



Agricultural and Rural Development In Serbia: Governance, Policy Cycle And Coordination

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Abstract

Agriculture plays an important socio-economic role in Serbia in terms of contribution to Gross Domestic Product (GDP) and employment, especially for almost a half of the population living in rural areas. However, Serbian agriculture and rural areas face many socio-economic, political and governance problems. The paper aims at analyzing governance and coordination of agricultural and rural development (ARD) in Serbia. Research is based on an extensive literature review and primary data collected through a questionnaire survey performed in summer 2013 with representatives of 120 public, civil society and international organizations. The survey focused on problems regarding ARD policy cycle (design, implementation, and monitoring & evaluation) and multi-stakeholder and cross-level coordination. The Law on Agriculture and Rural Development sets agricultural policy objectives and provides a general rural policy framework. Many public (national, regional and local), civil society and international organizations are involved in the ARD arena. Lack of appropriate human resources is a problem in all three phases of ARD policy cycle. Coordination is ineffective at central as well as local level due to, among others, inadequate vertical and horizontal cooperation and information dissemination mechanisms. Serbian agricultural and rural policy requires fundamental reforms at all levels and in the whole policy cycle. More attention should be given to rural development. Participation of civil society organizations and the private sector in policy design and evaluation should be enhanced. Building the capacity of human resources dealing with ARD policy is a priority. Improved policy governance and coordination should be operational and by fostering complementarities between stakeholders across administrative levels.

Keywords: Rural development, Agriculture, Coordination, Governance, Serbia.

Introduction

The Western Balkan (WB) region is now in a phase of consolidation and overall economic growth. Economic development went hand-in-hand with rising agricultural productivity (Volk, 2010). The countries of the WB face similar challenges in transforming and modernizing their agriculture. Their rural sectors have lagged behind the rest of the economy in growth and poverty reduction, their agro-food sectors are undercapitalized and highly fragmented, and their agro-processing capacities limited. Added to this scenario are the challenges and opportunities of adopting the European Union

(EU) *acquis* relating to agriculture (Lampietti et al., 2009).

Agriculture is still an important sector of Serbia's economy, with significant contributions to overall economic development and social stability (EC, 2011a; Volk, 2010; Bogdanov and Bozić, 2010). Primary production from agriculture, hunting, forestry and fisheries accounted for over 11% of GDP in 2013 (EC, 2014), compared to the EU-27 average of 2% (USDA, 2014). The share of the food, beverage and tobacco industry in GDP is 5.5% on average (Bogdanov and Bozić, 2010). Agricultural exports contributed almost 20% of total Serbian exports in 2013 with a surplus of US\$ 1.20 billion

(USDA, 2014). About 43% of the total population lives in rural areas (RDNS, 2010). More than a fourth (26%) of the active population depends on agriculture for their livelihood (USDA, 2014). In rural areas more than 45% of the active population is employed in agriculture, forestry, hunting and fishing (Stevanović et al., 2005). Rural areas have suffered from intensive migrations and low levels of economic diversification. They lag behind urban areas in terms of service delivery and household incomes. Rural businesses lack access to cheap credit for investment and support services (European Integration Office-Serbia, 2011).

The paper aims at analyzing governance and coordination of agricultural and rural development (ARD) in Serbia.

Material and Methods

The paper is based on an extensive review of secondary data from different sources and primary data collected by a questionnaire survey dealing with ARD governance and coordination in Serbia, performed in summer 2013 with representatives of 120 public, civil society and international organizations. Key questions included involvement of organizations in rural development (RD) policy and/or projects and in which phase of the policy cycle; main problems regarding RD policy design, implementation and evaluation without forgetting the main political, technical and strategic constraints that hamper coordination between organizations dealing with RD and/or render it ineffective.

The respondents included many key Serbian public and civil society actors in the ARD policy cycle such as the Ministry of Agriculture and Rural Development, universities (Belgrade, Novi Sad), Institute for Science Application in Agriculture, Institute for Agricultural Economics, Compensation Fund of Serbia, Cooperative Union of Serbia, Cooperative Union of Vojvodina, Chamber of Commerce of Novi Sad, Agricultural Extension Service regional offices as well as some national and local farmer associations and cooperatives. Respondents included also representatives of many cities and municipalities all over Serbia as well local funds and departments for agricultural development. Answers were received also from some international organizations operating in Serbia such as GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), USAID and the World Bank. All in all, 73.5% of the respondents were representatives of public institutions while the remaining share was divided between civil society organizations (22.1%) and international development organizations and agencies. About

two thirds (66.1%) of the organizations contacted for this survey have been involved in ARD policy design and implementation while a lower percentage (33.8%) was involved in monitoring and evaluation activities.

Results and Discussion

The design and implementation of ARD policies involves several different supra-national or international, national and sub-national actors (regional and local) (OECD, 2006). In order to define the key public, private and civil subjects who have influence and interest in supporting the rural development process, an analysis of key interested stakeholders was implemented by the Rural Development Network of Serbia (RDNS). The range of stakeholders identified by the founders of the RDNS is very wide and varied. The main stakeholders include (RDNS, 2010): Ministry of Agriculture; Ministry of Economy and Regional Development; Provincial Secretariat for Agriculture - Vojvodina; regional chambers of commerce; regional development agencies; veterinary stations; scientific institutions (institutes, universities); educational institutions; local governments; public companies and institutions; tourism organizations; agricultural expert services; donor organizations; religious communities; rural local communities; agricultural and rural development associations; media; registered farms; and private companies. Agricultural and rural development policy is under the jurisdiction of the Ministry of Agriculture; the key government body developing and implementing legislation for the sector. The Ministry of Agriculture set up a new Department for Rural Development in 2005 (Arcotrass et al., 2006).

Agricultural and rural development design and, especially, implementation, have been increasingly decentralized during last years. The opportunity is given to the Autonomous Province of Vojvodina (APV) and local governments to implement agricultural policies in the areas of their territory (RDNS, 2010). Significant funds were invested by the APV in support for mechanization, land amelioration, introduction of food quality standards, and promotion of local products and events in Vojvodina region (Bogdanov and Bozić, 2010). Local governments mainly have active offices to assist the village and/or offices to support agriculture. After adopting the Law on Agriculture and Rural Development, local governments have begun with the establishment of local funds for agricultural development (RDNS, 2010). Since 2007 the strengthening of local partnerships and the capacity of local rural stakeholders has been supported (Bogdanov and Bozić, 2010). The Ministry

of Agriculture established the Rural Development Support Network of 16 regional and 140 local offices to prepare local communities for LEADER-type programs (European Integration Office-Serbia, 2011). Different associations are active in the field of agricultural and rural development at local and regional levels. These include the members of the Rural Development Network of Serbia (RDNS, 2010).

The ARD sector in Serbia is also characterized by the presence of many bilateral and multilateral donors and financial institutions. The most significant donors in the ARD sector, according to the amount of disbursed funds in 2011, are the EU, the World Bank, the USA and Denmark (Serbian European Integration Office, 2012). Apart from the EU, other donors are also contributing to the adoption of agro-environment and agri-business schemes, and rural development, with support from Japan, the Netherlands, Norway, Romania, Spain, Sweden, the United Nations and the USA (USAID) (European Integration Office-Serbia, 2011). The main specialized agencies of the United Nations System operating in Serbia are Food and Agriculture Organization (FAO), International Labour Organization (ILO) and United Nations Development Programme (UNDP). Coordination and programming of the assistance at country level is the responsibility of the Department for Planning, Programming, Monitoring and Reporting on EU Funds and Development Assistance (DACU) within the Serbian European Integration Office (SEIO). Other donor coordination capacities at central level include the high-level Commission for Programming and Management of EU Funds and Development Assistance and Sector Working Groups (Forum on Aid Effectiveness, 2011).

Agricultural and rural development policy-making in the WB region has often been dictated by ad-hoc considerations and lacked a clear orientation towards the EU's Common Agricultural Policy (Volk, 2010). In Serbia, the institutional framework of agricultural policy was not transparent, lacked continuity and often resulted in conflicting solutions. From 2007, the implementation of agricultural policy has been permanently changing (Bogdanov and Božić, 2010).

The Law on Agriculture and Rural Development (LARD) was adopted in May 2009. The LARD regulates the objectives and implementation of agricultural policies, forms of incentives in agriculture and rural areas, the conditions for eligibility for incentives, and incentive beneficiaries. Major parts of the LARD in terms of rural development policy are related to the adoption of the Rural Development Program and establishment of a new structure of the Sector for Rural

Development (RDNS, 2010). As regards rural development, the LARD put in place a strategic framework that largely resembles the one established under the current EU legislation (EC, 2011b). Implementation of the policy is based on the Strategy of Agriculture and Rural Development, the National Program for Agriculture and the National Program of Rural Development (RDNS, 2010). The Agricultural and Rural Development Strategy for the period 2011–2020 has not yet been adopted (EC, 2012). A clear policy direction for agriculture is provided in the Agricultural Strategy (2005) and re-iterated in the National Agricultural Program 2010-2013 (2010), which aims at production and institutions restructuring; market development; and improving rural development and environmental protection (European Integration Office-Serbia, 2011).

The EU has funded a technical assistance project titled Support to Rural Development Programming and Payments System (2006-2008), managed by the European Agency for Reconstruction. The project introduced the Ministry of Agriculture staff to the preparation, implementation, monitoring and evaluation of rural development programs, as well as planned procedures and tools to support these actions. Some of these skills have been developed, and National Rural Development Strategy Plan 2008-2013 and National Rural Development Program for 2008-2013 were prepared (Bogdanov and Božić, 2010). The National Rural Development Program 2011-13 identifies different strategic objectives: improvement in food safety, veterinary and phytosanitary activities; and, sustainable development of the rural economy and rural areas by encouraging diversification (European Integration Office-Serbia 2011).

The biggest challenge for Serbia will be the institutional changes and the capacity building that will be necessary for creating a system comparable to the EU countries (Arcotras et al., 2006). Harmonization in the area of agriculture is particularly demanding, especially for countries whose agricultural policy usually has a different role than in the EU (Erjaveć, 2008). All that requires effective governance and good coordination of ARD policy and practice.

Problems regarding rural development policy change not only depending on the phase of the policy cycle (i.e. design, implementation, monitoring and evaluation) but also depending on the responding actor typology (public, civil society or international organizations) and level of operation (local or national). Many respondents point out that most of problems are due to a deficit

regarding human capital in the competent institutions especially public ones.

The main problems regarding policy design are related mainly to the lack of a thorough analysis of the situation in rural areas as well as the lack of clear rural development goals and objectives. Another problem is related to the way in which policy is designed as there is, so far, a limited participation of actors especially those of the private and civil society sectors. The problem of funding limitation supposes also a prioritization of development targets which, according to many respondents, is not done in a proper way.

As for policy implementation, the main problems are related to the capacity of local public institutions dealing with the implementation of projects as well as the attitude and the collaboration of rural population. Of course, all weaknesses regarding policy design have also some consequences for policy implementation. For instance, the lack of a clear long-term vision leads to policy discontinuity which impacts negatively rural population's interest so its involvement and cooperation. The main problem pointed out by local actors is the lack of funding and/or complicated application procedures.

As far as policy monitoring and evaluation (M&E) are concerned, one of the main problems is, again, related to the human and technical capacities of institutions dealing with these tasks. In addition, there is also the problem of the lack of quantifiable targets, and standardized and simple M&E procedures. Methods and approaches adopted in project monitoring are also considered

inappropriate by many respondents. Respondents also consider as one of the most important problems the lack of a structure within the Ministry of Agriculture that deals with M&E.

Lack of horizontal and vertical coordination and collaboration is a problem faced during all the three phases of the policy cycle. This is in part due to the lack of effective and institutionalized communication and information dissemination mechanisms. Therefore, it comes no surprise that all the respondents consider coordination between actors involved in the RD policy cycle as only partly effective (66.2%) or merely ineffective (33.8%). The share of actors that consider coordination as ineffective is higher among civil society organizations and international development agencies with respect to public institutions. Most of national (70%) and local (65%) public institutions judge coordination as partially effective.

Coordination is a problem at central as well as local levels (box 1). At the central level, inter-ministerial cooperation is partial rather than comprehensive because of the assumption that the most responsible for RD is the Ministry of Agriculture. Cross-sectoral cooperation is not institutionalized at the state level and it is left to individual initiatives thus depends on the good will of staff. Incomplete and inappropriate decentralization hampers vertical coordination even between public institutions. The lack of a clear strategy for devolution limits the involvement of civil society organizations in rural development issues.

Box 1. Major causes of ineffective coordination of RD policy in Serbia.

- Unclear dynamics of the integration process and stakeholders' roles
- Unclear national priorities and undefined long-term rural development goals
- Inefficiency of public administration at all levels
- Insufficient awareness of the importance of partnership and participatory planning and decision-making system
- Slow decentralization process and too much reliance on the central level
- Inadequate information exchange level, mechanisms and procedures
- Large hierarchy and suffocating bureaucracy
- Public-private partnerships are not yet established sufficiently
- Limited inter-department cooperation between ministries
- Political instability and disagreements
- Low intra- and inter-institutional coordination capacity
- Lack of real willingness and motivation to cooperate
- No umbrella public institution/organization that can deal with coordination
- Autism of sectoral policies
- Lack of joint projects and programmes
- General politicization and political staffing
- Lack of a common development platform
- Existence of parallel institutions and overlapping of competences
- Isolation of institutions and lack of a cooperation culture
- Low soft communication and collaboration skills of staff

Source: Authors' elaboration based on survey data.

Public-civil society and public-private partnerships that would make smoother coordination are still rather experimental in most of rural areas. The lack of a public institution that can deal with coordination of all sectoral policies in rural areas is considered as a serious problem that impacts negatively rural population's livelihoods and quality of life. Of course, cooperation can not exist without a clear legal framework, political will and orientation as well as willingness of organizations' staff to cooperate. That means that financial and human resources should be allocated not only to implement sectoral programs but also to improve the interface and interaction between them. For that there is a need to move towards integrated rural development approaches.

Conclusion

The agricultural and rural situation has gradually improved in Serbia but the country lacks a stable ARD policy and a true strategy of reforms. Policy-making and measures definition has often been dictated by pragmatic ad-hoc considerations. Problems regarding rural development spans over the whole policy cycle and are faced at both national and regional/local levels. Some actors mentioned also the lack of interdependence between the planning, implementation and M&E processes as a general problem regarding rural development policy. Rural development policy is subordinate to production support. While there were some attempts to decentralize the implementation of ARD policy, most of local and regional development strategies, including measures regarding ARD, have not been transformed in concrete and time-bound action plans due to the lack of human and financial resources. This has a negative impact on vertical coordination. No respondent considers coordination between actors involved in the RD policy cycle as effective.

Serbian ARD policy requires fundamental reforms at all levels. More attention should be given to rural development, which should gradually become a central policy. Integrated rural policy design and implementation requires changes in relations between governance levels and among the governance actors (public structures, the private sector and the civil society). Overcoming weaknesses and setting the conditions for an increasingly harmonized policy approach will be crucial for moving closer to EU accession. Among the necessary steps towards this goal are the modernization of agricultural policy administration and the implementation of appropriate policy monitoring and evaluation systems. With this

respect strengthening the capacity and *modus operandi* of the Ministry of Agriculture is a priority.

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