

**NATIONAL ASSESSMENT OF
POLICIES, INSTITUTIONS AND
PROCESSES FOR SARD IN THE
SERBIAN CARPATHIAN MOUNTAINS**

EXTRACT

from the Report

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Executive Summary

This report is prepared within the Project for Sustainable Agriculture and Rural Development in Mountain Regions (SARD-M), managed by the Food and Agriculture Organisation (FAO) through UNEP Vienna-Interim Secretariat of the Carpathian Convention (ISCC). Its aim is to provide the understanding of the strengths and weaknesses of mountain policies, including the social, economic, environmental, and institutional aspects, in relation to sustainable agriculture and rural development (SARD) in Serbia.

The structure for the analysis is set by the Framework Convention on the Protection and Sustainable Use of the Carpathians, and in particular the Article 7 dealing with sustainable agriculture and forestry. Recognizing principles stated in the Convention, this report aims at providing recommendations and proposals to complement the results of the background studies already conducted in Carpathian countries, and to define the regional areas of concern for the attention of different stakeholders.

In its initial chapter the report provides the background information on the Carpathian mountains in Serbia, particularly drawing from the recent "Study on the adjustment of the territorial designation of the Carpathian area" prepared by the Geographical Institute of the Serbian Academy of Sciences and Arts, which redefines and expands the Carpathian zone to 9.7% of the countries territory. A bit more than half of that territory is agricultural land while almost 40% are under forests. From the strategic point of view three distinct factors are influencing the development potentials of the Carpathian region in Serbia: the highland and mountainous terrain, its partial positioning in the border area and the river Danube. The agricultural production systems are identified as both traditional and market oriented, the first characterized by subsistence production with no specialization, low productivity, decrease and aging population, and the second commercially-oriented with field crops or livestock production as core activities. Depopulation is a huge problem and negative demographic trends and economic indicators are mutually reinforcing. Economically, it is still considered as one of the underdeveloped regions in Serbia, with 11.4 % of population under poverty line (in 2003), and its lagging behind in share in total GDP, number of SMEs, etc. This region faces low levels of local and foreign investment, high unemployment rate caused by the closing of key industries.

The Carpathians in Serbia are the area of significant natural value and diversity and the complexity of issues to deal with. Variety of developmental challenges require cross-sectoral and integrated approaches that could consider a range of interests and connect them into joined strategy.

While it is essential to promote sustainable agriculture and forestry policies, it needs to be combined with other aspects of economic and social development in the rural areas. This report presents the **integrated rural development as an "entry point"** for the analysis, drawing from the Carpathian region specificities in terms of land use, agricultural production systems, cultural and historical heritage, ecological diversity, economic and demographic indicators, etc. The following chapters (two to five) use this perspective for the assessment of the policy and institutional framework for SARD-M.

There is no specific mountain related policy strategy or document in Serbia, or the one that deals with rural development in the mountainous areas. Therefore the policy framework has to be constructed from the various sectoral policy documents that directly or indirectly refer to rural areas, mountainous areas or territories with increased vulnerabilities in terms of infrastructure, poverty, environmental fragility. Several strategic documents that have been prepared and adopted in the recent period in Serbia are briefly reviewed such as strategies on regional development, tourism development, poverty reduction, national environmental strategy, agriculture development, forestry, national spatial plan, etc. Although none are directly covering the issues of sustainable rural development, integrated rural development or SARD-M, they jointly regulate the overall SARD-M development context. The notion of rural development is recently receiving more focus in Serbia, however the legal and institutional setup, which would give more weight to it, is still missing.

Further, the assessment looks into actual institutional setup and makes a stakeholder analysis reviewing the presence of various actors - national and local governments, civil society, research institutions, international and regional cooperation - their role and presence at different governance levels. The decentralization process in Serbia is still in its initial stage, allowing for the Ministry of Agriculture to be in charge of both policymaking and implementation. Almost none of the responsibilities in support to SARD-M policies have been transferred to 13 municipalities of the Carpathian region, while at the same time civil and private sector are too weak for meaningful advocacy response.

The Carpathian zone in Serbia has not been sufficiently benefiting from the SARD support measures implemented by the Ministry of Agriculture in the last three years. Overall agriculture and rural development policy framework and spending has improved significantly, shifting from direct market to structural support policies. Still, due to several limitations which include lack of information, absence of support structures and focus on larger farms, the share of the total budget resources that directly support of SARD-M is very low, almost insignificant. Looking from the selected entry point, integrated rural development, not enough has been done to promote its principles. The support measures provided to the rural population still target mostly farmers, and larger ones, without explicit recognition and of the multifunctional role of the agriculture. Level of decentralization and delegation of policymaking and policy implementation related to SARD is small.

Programming of rural development *measures* is done on a yearly basis, with Ministry for Agriculture as the lead institution that defines priorities. There is no much public validation of rural development strategic directions and measures, and these have not been conceptualized nor verified in any of the public dialogue processes, making them defined in the top-down manner. Fortunately, the reform which should allow more participatory process as well as the establishment of the adequate structures for assuring input, is underway. It will improve not only vertical but also horizontal communication and partnerships, allowing for intersectoral coordination of institutions that should be involved in the development and implementation of the SARD policies that is currently insufficient and discontinuing.

The situation is similar in the Carpathian municipalities, and the process of enhancing rural development policies/strategies and institutions at the local level, and promoting collaborative culture on municipality level is not completed. Current structures for defining and monitoring of the policy implementation are weak and lacking in knowledge of and experience with market economy. The reform of the institutions dealing with SARD in the whole country and in mountains areas in particular, is ahead.

The majority of the funds spend for financing implementation of SARD-M policies in the Carpathian comes from state budgetary funds. Serbia is not eligible for IPARD yet (newly establishment mechanism of EU support to rural development) and practically none of the donor funds went to direct financing rural development measures. The situation differs a bit when it comes to capacity building efforts of local municipalities, mostly through general support to strategic planning, or cross-border cooperation of various nature. However, these are not having SARD in their focus. Civil society involvement is almost exclusively financed from external sources.

The main strengths and weaknesses, opportunities and threats for sustainable agriculture and rural development in Carpathian zone in Serbia, are listed within the SWOT analysis, while the final section concludes on what is happening in terms of sustainable rural development of the mountains regions in Serbia, with some proposals for improvement.

In brief, the development potentials of the Carpathian region in Serbia are mostly based on rich natural resources. They include vast deposits of ore and minerals, hydroelectric potentials, significant wood base, favorable conditions for development of agriculture, good conditions for upgrading of tourism, valuable historical heritage, etc. The negative demographic trends, coupled with weak local institutions, undeveloped local infrastructure and inflexible economy base are seen as key limitations. The region faces low levels of local and foreign investment, a high unemployment rate caused by the closing of key industries and a lack of economy connections with neighboring countries Romania and Bulgaria.

Principles of integrated rural development are recommended as a potential alternative method and empowering tool to define and implement rural development measures and policies.

For addressing these issues and creating sustainable agriculture and rural development, it was suggested that it is necessary to adopt the following directions:

- Nature resource protection;
- Multifunctional farming;
- Protection of the family and maintaining population;
- Multi-sectoral approach to RD;
- SARD as instrument for nature conservation;
- Decentralized and community based development approach.

2. SWOT Analysis

POLICIES	
<p>Strengths</p> <p>Several new strategic documents and laws recently adopted</p> <p>Harmonization with EU legislation in some areas like EIA, SEA etc.</p> <p><u>Environmental</u> Abundant natural resources - land, water, biodiversity and geodiversity Extensive traditional form of agriculture production Low input agriculture Presence of protected areas including National Park "Djerdap"</p> <p><u>Economic</u> Good potential for rural tourism (unused housing infrastructure that could be transferred to rural tourism accommodation capacities) Meaningful potential for nautical and recreative fishing tourism in the National Park Djerdap Growing relevance of SMEs in the region</p> <p><u>Social</u> Nine out of 13 municipalities in the Carpathian region in Serbia are included in LFAs, which should have positive implication for the use of support funds and subsidies. Small but active network of NGOs</p>	<p>Weaknesses</p> <p>Lack of legal framework for mountain specific rural and agricultural policies The sustainable development strategies and goals for the mountain regions often stipulating only general measures without concrete actions in place and clear budgetary priorities. Pending negotiation process of posting candidacy for EU accession</p> <p><u>Environmental</u> Environmental black spots of Bor and Majdanpek mines Poor environmental management even in nature protected areas Lacking infrastructure - underdevelopment of sanitary water supply and sewage systems, and inadequate waste disposal</p> <p><u>Economic</u> Regional and local development lagging behind national trends Low concentration of private entrepreneurship Inflexible economy base - (exploitation of unrenewable natural resources such as copper and coal in Majdanpek and Bor) and capital intensive activities (such as energetic complex, chemical industry Monostructural economy There are difficulties to transfer innovation (technological and management) along the chain Low investment in innovation activities Innovation is founded by public money Underdeveloped marketing and commercialisation of agricultural products</p> <p><u>Social</u> Inadequate social support network Distance from the main transport corridors and routes Low participation in the national employment</p>

	Lack of gender responsive policies
<p>Opportunities</p> <p>Nine out of 13 municipalities in the Carpathian region in Serbia are included in LFAs, which makes the region open to special regional development programmes Organic and sustainable agriculture and production of high-quality healthy food have realistic prospects and should form the future of agriculture</p> <p>Rich agricultural and food heritage of the region that could be used to identify and promote typical, traditional and products with protected geographic indication Proximity to river Danube and Paneropian transport Corridor VII as strategic waterway through Europe Medicinal herbs and various NTFP that are specifically abundant Rural tourism; Nautical tourism; Mountain tourism</p>	<p>Threats</p> <p>Negative demographic trends as key limitation to the development of the Carpathian region Limited mobility and remoteness Poaching and illegal fishing, unauthorized logging, and illegal construction</p>
INSTITUTIONS	
<p>Strengths</p> <p>Improved institutional support to business initiatives through training, advisory services and information related to business set up, financing and marketing. Development of local economic support institutions such as the first business incubator in Serbia developed in Knjazevac (outskirts of the Carpathians in Serbia) as well as SME regional agencies exist in four centers: Negotin, Knjazevac, Bor and Zajecar. Ongoing and already <u>implemented</u> programmes building capacities of for local institutions and governance Ongoing municipal financing and institutional reform Good public-civil sector partnerships in providing social services through programmes such as Social Investment Fund, monitoring of implementation of PRS</p>	<p>Weaknesses</p> <p>Weak political drive and commitment to sustainable development both on strategic and operational levels. Low cross-sectoral cooperation Lack of capacity, staffing and ability to fulfill new tasks of central and local government Weak local institutions and undeveloped local infrastructure Slow decentralization process with lacking meso-level (regional) development institutions Lack of professional organisations Underdevelopment of support and promotion structures (advisory service, inaccessibility of these areas, slow information dissemination) in many cases are directly related to low interest or low number of applications and funds distributed. Weak management skills Low use information technologies Lack of institutional infrastructure for</p>

	regional development
<p>Opportunities</p> <p>Available donor funding for capacity building programmes Establishment of Farm Registry and Integrated Administrative and Control System (IACS) Farm Accounting Data Network (FADN)</p>	<p>Threats</p> <p>Inadequate social support institutional network Low inter country level of regionalization Shortcomings in the institutional structure and its overall inconclusiveness of monitoring and auditing procedure are coupled with a lack of evaluation practices</p>
PROCESSES	
<p>Strengths</p> <p>Emerging partnerships between public, private and civil sectors (LEAP developments, Social Investment Fund initiatives) Decentralization process (as well as fiscal decentralization) is underway Mesne zajednice (local community organisations) are in bad state (management and infrastructure wise) BUT could be potential for wide participatory involvement of rural population.</p>	<p>Weaknesses</p> <p>Ineffective control system and low compliance to existing legal framework Weak communication channels between institutions and public service providers and beneficiaries and citizens Low intersectoral coordination and cooperation Few citizen organizations, few farmers groups</p>
<p>Opportunities</p> <p>Involvement in regional projects (Danube region 21) Gradual introduction of Good Agricultural Practices</p>	<p>Threats</p> <p>No clear rules on monitoring and evaluation of rural development programmes, measures or projects</p> <p>Insufficient response to curving regional disparities Civil society involvement is almost exclusively financed from external donor sources.</p>

3. Summary of findings and recommendations

The development potentials of the Carpathian region in Serbia are mostly based on great natural resources. They include vast deposits of ore and minerals, hydroelectric potentials, significant wood resources, favorable conditions for development of agriculture, good conditions for upgrading of tourism, valuable historical heritage etc. Negative demographic trends, coupled with weak local institutions, undeveloped local infrastructure and inflexible economy base are seen as key limitations. The region faces low levels of local and foreign investment, high unemployment rate caused by the closing of key industries, lack of economy connections with neighboring countries Romania and Bulgaria.

Having in mind the complexity of the mentioned issues, there should be a new approach to development that would encourage rural actors to:

- Preserve and enhance natural and cultural heritage
- Reinforce the economic environment in order to create jobs and preserve human presence
- Improve the organisational capabilities of the communities.

Principles of integrated rural development could be potentially recommended as an alternative method to define and implement rural development measures and policies, joined by principles of community based and people centered development. Such approach would have the following advantages over the existing SARD-M policies analyzed in the document, and could serve as recommendations for improvement:

- **Multi-sectoral approach, based on networking and cooperation.** Unlike current situation when coordination among ministries and stakeholders is random and without proper structural frame, it is necessary to move away from pure sectoral approach, and increase interministerial coordination and exchange in order to achieve more partnership based and integrated, multidisciplinary approach to sustainable rural development. The Carpathian Convention could give good guidelines for multisectoral frame to be taken in consideration. It is expected it would be ratified shortly in order to point a path for integrating existing strategies (economic and regional development strategy, agricultural, tourism, poverty reduction) as well as those in preparation (biodiversity conservation, NEAP, rural development plan) in the joined policy frame and action plan for the Carpathian region in Serbia.
- **Bottom up approach, public dialogue and involvement of socio-economic partners** could be seen as essential for the improvement of decision-making process related to RD programming. Existing development strategies at the municipal level should be used to prepare analysis and programs for rural development on their territory.
- **Improvement of physical and social infrastructure:** including roads, power, water and telecommunications as well as quality of basic education and health provisioning in order to increase quality of life.
- **Support to rural economic diversification** - employ existing economic support structure to rural entrepreneurship through involving (support to SMEs) in the activities related to the start-up and business management, having in mind specifics of the territory, resources, social constructs like gender and mentality etc. Modify rural grant support of the Ministry for Agriculture to address the needs of small mixed farms that are predominant in the mountain areas.

- Combine current (RD measures 2007) focus on marketization, export promotion, commercialization, stronger and larger farms with **introducing new support lines for grassroots rural innovative initiatives.**
- **Strengthen support to agricultural product development** like product quality improvement, geographic denominations of origin, value added products, by establishing information and advisory services and rural innovation support centers. This would in long term help to make the support measures functional rather than declarative (having in mind the statistics of marginal budgetary spending on these measures).
- **Strengthen regional resource management** - assess and carefully plan the use of resources for economic activities in the Carpathian in Serbia - fishery, mining, renewable energy, agriculture, timber and non timber forest products, as well as services to be provided - tourism, trade, crafts and production.
- **Reform existing extension network and establish rural development advisory.**
- Introduce systematic long-term capacity building plan.
- Strengthen data collection system, introduce obligatory monitoring and evaluation for policies and programmes.

General recommendations

- Increase awareness and understanding of values, specifics and vulnerability of mountain regions as well as need to design specific policies for fostering their development, initiate integrated policy response to mountain development in one strategic document.
- Design economic (tax?) incentives for small entrepreneurs in mountain zones under certain criteria.
- Strengthen control of environmental impacts and compliance to existing legal documents.
- Promote cross-border cooperation in the Carpathian region (within Euroregion 21).
- Enhance decentralization of governance.
- Increased focus on contextualized development.
- Continue with ratification and signing of major MEAs that Serbia is lagging behind.
- Mobilize and support rural population for organising in associations and groups and creating networks to express interests and attain political empowerment.