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Case Study

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# OPPORTUNITIES FOR AGRICULTURAL AND RURAL DEVELOPMENT IN THE CONTEXT OF SERBIA'S EU ACCESSION

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**Abstract:** *Given the current development and the current rural situation in Serbia, the priority issue of prosperous rural, but also overall, development is the revitalization (revitalization, reconstruction), rural settlements and territories. Revitalization can be defined as a set of planned (continuous and intermittent) measures, interventions and actions initiated at different levels - national (national, republic), regional, subregional and local (municipal), aimed at mobilization and rational spatial organization in the function of market oriented exploitation of natural, demographic and material (production) resources of rural settlements and their administrative and functionally related territories (spatially-influential spheres). This paper endeavours to research the possibilities of agricultural development in the light of the Republic of Serbia EU accession.*

**Keywords:** *agricultural development, rural development, revitalization of agriculture*

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## 1. INTRODUCTION

Rural areas have their own distinctive features and specificities. In most countries, rural areas cover about 70% of the national territory in which up to 50% of the population lives. The main features of rural areas, including in our country, are:

- Domination of agro-production with insufficient transformation into the agro-industry,
- lack of diversification of other manufacturing and non-manufacturing activities
- sparse population,
- a high rate of depopulation with a pronounced trend of demographic extinction,
- negative age structure,
- express daily migrations of non-agricultural and young people in their gravity towards urban areas,
- inadequate transport infrastructure
- insufficiently developed network of communal and living standards facilities and socio-cultural upgrades.

The dramatically poor situation in rural areas, some of which are threatening to die out completely, has finally resulted in increased concern for these areas in the last decade of the last century. European regional policy has influenced this somewhat improved trend as it pays considerable attention to rural space and its development, agriculture and its alternative activities.

## 2. CURRENT SITUATION IN THE AGRICULTURAL AND RURAL AREAS IN SERBIA

According to available data from the last census, about 3,308,000 rural population live in two macro-continents of Serbia, Vojvodina and Central Serbia. Their share in the total population of Serbia is 43.6% and is uniform for the territory of Central Serbia and Vojvodina. The rural population has been declining steadily since the Second World War, but not at the same intensity. In 1948, the proportion of rural population in Serbia was as high as 83% (77.5% in 1953). The decline in the share of the rural population in the total population of Serbia was most pronounced in the period 1961-1971. This process slowed down in the later period. In the last census period, 1991-2002. In Serbia, outside Kosovo and Metohija, the rural population declined by 161,000 and declined more rapidly than the urban population - by over 91,000 [7].

Basic problems of rural areas in Serbia are the following:

- Depopulation, primarily due to intensive processes of industrialization and urbanization,
- An unfavorable age structure that threatens to endanger entire regions and areas,
- Slowing population growth due to a rapid decline in the rate of natural increase.

As a basic problem, we identify varying degrees of concentration and redistribution of the population. The process of pronounced polarization had a negative effect on the concentration and depopulation zones. In addition to depopulation, we are talking about correlation with biological extinction and highly emigrated rural areas, primarily to Western European countries [9].

The 2002 census already pointed to the evident process of extinguishing our villages, especially in the category that in the last decade of the twentieth century belonged to the category of villages of less than 500 inhabitants [2].

Nišavski, Pčinjski, Pirotski and Raski districts suffer the strongest pressures of demographic erosion in Serbia. The census conducted in 2002 also provided us with the following information: in 25 villages, in the territories of the mentioned districts, there are 10 and fewer inhabitants. The fact is that these villages are located at high altitudes, that they are far from roads, that they do not have communal networks, and sometimes even electrification has not been carried out, but the trend is, however, more than worrying [7].

We must certainly mention the change in the age structure of the population as the biggest problem with long-term consequences. The diminishing share of young people in the structure of the rural population is a rapidly expanding and difficult-to-reverse trend. The main reasons why young people leave agriculture are: decline in agricultural production, hard work in agriculture, insecurity of the individual sector in agriculture, risk in production [5].

As we have stated, settlements and cities that are among the oldest in Serbia are heavily concentrated in eastern, southern and southwestern Serbia. It is important to note the following: in Vojvodina, demographically old municipalities are located, mainly, in the peripheral (border) parts of the province, such as the **Žitište** and **Plandište** municipalities [9].

### 3. ECONOMIC STRUCTURE OF RURAL AREAS OF SERBIA

Characteristics:

- High dependence on the primary sector
- Based on the exploitation of natural resources to the greatest extent possible
- Agricultural production, mining and energy are too large for today
- Dissatisfied share of the tertiary sector in the social product
- Agriculture accounts for about 37% of total social output [1].

The end of the 20th century brought turbulent consequences in the negative sense: a drastic decline in the social product, insufficient focus on investments in rural areas, and a potential new unemployment due to the transformation into new industrial forms that rural the areas failed to even begin, let alone sufficiently implement. Data from the 2002 census speak for themselves: the share of the agricultural population in the total population is 10.4%, the share of the pro-active agricultural population in the total agricultural 64.8%, the share of farmers over 50 58%, the disproportionate over-participation of women in active agricultural population 46%, 15% of agricultural holdings have no active farmer [2].

From the beginning of the 1960s, the dynamic pace of development of the process of industrialization, urbanization and deagrarization began. Geographical areas of Serbia are rare in the modern period, affected by many, in the true sense of the word, heterogeneous developmental tendencies, primarily negative (morpho-physiognomic, demographic and functional). These regions are burdened with serious disproportions in the degree of socio-economic development between cities, on the one hand, and rural settlements, on the other, have caused spatial and functional imbalances in the Serbian settlement network, which is manifested in the existence of an easily visible development gap and their geospatial significance. We are also witnessing the traditional peculiarities of the spatial behavior of our rural residents [11].

Today, in Serbia, in much of its rural areas, with the exception of suburban villages, there is considerable concentration and spatial manifestation of an abundance of problems, such as [14] :

- Continuous demographic discharge
- a large number of denatural villages
- reduction and disruption of rural housing stock and rural economy facilities
- declining volume and importance of rural production, etc.

Precisely, the many changes that have directly or indirectly affected rural settlements and many negative implications have contributed to the emergence of rural problems. They are more or less the brake on the development of rural settlements, the cause of stagnation in development or, in certain situations, the consequence of the complete disappearance of rural settlements [8].

When we set out from the current social preferences that are the result of the demands for restructuring the Serbian economy and its foundation on completely market laws, our village and peasantry get a new social position. This practically means that the creation of a “market village” [13] is a focal point and a key starting point for Serbia’s prosperous development. Thus, the network of rural settlements becomes a key factor of development when it is based on the principles of market economy and existence, especially those with central (leading) functions, gaining extraordinary socio-economic importance as it becomes. The inclusion of our village in market commodity flows, where it is even less present today, is directly conditioned by the quantity and quality of functional relations and connections with the city whose spatially influential sphere belongs to its market needs for products, mainly agricultural, obtained from rural areas. environments. Therefore, individual rural settlements, in the procedures of scientific planning and development programming, must be designated as villages possible centers (different centrality) of rural and overall development, which will be functionally-hierarchically integrated into adequate urban systems, dominant carriers, initiators and regulators of socio-economic development. In this context, scientific research of the spatial-functional organization of the network of rural settlements of Serbia in science, as well as other actions and activities, first of all, is of paramount importance in the field of planning [6].

From this point of view, the key fact, among other things, is the constitution and affirmation of rural planning (it does not exist in our planning system as a separate form, but as part of urban planning), as an integral part of the general planning system. Rural planning, by its very essence - theory, methodology and practice, is closely linked to spatial regional planning, and rural planning to spatial planning.

Coordination of all relevant factors is necessary for the adoption of strategic documents and systemic solutions, and it seems that this has not yet been sufficiently achieved in Serbia. Rural development policy does not yet have an integrally defined character, nor is it integrated into an official document. A number of institutions addressing this issue continue to suffer from a lack of coordination and a lack of a system to deal with the analysis, planning, implementation and guidance of rural development programs. The rural development support program and its effective implementation require high decentralization of institutions, systemic legal solutions and their full implementation, development of knowledge and introduction of new knowledge and technologies in this area, and definition of support programs through domestic and foreign funds. The rational use of resources for these pur-

poses requires capacity building at both the state and local levels, with full training of local self-government.

#### 4. SERBIA'S RURAL DEVELOPMENT PROGRAM

The rural development program of Serbia consists of several elements, of which the following are the most important:

- Implementation of integral development
- Cooperative entrepreneurship
- Developing and implementing agro-rural models.

The integrated rural development policy is generally considered to be the most appropriate model of polycentric economic development. In order to realize this method, secondary development centers in rural areas need to develop the following: required number and qualification of workforce for organizing activities, adequately developed communal and infrastructure network and activities, training of family farms for participation in modern economic flows. A competitive economy in an organized system of settlements and centers is a prerequisite for increasing the degree of economic strength of rural (rural) areas, with the elements being registered agricultural holdings, utilities, cooperatives, the capillary network of health care and education system, and many others.

The concept of rural development is based on the principle of multifunctional development [12]. This means the combination and coordination of agricultural development and other activities. This policy involves the following:

- connecting the village to the settlement system
- facilitating communication with higher order centers
- consolidation of property (land consolidation).

The aforementioned connection means that secondary centers at the level of municipalities and community centers need to be established. Such centers would cover a gravity area of 3,000 to 10,000 inhabitants. Furthermore, it is argued that extremely small villages with less than 300 inhabitants should not be kept out of the fire because they have no perspective in the current global economy. The only exceptions are villages in strategic sites, or in areas with special natural resources.

The private agricultural sector is characterized by a smallholder property not exceeding 5 hectares. There are about 80% of such households in Serbia. The average size of estates in Vojvodina is 3.59 hectares of utilized arable land, which is a big obstacle in the application of modern technology and mechanization.

Let us review the European parameters: the European Union's financial plans predicted that in the period 2007-2013. 43% of the total budget is allocated to rural development and implementation of EU agricultural policy. Due to the complexity of the common agricultural policy system, the European Union supports the candidate countries by helping to harmonize and adapt the agricultural sector and rural policy. Furthermore, the EU provides support for the implementation of EU legislation under the common agricultural policy. The rural development component is intended for candidate countries with the aim of preparing for the implementation and management of the EU Common Agricultural Policy. Until

recently, the Republic of Serbia, as a potential candidate for EU membership, could not use this component.

The Instrument for Pre-Accession Assistance – IPA [4] was established by European Council Regulation no. 1085/2006 of 17 July 2006. In this way, the European Commission has set up a single instrument for pre-accession assistance to countries in the European integration process for the 2007-2013 budgetary period, integrating the former pre-accession instruments: PHARE, SAPARD, ISPA, CARDS, as well as the pre-accession instrument for Turkey. Total IPA budget for the period 2013-2020 amounts to € 11.468 billion.

The integrated approach of the Instrument for Pre-Accession Assistance is also reflected in the aid structure itself, which is integrated into 5 components to provide targeted and effective assistance to each country, depending on its development needs and status on the path of European integration. The components of the Instrument for Pre-Accession Assistance - IPA 2013-2020 are [4] :

1. Transition assistance and institution building
2. Cross-border cooperation
3. Regional development
4. Human resources development
5. Rural development

Assistance in the implementation of this component has a significant positive effect on the sustainable development of the agricultural sector and rural areas, as well as on the successful implementation of harmonized legislation in the field of the Common Agricultural Policy. Furthermore, through the process of using this component of IPA, the candidate countries for EU membership are preparing to use the funds from the European Agricultural Fund for Rural Development [3]. According to IPA Implementing Regulation 718/2007, which defines the rules and objectives for the use of IPA funds, assistance from a component for rural development contributes to the achievement of several objectives, namely:

- improving market efficiency and meeting the European Union standards;
- prepare for the implementation of agri-environmental measures as well as strategies for local village development; developing a rural economy.

The stated goals and components are being met through the implementation of the following measures:

- Investments in the agricultural sector to restructure but also to meet EU standards. Investments in agricultural holdings. This type of assistance may be granted to natural and legal persons in order to achieve economic justification for the investment made, with the obligation to comply with the minimum national standards relating to environmental protection, public health, plant and animal health, animal welfare and safety at work. Examples of this measure are achieved through the construction and reconstruction of facilities, warehouses, procurement of equipment (musical instruments, lactifiers, etc.), and more.

- Support to facilitate the establishment and administrative work of producer groups. Objective: to adapt production and performance of members of producer groups to market requirements; joint marketing of goods (preparation for sale, centralization of sales and delivery to buyers of large quantities of goods); setting common rules for production. Assistance under this measure shall not be granted to producer groups officially recognized by

the relevant national authority of the beneficiary country before 1 January 2007. The aid is granted as lump sum aid in annual installments for the first 5 years from the date on which the producer group is recognized.

- Investments in the field of processing and marketing of agricultural and fishery products. Restructuring of these activities, reaching EU standards (investments at retail level are not included in aid systems). The aid may be granted in the form of investments for the following enterprises: a) up to 250 workers and annual turnover not exceeding EUR 50 million, a total annual balance sheet not exceeding EUR 43 million); - prioritizing investments aimed at compliance with all relevant EU standards; b) Businesses employing less than 750 workers, annual turnover of up to EUR 200 million, where the purpose of the investment is to bring the business entity in compliance with the relevant EU standards. The Commission may, on the basis of an adequate request from the beneficiary country, decide that aid may also be granted to undertakings which do not meet the investment criteria required to meet specific EU standards, which entails particularly costly investments. Examples are the construction and reconstruction of facilities, the procurement of equipment.

- Environmental measures for the improvement of the environment and nature: pilot projects aimed at developing practical experience in implementing actions to improve the environment and nature, both at the level of administration and at the level of agricultural holdings. Examples are organic production, crop rotation, reducing fertilizer use, etc.

- Improving and developing rural infrastructure: reducing regional disparities and increasing the attractiveness of rural areas for entrepreneurship development. Creating conditions for the development of rural economies. Priority in this measure is on investments in water and energy supply, waste management, local access to information and communication technologies, local access to roads of particular importance for local and economic development, as well as fire protection infrastructure due to the risk of forest fires.

- Improve training to acquire new and advance the old professional skills and competencies of persons engaged in the agricultural, food and forestry sectors.

- Technical assistance is a measure that should provide assistance to the state administration in implementing the IPARD operational program. It is aimed at assisting with the establishment of the IPARD Monitoring Committee, conducting monitoring and evaluation activities, holding seminars and meetings, etc. Organizations present in rural development in beneficiary countries under this IPA component have access to the European Rural Development Network. By participating in this network, the beneficiary country can more easily co-operate with relevant actors in the rural development of EU Member States and thus further enhance the agricultural sector and protect its interests at European and global level.

## 5. CONCLUSION

Given the current development and the current rural situation in Serbia, the priority issue of prosperous rural, but also overall, development is the revitalization (revitalization, reconstruction), rural settlements and territories. Serbia must pay much more attention to its rural areas in order to develop agriculture which would be up to today's European Union standards.

The very important issue on this road is the strategy for development of agriculture and rural areas which should be followed and implemented continuously.

Furthermore, Serbia must endeavour to reduce the migrations from villages to cities as this leaves many villages almost completely empty and free of population.

The European Union is willing to help and it does so through various programs, the most important of which is European Agricultural Fund for Rural Development – EAFRD.

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