

SERBIA - RURAL DEVELOPMENT

Government focal point(s): Ministry of Agriculture, Forestry and Water Management - MAFWM

Agriculture is still the predominant activity and major economic contributor in terms of food, incomes, public goods and services in rural areas of Serbia. For the MAFWM, improving the efficiency and competitiveness of the sector therefore remains the key goal, while taking into account the diversity of agricultural potential in different rural areas.

Competitiveness requires that a reasonable balance is found between farm viability, environmental protection, and the social dimension of rural development. Pursuing competitiveness in Serbia is currently focused upon improving the economic performance of agriculture by; reducing production costs, increasing the economic size of holdings, promoting innovation and more orientation towards the market. Support measures for physical investments (farm investments, processing/marketing; agricultural infrastructure) and the measures related to human capital (early retirement, young farmers, training and advisory services) need to be made more effective. Increasing competitiveness must also take advantage of the opportunities offered through diversification of economic activities, a focus on quality and value-added products that consumers demand, including non-food products and biomass production, and on cleaner and more environmentally friendly production techniques.

Serbia needs to invest further in improving the social and economic conditions in rural areas, and in particular in the more remote rural areas facing depopulation and in the sub-urban areas. Investing in the broader rural economy and rural communities are vital to increase the quality of life in rural areas, via improved access to basic services and infrastructure and a better environment and through promotion small and medium enterprises in rural areas. Making rural areas more attractive also requires promoting sustainable growth and generating new employment opportunities, particularly for young people and women, as well as facilitating the access to up-to-date information and communication technologies. On-farm diversification towards non-agricultural activities, assistance for off-farm activities, and strengthening the links between agriculture and other sectors of the rural economy play an important role in this. The project will promote the development of measures to improve the quality of life in rural areas and Economic diversification, building upon existing measures, where possible.

The preferred implementation method of the National rural development plan will be through local/rural development strategies, targeting sub-regional entities, either developed in close collaboration between national, regional and local authorities or by using the Leader bottom up approach (selection of the best local development plans of local action groups – LAGs – representing public-private partnerships).

The national strategy paper for agriculture, aims to prepare the agriculture of Serbia for the integration into the EU and to build institutions which could efficiently and with high standards implement the defined agricultural policy of specific importance is establishment of a functional Payment agency as the constituent part of the Ministry of Agriculture. The EAR-managed “Rural development policy and payments system” that is ongoing, will by the end of 2007 develop

capacity for participatory rural development planning, and prepare the first national plan; and will lead to creating a “Rural and agricultural payments agency”, as a separate Directorate in the Ministry.

Therefore, a functioning Rural Payment system, with ability to design and implement a rural development policy is in line with this objective.

Rural development activities

The Serbian rural development programme from 2004-2007 was supporting:

- Improvement of production and marketing.
- Strengthening rural infrastructure and diversification of the rural economy.
- Development and promotions of rural areas.
- Environmental protection

Budget for rural development measures in 2004 was 6.000.000,00 euro, and in 2005 and 2006 9.500.000,00 euro.

Agriculture producers, local communities, nongovernmental organization and cooperatives used money for set of investments.

The most important activities within the rural development sector are as follows:

- Passing of regional and local rural development plans.
- Creation and capacity building of decentralized structures for supporting rural development (strengthening of local stakeholders and creation of local action groups)
- Categorizing Least Favorable Areas according to EU model.