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ACHIEVEMENTS AND CHALLENGES IN RURAL AREAS OF SERBIA BEFORE JOINING THE EU

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Rural areas in Serbia are characterized by a high degree of differentiation in terms of natural, infrastructural and other conditions for agricultural production, proximity to markets, conditions for implementing marketing strategy of their products - in terms of economic differentiation, social, infrastructure development, demographic characteristics, etc.

The economic structure of rural areas in Serbia is highly dependent on the primary sector and the exploitation of natural resources.



Lack of information, poor access to extension services, low level of personal initiative and lack of local administrative capacity are the main obstacles for more active use of state support.

The dominant part of the rural labor force, ie. dominant part of the active rural population in Serbia, work in agriculture. This data put Serbia at the list of the most agrarian European countries.

This is a consequence of the under-developed and non-diversified economic structure, which is still largely spread in agriculture and food industry.



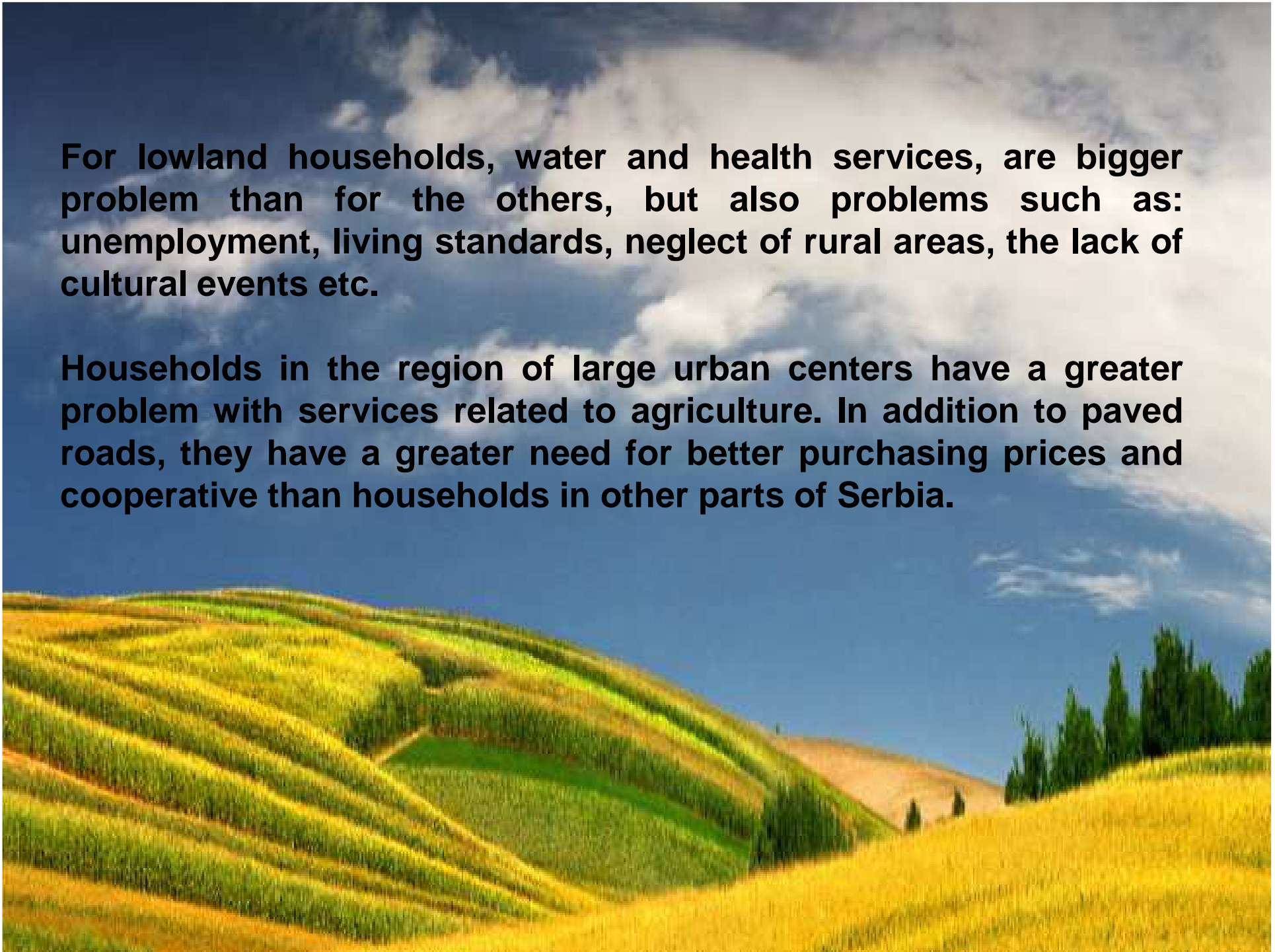
The physical infrastructure of rural areas

Rural areas characterized underdeveloped physical infrastructure. In terms of priority problems of the rural population is indicative a few of conclusions:

- 1) In comparably greater dissatisfaction of households expressed with communal problems than the available services.**
- 2) The lack or disorganization of economic infrastructure are relatively evaluated as a problem, which made that it seems to be consequence of their lack of knowledge of that kind services rather than it could be interpreted as lack of need for them.**
- 3) Regional differences are obvious, and they point to the growing dissatisfaction of households in the lowland regions, but also they point out that the nature of the problem of households is different in some of the areas.**

For lowland households, water and health services, are bigger problem than for the others, but also problems such as: unemployment, living standards, neglect of rural areas, the lack of cultural events etc.

Households in the region of large urban centers have a greater problem with services related to agriculture. In addition to paved roads, they have a greater need for better purchasing prices and cooperative than households in other parts of Serbia.



Programs of rural development support can have a significant effect if they focused on competitiveness, innovation and employment in rural areas.

The introduction of local rural development strategies (LEADER approach), through encouraging interests of local people for their active participation and the creation of local action groups (LAG), social capital in these areas can be significantly increased.

Integrative approaches to local development have in the past proved useful, especially in terms of building local capacity and assists government agencies and the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia.

The positive impact reflected primarily in the creation of appropriate support measures and better assessment of the effects of certain measures of local development.

Age and educational structure of rural areas

Except negative quantitative tendencies, it is evident unfavorable age structure of the population. The share of the population over 65 years is 17, 49%, and under 15 years 16, 17%, while the rate of aging of 1, 08. Also, so-called rate in-out migration is negative (-0.14).

These trends in the number, structure and migration of the rural population are the result of unfavorable living conditions, underdeveloped rural economy, but also the low representation of women in reproductive age.

The most appropriate response to the appearance of an aging population is equitable and sustainable economic growth of the society.

The educational structure of the rural labor force does not meet the requirements of the labor market.

The economy of rural areas

The economy of rural areas, however, is based precisely on the depletion of natural resources and high dependence on the primary sector, especially from agriculture.

Rural areas cover 85% of Serbian territory, and 55% of the population lives in these areas, it forming 41% of the GDP of the country.

The economic structure of rural areas in Serbia, according to the Republic Statistical Office is the following: primary sector (32.48%); secondary sector (41.12%); tertiary sector (26.06%); public sector (0.34%); unknown (0.34%).

At the same time, the share of agriculture in GDP in rural areas is 29.81%, which is significantly higher compared to other countries in transition, for the reason that Serbia has significant resources for agricultural production.

The share of agriculture in total employment in Serbia is around 20%, and Serbia is ranked among very agrarian countries.

In the revenue structure of small rural households in Serbia most represented are income from employment outside of agriculture, the sale of agricultural products and income from pensions.

The structure of employment and income for rural populations indicates that in Serbia is dominated by "imposed" diversification of income, which is result from the unfavorable economic environment and poverty.

In fact, the largest share in the total income of the rural population of all the areas have salaries, followed by the earnings from agriculture.

Development of farmers in rural areas means their full integration into the system agrocomplex of Serbia. Modern agricultural production is characterized by a high dependence of all segments of the agro-complex which is an important subsystem of the national economy and that includes:

- 1) industry means for agricultural and food production;**
- 2) the primary agricultural production;**
- 3) the industry for processing agricultural products (in finished industrial food and industrial non food products);**
- 4) trade of agri-food products and**
- 5) final consumption of food.**

Most of small rural farms (50%), evaluate their living standard as average.

However, 41% of them believe that their living standard is poor or very poor, while only 10% of households rated their condition as better than average.

The agricultural land

The ownership structure of agricultural land in the period after 2000 was characterized by the conversion of state / public property into private.

At the same time, between private landowners, trade was not significant. Large estates were bought, which have the necessary infrastructure, facilities and machinery, while private estates and small house holdings were subject to significant trade.

During the same period, the ownership structure of agricultural land has become very complex. Become apparent micro farms owned by poor farmers or heirs returned the land, then a small family farm and mixed farms, large estates, family or property of the transition layer elite.



Based results of the Living Standards Survey (LFS) which carried in 2002 and 2007, it can be observed following trends in market indicators of land in Serbia:

- **Increased the share of households that give land on lease from 9.2% to 6% (index 2007/2002 = 65);**
- **Increase share of households that take land on rent from 6.7% to 11.7% (index 2007/2002 = 175);**
- **Increase the average arable land per farm from 301 acres to 336 acres (Index 2007/2002 = 112);**
- **Increase the size of the rental land from 220 acres on 299 acres (Index 2007/2002 = 136);**
- **Increased the rented area from 377 acres on 513 acres (Index 2007/2002 = 136);**
- **Increased use of arable land from 329 acres to 493 acres (Index 2007/2002 = 150).**

The number of agricultural holdings in Serbia reduced by simultaneous size polarization of house holdings.

According to the Living Standards Measurement Survey (2007) farms with less than 5 hectares make up 73% of the total number of farms, compared to 80% from 2002- LSMS (2002).

During the monitoring period have been reduced average size of agricultural land of farms on 4.34 ha, ie. 6% compared to 2002.



Differentiation of rural regions in Serbia

In accordance with the observed demographic, economic, social, infrastructure and other trends, it can be concluded that the rural areas of Serbia have a high degree of differentiation.

Using cluster analysis to more than forty indicators are defined homogeneous rural regions in which a reasonable extent reflect the specificities of rural areas in Serbia.

1. *Region highly intensive agricultural production and integrated economy* is located in the northern part of Serbia that covers the territory of Vojvodina and territory of north-western part of Serbia (Mačva). This region is characterized by a plain high quality land and significant water resources:



2. Region of small urban economy with intensive agriculture is located in the northern parts of Central Serbia, Šumadija, and parts of Mačve and Stig.

The area of this region is surrounded by large urban centers, which affects the demographic, economic and social trends in the region. Region of small urban economy with intensive agriculture cover 16.31% of the total territory of Serbia, wherein with respect to natural and geographical conditions of the region somewhat homogeneous.

The hilly landscape is dominated by the mountains of the western and the eastern edge of the region.

3. Mountain region, with an economy based on natural resources, is the most rural region in Serbia covers 29% of the territory. A significant part of this area includes parts of Serbia with an altitude of over 500 m, and can be divided into the hilly and mountainous area.

4. Region of high tourism potential with poor agricultural structure

is the smallest rural region in Serbia. It covered 14% of the territory and considering the natural and geographical conditions of the region is relatively homogeneous.

Conclusion

Considering the analyzed characteristics of rural regions in Serbia, the dominant causes of their delayed development are:

- 1) migration of rural population to urban areas,**
- 2) unfavorable age structure,**
- 3) lack of investment in rural areas,**
- 4) identification of agriculture with development of rural areas with insufficient engagement in non-agricultural activities and others.**

The above regional areas have specific regional characteristics and different stages of rural development and it is useful that through practical definition of support measures it respects situation, or a regional approach..

Consequently, in accordance with the specific needs of individual rural regions it is necessary to support the construction of regional and local institutions to support the development of rural areas by improving co-operation of the Ministry of Agriculture with local governments.

Also, it is necessary to increase investment in rural development while simultaneously directing support towards diversification of activities in rural areas of Serbia





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**Thank you for
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