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STRATEGIC PRIORITIES IN RURAL DEVELOPMENT OF LOCAL COMMUNITIES IN THE REPUBLIC OF SERBIA¹

ABSTRACT

The commitment of the Republic of Serbia towards European integration requires a slightly different approach in defining the role and importance of sustainable development, from that used in documents and practice so far. Hence the need to develop a concise framework in the form of a special document – Strategy, as an answer to key questions for further sustainable development of local communities in Serbia. The policy of such a development should adjust to the CAP in the EU, in which more focus is laid on the development of rural areas.

Sustainable development of each community should be strategically planned and directed in order to move from the current condition towards the condition desirable in the future. Local communities in Serbia have realized the importance of planning in the time to come, so they strive to produce sustainable development Strategies in order to balance three key factors, i.e. three pillars of sustainable development: sustainable development of economy, trade and technology; sustainable development of society on the basis of social balance; the environment protection with the rational use of natural resources. Sustainable development also includes the coordination of various development aspects and opposing motives in the programs of certain sectors (social, economic and environmental).

This paperwork emphasis is put on the municipality Apatin (local community from the territory of West-Bačka District, which administratively belongs to the Autonomous Province of Vojvodina) and its model of sustainable development². With the sustainable development strategy, as long-term development document, on a scientific basis, key strategic development goals have been set for the following period. These were established by taking into consideration the existing natural and man-made potentials, available human resources, current development trends, current and anticipated problems and difficulties, detailed analysis and environmental impact assessments. On this basis, the most favorable, realistically achievable future development options have been proposed, largely based on the rural development in order to promote the agricultural sector competitiveness, economic diversification and environment protection.

The *Strategy of sustainable development of the municipality Apatin* represents a long-term, synergetic, goal-orientated process, which affects all the aspects of local people's life. The *strategic*

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² Document, under the title *Strategy of sustainable development of the municipality Apatin* (for the period 2009–2019), is created by the expert team, mostly composed of researchers from the Institute of Agricultural Economics from Belgrade.

goals and priorities of rural development of municipality Apatin, presented in this paperwork, are highly universal and represent mid-term view on a vision. They actually represent the answer to the question “*What do we wish to achieve?*” having in mind the resources at our disposal.

Key words: Republic of Serbia, sustainable rural development, local communities, strategy.

JEL Classification: O13, O18, Q01.

1. INTRODUCTION

The sustainable development strategy is by far the most strategically important document of the municipality Apatin for the period 2009–2019, achieved with the financial support from the Executive Council of AP Vojvodina, Provincial Secretariat of Local Government and inter-municipal cooperation. Consultancy and technical support in the development of the strategic document was given by the Standing Conference of Towns and Municipalities in Serbia (*i.e.* EU program *Exchange 2*).

Given that the creation of the sustainable development strategy represents a broad participatory process, with the involvement of a large number of stakeholders, the regional character to the development of this document was given by the Regional Agency for the Development of Small and Medium Enterprises Alma Mons doo Novi Sad in cooperation with the Institute of Agricultural Economics from Belgrade.

The successful management of the Strategy creation required, from the very beginning, high political sensibility and skill to reach generally acceptable solution, while the number of stakeholders had different, often opposing stance toward key segments of the development of Strategy. Therefore, in development of the sustainable development strategy of Apatin municipality, the principle of harmonization of strategic priorities with already adopted strategies at the national level was nurtured. In the very process of strategic document development, participatory approach was used in which all relevant stakeholders from the territory of Apatin took part.

In accordance with the principles of transparency and public, work procedures were adopted, as well as working groups whose main role was defined through acts and rules of working procedure. Accordingly, the following working groups were defined to create the sustainable development strategy of the municipality Apatin:

1. Partnership forum;
2. Strategy developing team;
3. Coordination team;
4. Thematic working groups.

The Complete coordination of the defined bodies required both horizontal and vertical approach, and effectiveness and efficiency of the set system was included in communication plan.

By combining strategic approaches with practical solutions, the strategy represents an instrument which enables the implementation of systematic, integrated and sustainable development policies in the local community.

It is important to mention that the *Strategy of sustainable development of municipality Apatin* is a “living” document, subject to critical thinking and change according to the needs, circumstances and other factors (both positive and negative) which occur in the realization of the projected measures and goals.

2. METHODOLOGY

The process of the *Strategy of sustainable development of municipality Apatin* developing was based on the plan of activities of the *Exchange 2* program, which represents a platform for the creation of the general methodology of sustainable development at local community level. The main principles used in modeling the sustainable development strategy of the municipality Apatin were the following:

1. *Bottom-up principle* – the strategy was managed and developed by local administration and stakeholders. Experts provided consulting role, training of municipal coordinators, as well as professional and technical support during the design of the document.

2. *Principle of participation and transparency* – the Strategy creation process was open for public through participation of civil and business sector representatives and municipal representatives in bodies established for strategy development. Furthermore, the public was constantly informed via municipal website, radio and press.

3. *Principle of equality* – during the work group meetings, decisions were made and work handled on a jointly basis, regardless of religious or political beliefs, no matter whether the participants were businessmen, agriculturists, clergy, scholars, NGO representatives, etc.

4. *Principle of sustainability* – the key principle applied during municipality vision, goals and priorities setting, was the principle of sustainable development. Municipality Apatin will strive to use all its resources in a manner that will best suit the needs and interests of citizens, while taking care of environment improvement.

5. *Principle of balance of potentials, needs, ideas, resources and capacities* – the development strategy of municipality Apatin reflects the actual needs of the Municipality and its citizens, as well as the realistic assessment of resources, comparative advantages, financial potentials and capacities.

In accordance with the defined principles, the strategic document development methodology consisted of several phases. Among these, the following stand out:

Activities plan development – it consisted of activities related to kick-off meetings with municipality president, heads of administration/departments and other high officials, to whom the main Strategy development plan was presented.

Based on available resources for Strategy creation (human resources, facilities, etc.), the Municipality proposed people that would constitute the *Strategy development team*, whose responsibility was to precisely plan the activities, define duties, and adjust *communication plan* along with consultants on strategy development. After defining kick-off activities, *Coordination team* members were proposed and the Cooperation Agreement was signed, as well as the plan of activities between program *Exchange 2* and Municipality.

After Strategy development team proposal, the *Partnership forum* work body was defined, whose main role was decision-making on strategic development priorities proposed by *Coordination team* and members of *Thematic work groups*.

Municipality profiling implied organization of the meetings administered by experts for Strategy development, as well as education/workshops for municipality representatives (Strategy development team), whose main activity was the introduction to the model and approach to municipality profile development (situation analysis). The data layout for municipality profile creation was related to the choice of indicators by which insight in current state of municipality by respective segments was possible, and later on these indicators were used to measure performance results in the Strategy implementation stage. The municipality analysis identified and grouped all the necessary elements, problems, potentials of municipality, used to determine strategic priorities for the municipality future development. The analysis involved both quantitative and qualitative data processing approach, and the participation of stakeholders in the identification, analysis and ranking of problems was of utmost importance. Following data collection and condition analysis, SWOT analysis was performed (**S**trengths, **W**eaknesses, **O**pportunities, **T**hreats), which defined the strategic priorities of sustainable development.

Participatory process – in the development of the strategic documents, it is of utmost importance that all stakeholders conjointly participate in defining the main priorities of municipality development. The logic and advantage of participatory planning is based on the direct involvement in the very process, during all the Strategy development stages, from the common challenges in identification to the development of common solutions. The participatory process activities also included the establishment of the *Partnership forum*, which represented the key body for discussion and information exchange among all social, economic and institutional stakeholders from the Apatin municipality territory, concerning the defining and implementation of sustainable development policies and activities. The Partnership forum role involved the organization and defining of thematic workgroups, whose members are representatives of municipal agencies, business sector, government and non-government organizations, and other relevant institutions from the territory of the municipality Apatin. The thematic workgroups worked on the constitution and identification of vision, common goals, possibilities for problem solving, and in accordance with the sustainability goals and policies, they proposed activities that should be included in the Municipality sustainable development Strategy. The

Members of the Thematic workgroups were administered by the Coordination team, whose members were nominated (as coordinators) in established workgroups. By the participatory process, in this development stage of the sustainable development Strategy, the vision of the Apatin municipality, as well as strategic priorities and measures were established, *i.e.* programs/projects that would carry out harmonized goals of municipality development in the following period were proposed. Programs/projects represent an integral part of the sustainable development strategy of the municipality Apatin Action plan.

Adopting Strategy of sustainable development consisted of an array of planned activities that were meant to include and activate broader public, or in other words constantly informing public on activities related to the process of strategic document development. In accordance with pre-set communication plan, the strategic document draft was presented to the public through planned promotional activities (panel discussion organization, presentation of strategic priorities in local communities from Apatin municipality, presentation of strategy draft on the municipality website, constant information through local media on Strategy development activities, etc.), whose main characteristic was a more transparent approach to opinions and suggestions on possible amendments to the document. Time frame for this process (*public debates*) was one month. Following this process, the Municipal Assembly adopted the Strategy of sustainable local development.

Successful *Strategy implementation* implies strong political will and support. The implementation plan also implies fiscal, human, institutional and procedural components required for Strategy implementation. The action plan, defined within the strategy document, included hierarchy of tasks, responsible parties, realistic time frame, human resources and financial needs, funding sources, expected impacts and results, measures and systems for each project evaluation. During the implementation, each project will be constantly monitored to ensure the achievement of established goals and desired results.

The team of people is responsible for managing the strategy implementation process. The practice is to establish an office or agency for local economic development (public-private partnership, or non-profit organization). The advantages of establishing such an office are that it directly monitors the Strategy implementation process; it may affect other municipal activities and decisions as well, as it may develop direct cooperation with the private sector and other organizations, etc.

Monitoring represents a constant process of strategy monitoring and/or implementation of projects according to the schedule and used inputs, infrastructure and services of project user. It identifies the current or potential good results or issues in due course, in order to ease up timely adjustment of project operations. Monitoring assumes planned project per se, measures progress, focusing on the completion of activities and it is perpetually present.

The *Evaluation* is necessary in order to make periodic assessment of Strategy implementation, of the manner it has been conducted; therefore, this stage includes answers to the following questions:

- What has been achieved so far?
- How was it implemented?
- Lessons learned and how to benefit from them during the development of new projects?

The evaluation process overlaps the monitoring process which refers to project or implementation program. It implies systemic approach to periodic implementation quality assessment, and programs are being monitored through reports, that are gathered on various bases (*e.g.* data gathered on weekly, monthly or quarterly basis).

In designing the monitoring and evaluation system it is necessary to incorporate a few indicator types. It implies goal indicators that measure Strategy or project progress according to the same goals; output indicators that measure progress according to the given *output*; *input* indicators that measure financial payment, human resources, and staff time.

3. VISION, STRATEGIC GOAL AND DEVELOPMENT PRIORITIES

The municipal vision refers to a general statement of intended development course, *i.e.* a slogan or idea of local community's future view. The vision answers the question "in what direction the local community wants to head, or what does it want to become in the future?" It represents the aspiration of Municipality management and leaders, as well as all of its citizens toward the future, without the way or particularities how the desired future will be reached. In general words, with plenty of emotional connotation, it describes the way the Municipality should head, while for leaders it relates to their ability to transform it into reality

The defining of the municipal vision was guided by the following principles:

1. The vision clearly presents the course of future Municipality development;
2. The vision represents the common offspring of all participants in the process of Strategy development (in numerous workgroups that took place in Municipality and via mail or internet, many citizens, associations, enterprises, collectivities, institutions, and other corporate entities had a chance to present their opinions on what the Municipality should represent in the future);
3. The vision has a positive direction;
4. The vision is achievable;
5. The vision has a challenging component (which would gather all the necessary energy, knowledge and resources, for the initiation of projected tasks in the future);
6. The vision stimulates defining the main goals, measures, and actions necessary for the completion of development plans in the future.

Vision – Apatin municipality, located in the region AP Vojvodina, is the local community with a high social and economic well-being of the population, which bases its development on developed institutions and infrastructure, human resources, knowledge, innovations, “clean” technologies, unique competitiveness strategy and preserved environment. The municipality nurtures multiculturalism and traditional values, continuously strengthens inter-regional and international cooperation, and allows all its residents full involvement in the social and economic life of the community.

Vision transformation into reality requires *definition of goals*, which are clear, achievable and relevant to vision, timely determined and harmonized with the defined vision of Apatin municipality development and SWOT matrix.

Strategic goal – competitive and unique position within the region, which is based on developed social infrastructure, continuous economic growth, preserved environment and the local population’s high environmental awareness. The municipality, through permanent investments in institutions, social and physical infrastructure, economic capacities, innovation, environment preservation programs, as well as through strong inter-municipal and inter-regional cooperation, will constantly create the necessary conditions for entrepreneurial spirit development, for the increase of the local population’s living standard and their full social and economic inclusion.

Precondition for achieving the strategic goal of Apatin municipality is the realization of general and specific goals, as well as the realization of measures and projects, which are provided for each of the three specially marked *development priorities (directions of development)*:

1. development and promotion of social activities;
2. competitive and sustainable economic development;
3. preservation, protection and promotion of environment quality.

The defined development priorities basically determine the ways of strategic goal realization, or in other words they are instruments of the strategic goal of Apatin municipality. The paper briefly presents the second development priority – *competitive and sustainable economic development*.

4. DEVELOPMENT PRIORITY – COMPETITIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT

Vision of development priority – Apatin municipality is the place of competitive, diversified and sustainable economy, based on knowledge, innovation and constant promotion, on developed institutions and up to date entrepreneurial infrastructure.

General goal of development priority – permanent and sustainable economic growth “generated” from the sectors industry, agriculture, tourism, especially from the sector of services, MSE and entrepreneurs, which is based on strong institutions, developed infrastructure and intensive inter-regional cooperation.

From the defined general goal of the development priority, *i.e. competitive and sustainable economic development*, four *specific goals* arise, whose realization actually depends on the vision and general goal of development priority accomplishment:

1. development of infrastructural capacities and accompanying facilities;
2. development of competitive and export oriented industry, service sector, MSE and entrepreneurs;
3. rural development focused on agrarian sector competitiveness improvement, economic diversification in the rural area and environment preservation;
4. Continuous promotion, development and diversification of tourism, with sustainable use of natural potentials and resources.

The paper briefly presents the third specific goal – *rural development focused on agrarian sector competitiveness improvement, economic diversification of rural population and environment preservation*.

5. RURAL DEVELOPMENT FOCUSED ON AGRARIAN SECTOR COMPETITIVENESS IMPROVEMENT, ECONOMIC DIVERSIFICATION OF RURAL POPULATION AND ENVIRONMENT PRESERVATION

The backbone of Apatin municipality economic development is the agrarian sector, with strong institutional capacities and preserved and developed agricultural infrastructure. The accomplishment of the third specific goal directly depends on vision realization and the general goal of development priority “*competitive and sustainable economic development*”. According to EU rural development policy, Apatin municipality has to base its rural development on:

1. building greater competitiveness of primary agriculture (estates enlargement, intensive application of agro-technical investments, higher investments in mechanization, quality standards, sale and marketing);
2. establishing conditions for additional employment of rural population (especially women, young, members of husbandries with small estates, etc.);
3. permanent improvement of living conditions in the village;
4. special emphasis on agricultural land protection, environment preservation, etc.

6. MEASURES UNDER THE THIRD SPECIFIC GOAL

Under the presented third specific goal, some measures that would be necessary to carry out in following defined period are singled out:

Measure 1. *Protection and preservation of agricultural land and promotion of agricultural infrastructure* – According the *Law of agricultural land*, municipalities are obligated to (*return*) reinvest all means obtained from public agricultural land

renting into agriculture through investment in protection, maintenance and agricultural land preservation and agricultural infrastructure development. Measures include projects of land consolidation, rural municipality roads improvement, melioration, anti-erosion measures, etc.

Measure 2. *Educational and consulting support to agriculturalists* – is especially important for agrarian sector competitiveness building; its realization implies creating relations between agriculturalists and scientific research institutes, faculties, the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia, Secretariat of Agriculture, Forestry and Water Management of Vojvodina province, as well as a number of donor funds. Therefore it is crucially important that the Municipality has created strong connections with all the relevant institutions in agriculture.

Measure 3. *Support to establishment and development of agriculturalists' association, as well as support to inter-regional and international networking of producers (companies, cooperatives, individual agriculturalists).* The measure includes projects that are related to:

- Agriculturalists' cooperation stimulation (clusters, associations, cooperatives) through the processes of: education; financial, legislative and advisory support in establishment (registration) and **work** of agriculturalists' associations; providing space for association activities, or through association activities financing (for example, donation for group activities);

- Support to processes of inter-regional and international cooperation in the field of agriculture (use of EU IPA programs for inter-regional and cross-border cooperation).

Measure 4. *Direct support to agriculturalists for agricultural production competitiveness building.* Although this support to agriculturalists is regulated at the republic and province level, the Municipality, by establishing the agrarian budget, should partly support strengthening the agricultural producers' competitiveness, especially producers' investments that are directed to production growth, intensification and modernization, promotion of genetic base, marketing development, product quality improvement, processing and sale of agricultural products, etc. This measure could include different forms of support (incentives), as well as co-financing, part of investment costs refunding, etc.

Measure 5. *Support to promotion and marketing of agricultural products.* Given that the current problems in Serbia' agriculture are related to the marketing of products, insufficient investments in packaging, distribution and promotion, special attention of the Municipality should be devoted to these problems. Besides promotion of local products on fairs, support in establishing certain agricultural product brand (by which the Municipality is recognizable), or local/regional quality sign of specified product (that would contain a name of region or municipality), greater demand of municipality management on more strict control and monitoring of the republic inspection regarding agricultural products repurchase flows (in cases of interlopers, repurchase on prohibited locations, etc.) is also very important.

Measure 6. *Organic production support.* A change from conventional to organic agricultural production, above all, is related to human health and environment protection. Although, organic farm production brings lower yields, the demand for organic products on the world market is significant and their selling price is few times higher compared to those of conventional agricultural products. The realization of this measure considers the creation of organic production possibilities study in the Municipality, as well as the educational role of municipality management related to information on the benefits and importance of organic agriculture, possible ways of change from conventional to organic agriculture, etc.

Measure 7. *Strengthening the rural population's economic activities diversification and village preservation.* Rural development refers to the creation of a stimulating environment and establishment of favorable institutional and infrastructural conditions for new investments and employment of rural population, in particular of women, youth, members of husbandries with small estate, etc. The Diversification of rural population's activities and income is useful if carried out in the field of services and craft activities, tourism, agricultural products processing, through investment on small plants, SME sector, etc. Although the Apatin municipality can provide institutional and infrastructural support, local incentives within industrial zone, the rural development projects also largely depend on the developed entrepreneurial spirit of the local community.

Having in mind the insufficient rural population's awareness of the need for active participation in different forms of public initiatives and activities, as well as impossibility of local needs articulation, special attention should be devoted to promoting the LEADER approach to rural development, which is primarily related to the methodology of rural development projects nomination for financing from EU funds. LEADER instrument in implementation of rural development policy basically means "forcing" independent determination of integral programs of local communities sustainable rural development, with common action of local community management and all local stakeholders (by the bottom-up principle). The LEADER instrument is before all based on the fact (European experiences) that local authorities and local action groups (LAG) best recognize the development priorities of their ambience.

Measure 8. *Strengthening the institutional infrastructure capacities and promotion of inter-institutional cooperation* – refers to the establishment of a special Department or Team in the Municipality with competence in agricultural activities, or establishment of an Agency for rural development/agriculture. The work of the Rural Development Department/Agency has to be efficient, which implies professionalism, promptness, maximal decrease of administrative procedures and barriers, as well as higher usage of IT in everyday work of all municipality employees. This Department/Agency must be able to attract financial means from ministries, donors, EU funds, with special focus on more intensive inter-institutional cooperation and promotion of information and communication exchange between producers and

institutions. In the field of institutional support, the promotion of LEADER approach to rural development is also related to the organization of professional trainings for local authorities and LAG, having in view the nomination for rural development projects with EU finance.

7. CONCLUSION

Apatin municipality sustainable development strategy represents a long lasting, comprehensive and synergetic process that affects all life aspects at all levels. The sustainable development concept takes into consideration economic growth, focusing on that one which will secure greater participation of clean technologies and innovation of the whole society, poverty alleviation, better use of resources, promotion of health conditions and life quality, pollution diminution and biodiversity preservation. For the long lasting and sustainable development, resources and possibilities have to be distributed in such a way that all residents can enjoy basic safety standards, human rights and social privileges.

The sustainable development strategy of Apatin municipality includes few priorities. One of them is competitiveness and sustainable economic development. According to the vision and general goal accomplishment of mentioned development priority, specific goals have been defined, with special reference to rural development.

Agriculture and rural development in Apatin municipality, as well as in the entire Republic, is under intensive changes, starting from the changes in the comprehension of the essential role of agriculture for the development of a given country, to understanding the need for institutional changes.

The creation of this Strategy should compensate for the lack of suitable strategic development documents in the Municipality. Therefore, it was necessary to harmonize the needs of Apatin municipality agrarian policy with the Republic agrarian policy, as it could make further long-lasting and sustainable development of agriculture and rural areas possible, and their harmonization with the requirements of international integration processes, before all accession to WTO, realization of SAA and EU admission.

Although in practice there are many unsolved problems that affect agriculture, both at the level of Apatin municipality and at the level of the Republic of Serbia, the investigated municipality can and has to provide reliable models for agriculture development in its rural areas.

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