

# **“Agricultural and rural policy of Serbia – institutional framework and implementation”**



**Prof. Dr. Natalija Bogdanov**

**Prof. Dr. Dragica Bozic**

**Prof. Dr. Petar Muncan**

**Faculty of Agriculture University of Belgrade**

# Overview of Agro sector in Serbia

---

- Agricultural land: **5,100 000ha**
- Cultivable land: **4,500 ha**
- Agriculture land per capita: **0.56 ha**
- Arable land per capita: **0.46 ha**
- **87%** of land is private ownership
- Number of farms: **around 780.000**
- Average size of private farms: **3.5 ha**
- Primary production from agriculture, hunting and forestry accounted for **15% of GDP** (25 % with agro-processing)
- Exports of primary agricultural products account for **26% of total export**
- About **23%** of employed are working in agriculture

# Transition period

---

- The effects of transition in the agricultural sector of Serbia in comparison with the CIE countries had a parallel trend, but with less prominent negative tendency
- ... this may be attributed to the substantial vitality of the agricultural sector as a result of private land ownership and the vertical market structure established in the past
- Apart from other CEECs Serbia's access to the process of transition was significantly lagging behind
- ...it is the reason that initial comparative advantages of the agricultural sector in comparison with other neighboring countries were rapidly annulled by 2000 (the year denoting the beginning of serious system reform undertakings)

# Agricultural policy 2000-04

---

- The set of institutional, production and organizational problems registered in the agricultural sector of Serbia at the beginning of 2000s were enormous and were given priority in relation to finding solutions to system development
- Beginning 2000 the agricultural policy of Serbia focused on solving issues of major concern in agriculture and overcoming the state-of-the-art in the sector.
- Its main activity focused on farms with the aim of offering grants in order to change the production structure.
- In addition, system solutions with regard to the competence of institutions were changed and more rigid control measures were taken in fields with the black market most predominant.
- Substantially modest budget resources for agriculture left insufficient space in order to undertake more radical changes in the agricultural support mechanism

# Agricultural policy 2000-04

---

- In 2003 the amount of premiums for producers of agricultural goods was significantly raised in comparison with the period prior to transition.
- Availability of the foreign market and autonomous trade preferences of the EU along with the privatization of food processing enterprises (primarily sugar and vegetable oil plants) have had an impact on increasing the possibility of exporting.
- ...This approach proved justifiable because alongside other system and institutional changes it raised the value of agricultural and food industry exports from the 321 million Euros in 2000 to 597 million Euros in 2003, i.e. over 85%.

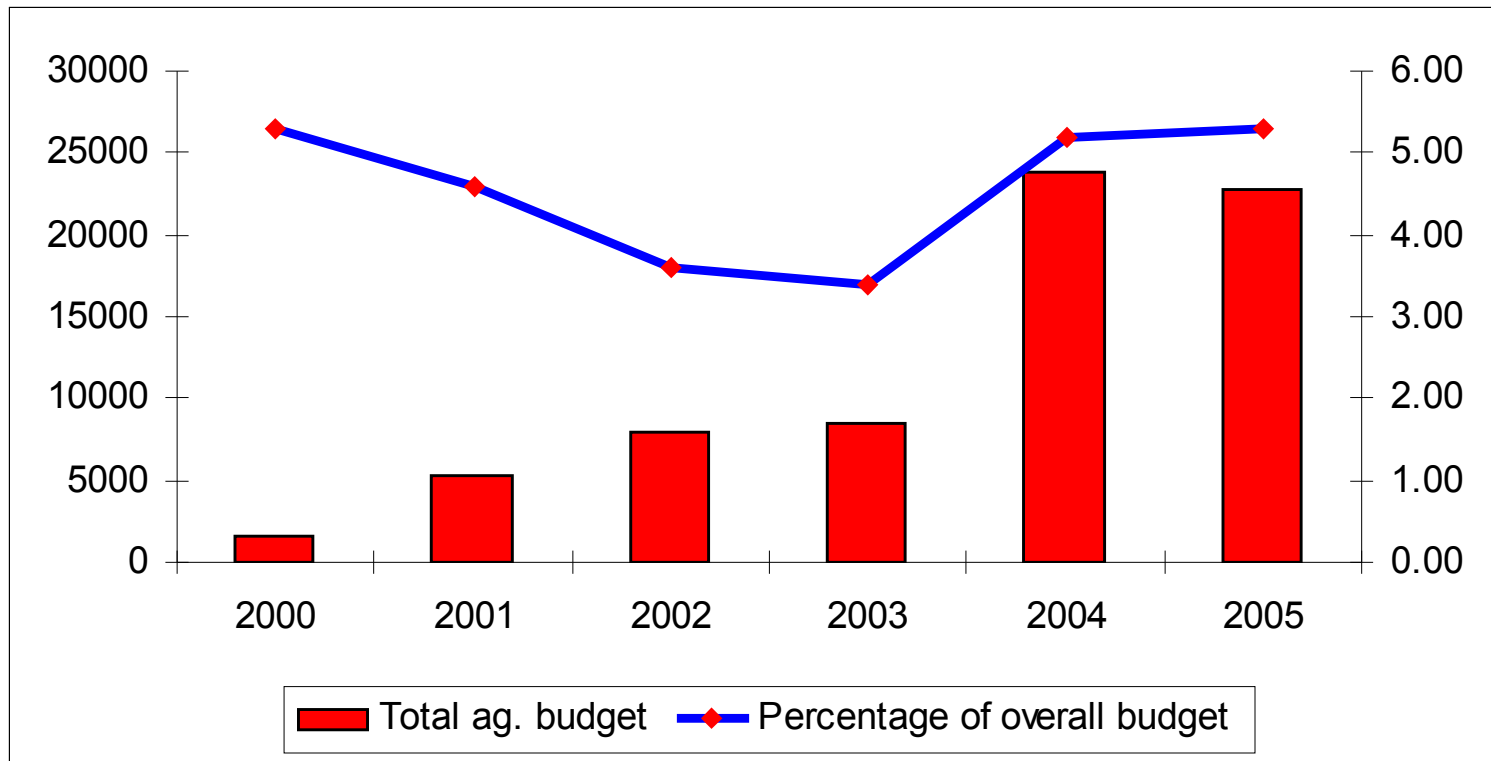
# Agricultural policy after 2004

---

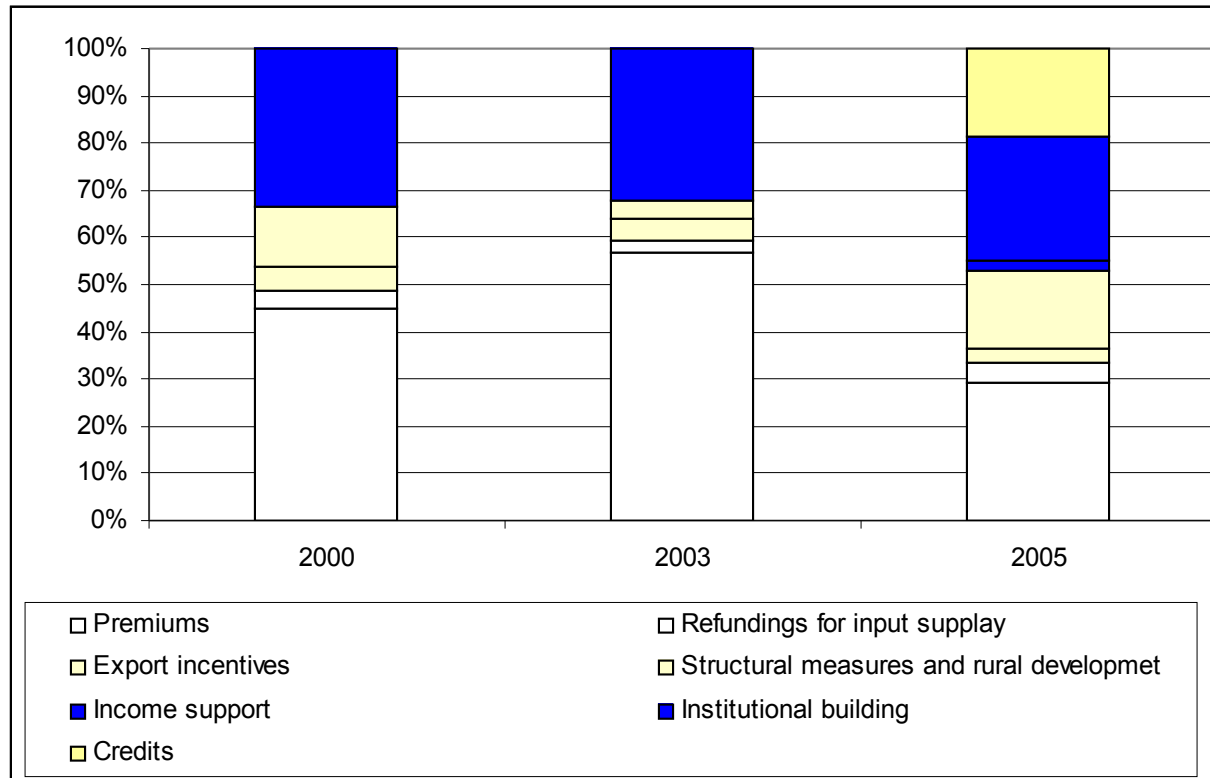
- Since 2004 strategic assignments and implementation mechanisms have been major turning points in the agricultural policy of Serbia in comparison with the preceding period. The agricultural policy thus reformed contributed to:
  3. Increased budget resources for agriculture as well as their share in the total budget of the country.
  4. increased competitiveness between commercial family farms
  5. a more efficient mechanism of implementation contributing to encouraging investments rather than encouraging income
  6. significantly diverse measures of budget expenditures.
- The Strategy for agricultural development adopted by mid-2005 proved this determination.
- Major attention in the implementation of the agricultural policy was focused on encouraging investments in farms rather than encouraging inputs and incomes of the producers.

# Budget expenditure for agriculture

( in billion dinars )



# Structure of budgetary expenditures



# Rural development policy

---

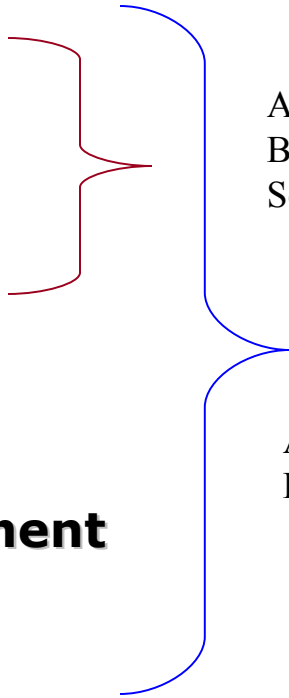
- Administrative capacity (from 2005): Department for RD and advisory services, Section for organic agriculture and Section for genetic resources
- Serbia has not yet established a national strategy specifically for rural development that would serve as a basis for a coordinated rural development policy, but
- ... some rural development activities exist within the wider agriculture policy.
- In 2004 and 2005 MAFWM has supported the following rural development projects:
  9. The majority of the funds were allocated to the reconstruction and extension of local roads, electrification, water pipelines, as well as sewage systems. Total approved funds for these purposes amounted to approx. 4 million Euro.
  10. some of the funds were intended to support the diversification of rural economies through promotion of agro-eco-tourism, traditional crafts and processing - approx. 1.6 million Euro for these purposes.
  11. 7.4 million Euro were approved for young farmers for the implementation of investments such as irrigation systems, livestock, green houses, feed mixing facilities, mechanization, silos, packaging equipment, etc.
  12. In 2006 budgete for rural development measure have been increased on 8.7 million Euro. LFAs have been defined.

# IPA – Beneficiary Countries

---

**1. Transition Assistance &  
Institution Building**  
**2. Cross-Border Cooperation**

**3. Regional Development**  
**4. Human Resources Development**  
**5. Rural Development**



Annex II: Albania,  
Bosnia and Herzegovina,  
Serbia, Montenegro

Annex I: Croatia, Turkey,  
FYR Macedonia

## IPA Indicative Financial Framework 2007-2010

---

<b>Country</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Turkey	497	539	566	654
Croatia	138	146	151	154
FYR Macedonia	58	70	81	92
Serbia	187	191	195	199
Montenegro	31	32	33	34
Kosovo	63	65	66	67
BiH	62	75	89	106
Albania	61	71	81	93

## After six years....

---

- ❑ Institutional adoptions have not been meeting the requirements of reforms taking place in other segments. This may be attributed to the delay in the transfer of competencies from the Federal to the Republic level and among the Republic institutions themselves.
- ❑ Insufficiently trained personnel which presents an issue of major concern in other transitional countries as well. The capacity for policy formulation and analysis is weak, and ill-suited to a market economy
- ❑ Uncertainty with regard to the accessing European and other integration processes (WTO) had a significant impact on the macroeconomic stability provoking unpredictable inflow of financial capital via credits, FDI and the use of European funds for institutional and sector adoption
- ❑ Public support for agricultural research and extension systems is very limited. Agricultural education is based on the teaching of socialist principles of production, and oriented towards the large-scale, intensive production systems of the agro-kombinats. There has been no real privatization of public services such as veterinarians, extension, and quality and standards testing.
- ❑ Central and local capacity not yet gained in the implementation and management of rural and local development programs. Lack of partnership and co-operation among local structures, government administration and NGOs