies in the Republic of Serbia will largely depend on the level of achieved harmonization with the principles of the Common Agrarian Policy of the European Union. Since the European agricultural policy is in a constant reform process, one of the key guidelines, which the creators of the agrarian policy of the Republic of Serbia should keep in mind, is permanent follow-up and understanding of the principles and mechanisms with a view of their successful implementation in our circumstances.

References

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EKONOMICZNE I UWARUNKOWANE SYSTEMOWO ELEMENTY ROZWOJU ROLNEGO I WIEJSKIEGO REPUBLIKI SERBII

Streszczenie

Jako jeden z potencjalnych członków UE, Republika Serbii starała się w ciągu ostatnich kilku lat zharmonizować swoją narodową politykę rolną z mechanizmami leżącymi u podstaw wspólnej polityki rolnej (CAP). Jednym z segmentów strategii dla rozwoju rolnictwa jest rozwój wsi. Ta praca pokazuje rolę, jaką odgrywa rozwój wsi dziś w polityce rolnej Republiki Serbii. Autorzy starają się również wymienić wskazówki dla harmonizacji elementów rozwoju wsi i rolnictwa z ideami akceptowanymi przez UE, koncepcją zrównoważonego rozwoju rolnictwa i obszarów wiejskich.