



European Rural Parliament 2015
National Report for Republic of Serbia
Prepared by
Network for Rural Development of the Republic of Serbia



Contents

1. Introduction.....	3
2. Rural development in Serbia.....	3
3. Methodology.....	5
4. Stakeholders involvement.....	6
5. Selected themes.....	6
1. Civil society participation in policy making, rural development support in local communities and LEADER approach implementation	6
6. Conclusions from the discussed themes.....	7
6.1. Civil society participation in policy making, rural development support in local communities and LEADER approach implementation	7
6.2. Diversification of economic activities in rural areas and support small farmers in business development.....	8
6.3. Improvement rural infrastructure and social services in rural communities.....	10
7. Addressed needs and demands of the rural stakeholders to relevant authorities representing local, regional, national and EU administration.....	11

1. Introduction

This report contains the processes and outputs of the national campaign conducted by the Network for Rural Development of the Republic of Serbia (MRRS) expressing the aspirations and concerns of the rural stakeholders which they wish to be heard by the national and European authorities, and provide the inputs to the Second European Rural Parliament, 2015.

The consultation process was carried out with the idea that the Serbian and rural communities in her part of the big family of rural communities of Europe, who have aspirations to improve their living conditions and to enable generations to come survival on the land of their ancestors.

We entered the process with the following further assumptions :

- the integration process of Serbia in European Union is a strong challenge for all stakeholders in rural development of Serbia;
- the civil society from rural communities of Serbia is trying to establish strong position in building partnership and managing dialogue with authorities in at all levels;
- the interests of rural communities in Serbia are under-represented in national and European debates and in the shaping of policies and programmes;
- rural people themselves have the best understanding of their strengths, opportunities and needs;
- the rural communities should be encouraged and supported to take action in pursuit of their own well-being, and to be constructive partners of governments at all levels;
- the voice must come from the rural people, at grassroots level and the European Rural Parliament must ensure that the voice of rural people is heard.

Therefore MRRS joined the initiative for ‘upward cascade of ideas’ which truly draws upon the concerns and hopes of rural people in rural Europe.

This ‘cascade’ started at local level by gathering ideas in counties and regions, and were synthesized at national level and later on assembled at European level to form a draft European Rural Manifesto to be debated, amended and approved at the ERP 2015 gathering.

The MRRS was invited to act as national champion to play the key role in gathering and synthesizing the upward cascade of ideas from the rural stakeholders in Republic of Serbia and to contribute to the pool of ideas at European level.

The Network for Rural Development of the Serbia brings together 72 CSOs and is working closely with about 2,000 rural leaders from all Serbia.

2. Rural development in Serbia

Serbia is located in the Balkan Peninsula, at southeastern Europe and in the Pannonian Plain (a region of central Europe). It is landlocked, although access to the Adriatic is available through Montenegro, and the Danube River provides shipping access to inland Europe and the Black Sea. Serbia covers a total of 77,474 km²; it has 4,720 settlements of which 187 are urban.

Rural areas in Serbia are highly diverse in economic, social and demographic terms, due to differences in their geo-morphological characteristics, (mountainous, hilly, plain areas), population changes, economic structures, infrastructure, environmental conditions, transport accessibility, etc.

Main Characteristics of Rural Areas in Serbia¹:

- **Demographic trends.** Rural areas in Serbia, till the beginning of 1990s, were characterized by a strong out migratory trend due to the swift growth and development of the other sectors of the economy, as was the case in all European states since the 1950s, and the parallel agrarian exodus. During the 1990s, and because of the severe conflicts and war, population movements in rural areas were quite diverse. Rural areas continued losing population, mainly the mountainous and less fertile areas, but there was, also, an inverse movement of population into the rural areas as well, mainly by internally displaced persons (IDPs) and the urban unemployed. In total, during the period 1991-2002, population in rural areas of Serbia declined by 3.6% compared to an overall 1% decline in the country's total population.
- **Employment trends** in agriculture and in rural areas in general. The employment structure and basic characteristics of labor force in rural areas of Serbia are similar to those in other transitional countries: age and education structure of rural employees are unfavorable compared to those of the Serbia's general workforce; the rate of unemployment of the active rural population is higher, employment is high in primary and low in tertiary sector.
- **Diversification of rural economy.** The economic structure of rural areas of Serbia depends largely on the primary sector and the exploitation of natural resources. About 1/3 of the active population in rural areas is employed in agriculture. Agricultural employment shares are among the highest when compared to the EU, reflecting the continuing high importance of agriculture in the national economy and the low diversification of economic activities in rural areas of Serbia, resulting in the lack of alternative employment and income opportunities. Apart from agriculture, the rural workforce is engaged in the food processing industry, wholesale and retail trade, building construction and transport. The manufacturing sector, some other economic and the service sector are still underdeveloped in rural areas. Besides agriculture, the private sector is only recognized in the trade sector. The main limitation for the more intensive development of services and processing is obviously influenced by the non-favorable financial market.
- **Traditional, mono-functional agriculture** is still dominant with Serbia ranking among the most agrarian states in Europe. The range and vitality of natural resources, the private ownership of land and experience in business cooperation, are some of essential preconditions for the diversification of the rural economy. These have not yet been put into good use in Serbia. Serbia's performance with respect to diversification is comparable to that of the surrounding countries, since it is under the influence of almost identical factors: unfavorable position of the agrarian sector and rural areas in developmental policies and set courses, low asset accumulation capabilities of rural households, unfavorable capital market and uncertain investment environment, limited market for the placement of products and services by rural areas, inadequately educated human resources, with low level of private entrepreneurship potential.
- **Agriculture remains the predominant activity** in most rural areas, characterized by small farm units, low productivity and low farm incomes. A large number of farms are subsistence farms with very small surplus production for the market. The proportion of women in agriculture labor force which is producing for the market is extremely low (26.1%), and that has been registered in other transitional countries as well. The remaining 5% are working in jobs requiring manual labor (employees).
- **Unemployment in rural areas** is also high (21%), reflecting again the problem of lack of employment opportunities. Underemployment seems to be another serious structural problem

¹ ROLE OF AGRICULTURE AND MULTIFUNCTIONAL RURAL DEVELOPMENT IN SERBIA, Prof dr Natalija Bogdanov, Prof dr Zorica Vasiljevic

of Serbian agriculture and rural economy. The position of the young rural population in the labor market in Serbia is characterized by substantially higher unemployment rates and comparatively lower employment opportunities in relation to the total rural population. The unemployment rates of those up to 25 years of age are nearly three-fold higher in comparison to the average one.

- **Agricultural productivity**, both land and labor productivity, is below EU averages, due to the low level of input uses (fertilizers, pesticides, seeds) and use of capital (machinery, modern equipment, infrastructure). Agricultural GVA/ha of agricultural land accounts for less than 40% of the EU.
- **Agro-food sector capacity linked** to agriculture (upstream and downstream industries as well as food processing industries) has declined dramatically during the 1990s. Most of the remaining industrial capacities need modernization and technological improvement.
- **Infrastructure in rural areas**, both physical and social, is poor and underdeveloped and it affects negatively rural areas competitiveness and social basics. Maintenance of up-grading of rural infrastructure can improve rural livelihoods and it is considered as prerequisite for attracting and retaining investors. Low-cost affordable solutions are required to respond to local needs, as well as to the limited financial capacities of local governments and rural households. Establishment of innovative mechanisms for proper maintenance and paying for the costs of existing infrastructure will be the critical thing having in mind the limited financial capacity of both the local administration and rural households. The above mentioned infrastructure is primarily owned by local administration bodies, which will need to strengthen their ability to evaluate their asset base and its condition.
- **Rural poverty** is a much lower incidental in relation to the urban centers. Rural poverty is likely to be high among unemployed, older people who have remained in rural areas despite the deterioration of social services, farmers in more remote areas far from markets, farmers with very small farms and/or those ones with low fertility land and minority rural populations. Regionally, southern Serbia is likely to have higher levels of rural poverty, due to the lower historical levels of household income, greater isolation of rural communities and less favorable conditions for agriculture.
- **GDP per capita in rural areas** accounts for 74% of the national average and it is well below the urban GDP per capita. The 2007 LSMS results as well as those of 2002, confirm that rural poverty represents one of the crucial characteristics of poverty in Serbia. The percentage of the poor population living in rural areas increased from 55% in 2002 to 61% in 2007. Rural poverty in 2007 was almost halved compared to 2002 (9.8:17.7%), but it still remains twice as much as in urban areas (9.8%: 4.3%). The gap between rural and urban poverty has grown from 1.6 to 2.3%, as a result of less reduction of rural population compared to the urban one.
- **With regard the environment**, rural areas of Serbia are rich in ecosystems and biodiversity, which are identified and protected (5 national parks). Environmental pressure from agriculture is not very high due to low input utilization up to now. However, changes in intensity and structure of agricultural production could rapidly make the situation worse. The soil erosion in the hilly land but also in the plain land seems to be an important problem. Another problem is the quality of water that has been deteriorated since the beginning of 1990s, due to lack of obsolete water supply infrastructure and water disinfection. Lack of maintenance in the municipalities' sanitary and sewage systems increase the risk of water contamination.

3. Methodology

The consultative process for the ERP national campaign started with defining themes based on the MRRS's insight and bottom up approach implemented through constant communication with the rural stakeholders and coordination with ERP implementing partners. A set of 3 themes was

identified on start of April. In April 2015 the MRRS organized the consultation process through 2 regional workshops, one in Province Vojvodina and one in Central Serbia. The both regional workshops were moderated by representatives of Network for Rural Development of the Serbia. The themes guided the participants to express their concerns, identify ideas for solutions of the specific problems in order to come up with clear stand for development of the rural communities. Through discussions and brainstorming in the small groups were identified concerns/problems per topic. In plenary sessions each group present his findings. Moderated by MRRS representatives the participants prioritized between 4 and 6 per theme. For prioritization of the concerns/problems the following factors were used - relevance, covered territory, target groups and inclusiveness and negative effects of the problem.

The possible solutions were defined in plenary sessions through analysis by using the factors: solution capacity, establishment of partnerships and finances.

After the regional workshops, we organized consultative process by individual consultations and through e-mail list. At this stage, we defined final draft of themes, problems and solutions.

In early July 2015, we organized a national conference with participation of representatives of civil society organizations, grass-root organisations and other stakeholders and defined the final version of themes, problems and solutions.

4. Stakeholders' involvement

During the entire process for collection and processing of ideas, the participatory approach was implemented from different groups and regions. Most of the participants in regional workshops and national consultation conference were representatives of civil society organisation including organisations of producers (e.g. beekeepers, private forest owners...), grass-root organisations and specific organisations such as those for youth or women. Also involved were individuals and several municipality representatives.



The national conference also included representatives of Ministry of Agriculture and Environment Protection and of the Unit for Agrarian Payment, in order to stimulate dialogue and a better understanding of EU integration process and the role of the different parties.

5. Selected themes

In the selection procedure, three themes and 13 sub-themes were selected, as shown in the table below.

Theme	Sub theme
1. Civil society participation in policy making, rural development support in local communities and LEADER approach implementation	1.1 Improve the capacities of the civil society to participate in the creation of a rural development policy at different levels
	1.2 Provide continuous support to the preparations for the full implementation of the LEADER approach at the local level
	1.3 Improve the capacity of stakeholders, primarily the CSO

	for the implementation of IPARD programme
	1.4 Strengthen networking capacities of civil society
2. Diversification of economic activities in rural areas and support small farmers in business development	2.1 Support for local products and sustainable agriculture
	2.2 Strengthen inter-sectorial cooperation in local community business support
	2.3 Intensify support to entrepreneurs in rural communities, with particular attention to youth, women, social entrepreneurship in rural communities
	2.4 Support for non-agricultural activities in rural areas
3. Improvement rural infrastructure and social services in rural communities	3.1 Preserve the existing services in rural communities and improve them (school, hospital ...)
	3.2 Development social services in rural areas and support the involvement of the local population for certified services
	3.3 A systematic identification of infrastructure in rural areas and elaboration of analysis, to prepare measures for the financing of infrastructure projects in rural areas
	3.4 Improve the system of informal education in rural communities and professional support to the rural population
	3.5 Work on reducing migration and depopulation from rural

6. Conclusions from the discussed themes

The consultation process expresses the what you will voice of rural communities about necessary actions of civil society in rural development of Serbia.

1.1. Civil society participation in policy making, rural development support in local communities and LEADER approach implementation

The active participation of civil society in Serbia is crucial for several reasons:

- the need for policy creation to be based on the real needs of rural communities,
- the need for active participation of citizens and CSOs in the design and implementation of policies,
- the need to ensure bottom-up approach in creation rural development policy,
- ensure the use of the capacity of civil society in the EU integration process of Serbia.

Improve the capacities of the civil society to participate in the creation of a rural development policy at different levels. In recent years, Serbia has made significant progress in creating a favorable environment for the participation of civil society in the design of rural development policy, such as, for example, SEKO mechanism, the National Convention. However, there is still a need to develop the capacity. Especially, it is essential to create the basic conditions for the development and participation of CSOs and grass-root organizations in these processes. Improving the capacity should be realized in the following directions: promotion of human capacity, improving

the sustainability of the CSO, the development of models of cooperation between local organizations with local authorities, to provide conditions for the development of the CSO and less developed areas and to ensure the exchange of good practices between the CSO.

Provide continuous support to the preparations for the full implementation of the LEADER approach at the local level. Serbia has significant diversification in terms of the existing conditions for the development of rural communities, ranging from lowland areas in the north, to the mountainous areas in the southeast and southwest. The LEADER approach gives opportunity to create territorial partnerships and undertake strategic planning for a given territory, focused on the specific needs of local communities. The LEADER measure is not yet included in the national rural development programme or the IPARD programme for Serbia : but around 30 LAG initiative based on the LEADER principle throughout Serbia have already been developed

In order to create conditions for the development of rural communities based on a bottom-up set priorities in the coming period, it is necessary to work on the establishment of mechanisms for the implementation of the LEADER approach from the national programme, up to the moment when it will begin its funding from the IPARD programme (expected in around 2017).

Improve the capacity of stakeholders, primarily the CSO for the implementation of IPARD programme. As an EU candidate country, Serbia has access to IPARD II as part of Instruments for EU Pre-Accession Assistance (IPA). In January 2015 the IPARD II programme of Serbia was approved by European Commission. The general objectives of IPARD II Programme of Serbia are:

- To support Serbian agricultural primary producers in progressive alignment to EU rules, standards, policies and practices with a view to EU membership;
- To support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth, through the development of physical capital;
- To address the challenges of climate change by promoting resource efficiency;
- To improve productivity, products quality and to reduce production costs;
- To improve competitiveness of local producers and to adjust to the demands of domestic and foreign markets.

Implementation of the IPARD II programme requires strict compliance with prescribed rules and meets the required criteria of the users. Implementation of the IPARD program in Serbia is expected in the second half of 2016 and it is therefore necessary to use the coming period to help actors in rural development to prepare for implementation of IPARD measures, and to give timely information all potential users. It is also necessary to improve the conditions for customer support (i.e. banking support, advisory support, services for the preparation of the documentation etc.). Civil society organizations should play a significant role in the entire process, especially in the less developed areas and to support small farms.

Strengthen networking capacities of civil society. Civil society organizations need to build their capacity to promote exchange of experience, achievements and knowledge between all stakeholders (rural communities, authorities and different organizations involved in rural development) and also to take action on behalf of rural communities, including advocacy and participation in policy creation. From the stakeholders' statements, it can be concluded that there is a lack of sharing information, transfer of good practices among people from the rural areas; and also a lack of joint actions, thus reducing possibilities for many regions in the country to ensure support for development.

There is a need for networking with objectives to increase capacities of CSOs and rural communities in fields such as advocacy on behalf of rural communities; development of innovative advisory services that can significantly contribute to distribution of prompt information and support to rural actors; and the promotion of cooperation between rural actors at different level, etc.

1.2. Diversification of economic activities in rural areas and support for small farmers in business development

Support for local products and sustainable agriculture. Agriculture remains the predominant activity in most rural areas, characterized by small farm units, low productivity and low farm incomes. A large number of farms are subsistence farms with very small surplus production for the market.

The above considerations point to the need to adequately support small farms to produce products that due to their specificity and allows add value and increasing income of producers. As possible solutions, the stakeholders stated that the rural development programmes should support small family farms in improved production technology systems. The quality of the products can be enhanced by introduction and developing post harvesting facilities that will also contribute to the food safety standards and better marketing of the products. The agricultural sector needs to introduce measures for better environmental protection, increase awareness and introduce agricultural adaptive measures towards climate change, improve advisory services and marketing information system for food products produced by the small-scale farmers, and develop more favorable conditions for credit. It is also important to establish a balance between intensity



of production, natural condition and traditional/local knowledge. Civil society organisations, permanently local and producers organisations, could play an important role in supporting local products and sustainable agriculture in different stages e.g. protection as PDO/PGI, promotion of products, networking, capacity building etc.

Strengthen inter-sectorial cooperation in local community business support. Coordination between different sectors and economic activities is often crucial for the development of rural communities. Cooperation between public, business and civil sector can offer a broader range of competencies and coordination of interests, thus creating the conditions to establish a quality environment for the support and development of the business sector. One example is tourism, which in itself can unite inter-sectoral cooperation, as well as the integration of various services and products into the tourist offer in one area. The development of knowledge, building cooperation and development support services are activities that should be developed within the civil sector and local communities, in order to improve business conditions.

Intensify support to entrepreneurs in rural communities, with particular attention to youth, women, social entrepreneurship in rural communities. Unemployment in rural areas is high (21%), reflecting the problem of lack of employment opportunities. Under-employment seems to be another serious structural problem of Serbian agriculture and rural economy. Rural poverty is likely to be high among unemployed, older people who have remained in rural areas despite the deterioration of social services, farmers in more remote areas far from markets, farmers with very small farms and/or those with low fertility land, and minority rural populations. The new law for social protection in Serbia provides strong possibilities for development social services and also social entrepreneurship. The civil sector should apply its experience, motivation and flexibility to provide different possibilities for socio-economic development in rural areas of Serbia. This year will be adopted a Law for social entrepreneurship in Serbia, which offers another possibility for community development and CSO support and work.

Support for non-agricultural activities. The economic structure of rural areas of Serbia depends largely on the primary sector and the exploitation of natural resources. About 1/3 of the active population in rural areas is employed in agriculture. The potential for non-agriculture activities includes production of energy from renewable sources, using local support resources and commitment of local capacity; rural tourism; processing of agro products; production of crafts etc. There are existing examples of good practice in non-agriculture development, supported and developed by civil society, and that experience could be used for coming support/development.

Diversification of the economic activities in the rural areas should increase the possibilities for employment as a source of additional income that will have an influence for improvement of the living standard and to the quality of life in the rural areas.

1.3. Improvement rural infrastructure and social services in rural communities

Preserving the existing services in rural communities and improve them. The last few years have seen a trend to reduce services in small villages according to the criteria, related to number inhabitants, service users etc. This trend has a negative impact on small villages far from the municipality centres, and it reduces the capacity of villages (i.e. less working places, no services for people and tourists etc). The civil sector must play an active role in advocacy for preserving services; in lobbying to improve existing services; and in animating people to understand their own rights and to participate in keeping/development new services is important role of CSO.

Develop social services in rural areas and support the involvement of the local population for certified services. The Law for social protection in Serbia establish an environment for development of social services and for employment of local people for certification and providing services. The civil sector is experienced in social services development, but mostly in towns. In the coming period, its objective should be to support development social services in rural communities and to support certification of services and staff.

A systematic identification of infrastructure in rural areas and elaboration of analysis, to prepare measures for the financing of infrastructure projects in rural areas. Planning measures for development and financing infrastructure projects is one of the key issues for rural community development. A precondition for such planning measures is valid information about existing infrastructure and what is missing in Serbia, and also coordination between national and local level as responsible for different categories of infrastructure. Civil society could help on different level through advocacy, animation local community, development projects etc. It is important in the coming few years to work on this, and to prepare condition for planning measures in EU and national funds.

Improve the system of informal education in rural communities and professional support to the rural population. The education system plays an important role in building the capacity of the local population, and particularly of young people, to value local products and local tradition. High-quality education and lifelong learning can reduce the inequalities among the urban and rural areas. CSOs in Serbia, drawing upon their own experience and also that of colleagues in the European Union, can provide main direction for development of lifelong learning and informal education. This may involve the creation of new vocational curriculums, improvement of educational conditions, coordination between stakeholders, training of trainers, effective information about existed programmes, and increased support from national and local authorities for informal educational programmes.

Work on reducing migration and depopulation from rural areas. The rural areas in Serbia are faced with problems of intensive depopulation, like every country that is in process of transition.

The improvement of the age structure in the rural areas should be high on the priority list of the rural development policy. Measures such as additional help to the young farmers or schemes for

early retirement can encourage the farm inheritance process, which in turn will encourage entrepreneurship, introduction of innovation, farm modernization etc.

Education can also be the driving force of the socio economic development and factor for readiness to innovation.

The civil sector could play an important role in solution finding, permanently in advocacy and support cross-cutting measures with impact on migration and depopulation.

7. The rural stakeholders needs and demands addressed to relevant authorities representing local, regional, national and EU administration

- There is need for an adequate inter-sectorial and inter-ministry cooperation in order to keep the rural population in the villages.
- There is need for an adequate complex strategy for rural development in order to keep the rural population in the villages.
- Civil society capacities are crucial for rural development and support to rural communities. Programmes for civil society and CSO development must be ensured and also capacity building activities must be established.
- The need for funds to support the rural development is acknowledged : however the participation and the amount of budget transfers for rural development needs to be increased and oriented to policy goals (investments, protection of the environment, survival or transformation of the small farms etc.).
- Cross-cutting themes are equally important as other themes and all categories of inhabitants must be involved in rural development.
- Bottom-up and participative planning is an important principles in creation of the rural development policy and needs strengthening of the capacities of the stakeholders in order to actively participate in this process.
- The national and local authorities but also the civil society organizations should make effort to promote the opportunities from the rural development policy in front of the rural population and coordination in community development. One possibility is through using the LEADER approach and formation of Local Action Groups.
- At the same time, there is a need for continuous communication and cooperation among the civil society, service providers and policy creators and implementers. In this direction, a comprehensive approach is necessary that will ensure all capacities, while using and respecting local specifics.
- The lack of knowledge and information among the rural population regarding the government's support programmes should be overcome through a well-structured information and education system, created on the basis of functional and efficient linkages among institutions, advisory service providers, civil society and the rural stakeholders.
- The modules for training and knowledge transfer should be adapted to the needs of the rural stakeholders.
- The media must be actively involved in informing rural population about rural development and its good implementation.