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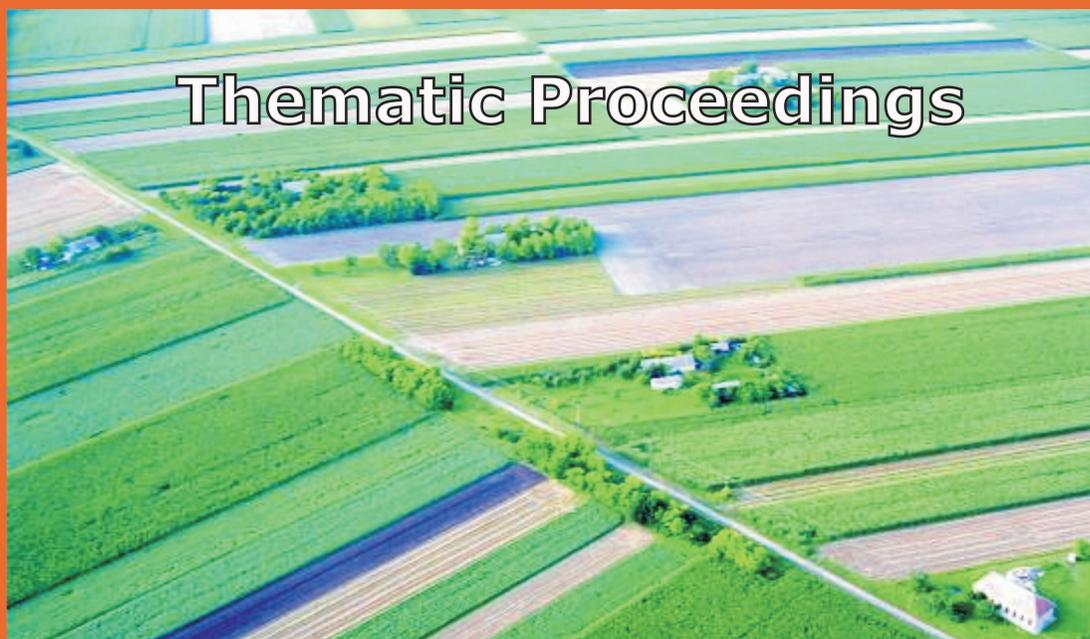
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**DESIGNING A RURAL DEVELOPMENT STRATEGY FOR SERBIA:
TRAINING LOCAL ACTORS TO MOBILIZE LOCAL ASSETS**

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Rural areas of Serbia continue to struggle with low farm incomes, poverty, and a general lack of economic opportunities. Farm production is constrained by low technology, minimal business skills, and small scale. Businesses in rural areas are small scale and very local in nature. Unemployment in most regions remains very high. Many of the industries that thrived during the Communist era have been either closed or privatized. The new privatized enterprises tend to hire fewer workers than their Socialized predecessors.

At the same time, there is significant diversity among the different regions of Serbia. Vojvodina in the north is characterized by flat landscapes, large-scale grain and oilseed farming and is relatively wealthier than other regions. Central Serbia, a major fruit-growing region is characterized by rolling hills. Southern Serbia encompasses the poorest regions and is a major vegetable producer. The best-developed tourist regions are the mountain resort of Zlatibor and Kopaonik in the southwest. Equally scenic are the Stara Planina and Vlasina Mountain regions in the southeast, but this region is also very poor and sparsely inhabited, and tourist facilities are not well-developed.

In order for rural Serbia to develop, its citizens must place more emphasis on harnessing its significant resources and assets to promote economic development. Ultimately, its farmers and businesses (including agribusinesses) must develop to supply goods and services beyond the local market. But given the regional diversity of Serbia, there is no one-size-fits-all strategy for rural development in Serbia. Rural development experts tend to agree that an effective development strategy builds on local strengths, adjusts for local weaknesses, and recognizes local market realities—all of which vary immensely from one region to another. In addition, such a development strategy attempts to meet local residents' objectives, since local support is necessary for implementing most development strategies.

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USDA ORGANIZES RURAL DEVELOPMENT TRAINING

In keeping with this philosophy, the US Department of Agriculture (USDA) organized a series of workshops aimed at assisting Serbian extension advisors and representatives from the NGO sector in their attempts to help develop rural areas. The implementing partner was the University of Kentucky (UKy), and the key Serbian counterpart was the Ministry of Agriculture (MOA). Participants come from diverse regions of Serbia, and the objective is that they will be able to articulate strategies that are best suited for the development of their specific regions and mobilize resources to pursue those strategies. These skills will be essential if Serbia is to take full advantage of future rural development funds from the EU.

The first seminar covered the basic economics of regional development and tools for community development planning-known as asset mapping and appreciative inquiry. Topics covered in the second seminar included adding value to agriculture (including agritourism), entrepreneurship, communication skills, group facilitation dynamics and techniques, and other rural development pedagogical tools. During the third seminar, participants were asked to develop action plans for their specific regions. In the final session, participants will practice teaching the skills that they have learned to other rural development specialists. These participants will form a core group of trainers for rural development concepts in the future.

The first session included nearly 30 participants, drawn both from Serbia's Agricultural Extension stations and an array of non-government organizations (NGOs.) In subsequent sessions, however, some of the extension specialists were dropped from the group, and the core group came mainly from the NGO community. A consensus quickly emerged that while agriculture is and will continue to be important to the rural economy; an effective rural strategy needs to promote diversification into activities beyond primary agricultural production. Many of the extension specialists proved unable or unwilling to think beyond the farm gate.

What is asset mapping?

The philosophy behind the training is known as asset based community development (ABCD.) The underlying assumption of this approach is that communities can achieve the best results by identifying and mobilizing their own assets to pursue their economic goals, with a minimum of outside resources (Kretzmann and McKnight, 1993; Mathie and Cunningham, 2002 and 2003.) Asset mapping and appreciative inquiry refer to the process of identifying and documenting the full range of assets that can be mobilized. These assets include both physical resources and what's known as social capital-that is the relationships among people that can give rise to local associations and informal networks. This approach is contrasted with the more typical needs-based, problem solving approach to community development. Proponents of ABCD regard the needs-based

approach as too negative and too dependent on outside institutions. It is better to focus on the positive attributes of a community and then devise a strategy to take advantage of those assets.

This type of approach can bring real benefits to Serbian rural areas. Rural communities are unlikely to receive large amounts of support from the Serbian Government, so residents need to think about what they can achieve using their own resources. Furthermore, as EU rural development funds become available to Serbia, much of that will likely be dispersed under initiatives similar to the EU LEADER Program, which supports rural development through local initiatives. The program encourages the formation of Local Action Groups (LAG), community partnerships which jointly apply for funds for integrated development projects “conceived and implemented by those that will benefit from them.” Civil society remains weak in Serbia—partly a legacy of the Communist era and partly just a result of the extreme poverty of some of Serbia’s regions. Any effort we can make to strengthen the social capital in rural Serbia will lay the groundwork for the establishment of LAGs that can eventually apply for EU funds.

What Role for Agriculture?

During the training, UKy and USDA administered a questionnaire to participants to find out their views on the strengths, weaknesses, and potentials of their regions and what they view to be the main impediments to reaching that potential. Preliminary responses indicated that nearly all respondents believed that agriculture offers the best potential for income generation, followed by food processing and tourism (although many also noted the lack of developed tourist facilities.) In discussions with the participants, USDA trainers expressed some scepticism about the potential of agriculture. Even those who gave lower ratings to the quality of their agricultural land seemed to believe that agriculture offers the greatest income generating potential.

When questioned more closely, however, participants expressed considerable realism about the potential for agriculture. During the 1990s, agriculture served as a social safety net, as state industries collapsed and many workers lost their jobs. Nearly all owned some land, and they used their severance pay to develop some basic farming operations. In the short term, many will simply continue to farm because that is what they know how to do and they lack financing to diversify into other businesses.

But participants did see considerable potential for value-added agriculture and small-scale food processing. Participants have reported that there is some evidence that farm sizes are increasing and the producers are becoming more efficient. But the same effect could be also achieved through farmer associations and cooperatives. Partnership through associations and cooperatives would allow farmers to become more specialized, develop local brands and value added

products, and become stronger player on the market. Many farmers in Vojvodina, for example, are already specialized in dairy production and have contracts with the dairy industry, which makes their sales and marketing easier and more secure.

On the other hand, participants recognized that regions and households that do not have such advantages will need to diversify their activities and employ their own local advantages. They should be organized and guided by local action groups (local government, NGOs, extension service etc.) to recognize their assets, strengths, positive aspects of their farms and to decide which activities they will try to develop. In regions where the scale of farming is still small, agricultural processing has potential (vegetables, dairy, cured meat, edible forest products) if the producers can band together in order to ensure a reliable supply in sufficient quantities.

Participants pointed out a number of positive examples of value-added agriculture:

Horgos in Vojvodina is a former agricultural cooperative that was reorganized into a distributive centre for branded (and standardized) vegetables and is now selling products to a large number of retail shops and one mega market.

A cooperative in the village of Mokrin, also in Vojvodina, built drying facilities for medicinal herbs, vegetables and herb spices. It sells products to a local factory that further processes and exports the products.

There are also examples of individual producers who were able to break into markets throughout Serbia and even EU markets.

A local entrepreneur near Nis (southern Serbia) established a small factory to produce burek (cheese pie). He sells his frozen pies to domestic supermarkets and exports to Germany.

An entrepreneur near Zlatibor (a mountain resort in western Serbia) was able to standardize and develop processed meat products (prosciutto and sausages) based on his family tradition and sell these products to all mega-markets and supermarkets in Serbia and in the region.

In the city of Krusevac, (central Serbia) the former state wine producer "Vino Zupa" - which had been considered hopeless-was recently privatized, and the new management acquired geographical protection for the wines and started new enterprises such as the processing of aromatic plants and fruits, which the firm sells to hotels and restaurants. The firm involved many small farmers in the business and actively cooperates with the local extension service.

But there was a recognition that much more work has to be done to develop markets for Serbian products. When farmers need assistance in marketing and sales, they find it difficult to find help. Participants acknowledged that the Serbian extension has good consultants for agricultural production, crop protection, and technology, but few people from the extension service, local governments or

universities have experience in marketing or can offer advice in this area. They thought that farmer coops and associations could fill this gap. One example was the Fruit Producers Association from Central Serbia, which was represented at the Agricultural Fair in Moscow and signed a contract to sell significant quantities of apples to the Russian market.

Scepticism about new industry

There has been considerable investment in non-agricultural industry in recent years. Examples are the Tigar tire and rubber producer in the municipality of Pirot (eastern Serbia), the bottled water producers “Voda Voda” and Knjaz Milos in central and southwest Serbia, the metal utensils producer “Metalac”. But participants were sceptical about the potential of this sort of industry to contribute to local development. Most local areas have trouble attracting this sort of business because these firms choose to operate in other areas (often more urban areas such as Belgrade or in areas outside Serbia). Furthermore, the existing employers are often down-sizing, making it impossible to rely on those firms as a means of economic development. It was noted that Tigar was currently employing far fewer workers than previously. Moreover, some complained that these industries also have significant negative impacts on the environment, detracting from the natural assets of the region.

But participants did note some signs of change; they thought that industries in the rural areas are beginning to realize that they need to pay attention to environmental and social aspects of their businesses. Furthermore, some businesses are beginning to support activities that revitalize churches and monasteries, the local heritage, etc. Such industry has the potential to serve as a catalyst for the creation of new businesses such as hotels and restaurants.

The Promise of Tourism

The difficulty in recruiting and retaining large firms has convinced some involved in rural development to focus on diversification and investing in the positive features that already exist in rural Serbia. Because of the beautiful rural areas of Serbia, participants quickly identified tourism as a developmental focus.

Serbia has many unexplored and unexploited regions with huge tourism potential. There are many natural resources like the Danube, Sava, Drina and Tara rivers, beautiful mountains (Stara Planina, Zlatibor, Kopaonik etc.) and many historical, cultural, and religious sites. A question was raised as to whether Serbia is entering the tourist business a bit late, when some neighbouring countries such as Bulgaria, Croatia and Hungary have had a head start and offer some strong competition. But instead, participants thought that development of rural parts of Serbia's eastern neighbours - Bulgaria and Romania - would contribute to faster development of

eastern Serbia. Tourists passing through Serbia on their way to Turkey and Bulgaria present a great opportunity for local people to offer different kinds of products and services (motels, hotels, mountain trails, foods and drinks etc.). In addition, some pointed out that Hungary has had a positive influence on rural areas in Vojvodina. Many initiatives that succeeded in Hungary are being successfully implemented in Vojvodina.

If increased emphasis on tourism can help the communities solidify and improve the local conditions, it will show potential investors that there is good leadership, active local involvement, and momentum that would help their business if it located there. Such synergism would help all people in the local area: farmers by providing a larger local market for their produce; local businesses (stores, restaurants, hotels) because more people would purchase their goods and use their services; governments by providing a larger tax base and more vibrant economy.

The tourist appeal of a locality can be reinforced by the creation of local brands that capitalize on the new emphasis on environment and a pleasant, rural surrounding. Visits to scenic areas or cultural monuments can include the opportunity to view local production of food and crafts that are tied to that visit, thus generating more local economic activity. This concept is similar to the “terroir” concept prevalent in other parts of Europe. Products are specifically tied to regions because of the climate, soils, production practices, and traditions. When people consume such products they fondly remember their visits to the regions, the beautiful views, their conversations with the local artisans, and the warm hospitality. Those products will keep the memories alive and encourage people to visit again.

However, there is a growing sense of “label fatigue” throughout Europe, as more and more regions acquire these geographical indicators, and it will be tough for Serbian products to stand out. Producers will have a better chance if they can create an association with a compelling story or legend associated with the region. Serbia has a rich history of folktales and legends that could be exploited to create a “Serbian brand”. Examples are the superhero Prince Marko and his horse Sarac or the Hajduk — Serbian versions of Robin Hood, who stole from the rich and gave to the poor and played a key role in liberating Serbia from Turkish rule. This could be a topic for future workshops.

The Next Steps--Mobilizing Local Assets to Move Forward

Discussions during the workshop generated many ideas for stimulating economic development in Serbia’s rural areas. The most promising opportunities seemed to be value-added agriculture and tourism. But the next step is to translate these ideas into action. Much needs to be done to realize these aspirations - participants noted a lack of developed tourist facilities, poor local roads, and difficulties obtaining financing. The infrastructure needed to support value-added agriculture is only

partially developed. A system of market information exists, but there is a critical need for training to help farmers use the information to make better decisions. There is a lack of uniform quality standards and inadequate protection of brand names and patents - participants noted that low-quality cheese has been marketed illegally under the brand name "Piro Cheese."

To a large extent, solutions to these problems will require action by the national government. But there is much that can be done at the local level by local actors, some of which is already being done. Participants pointed out the municipalities of Zrenjanin and Indjija (Western Vojvodina), where local governments and citizens jointly recognized their assets (good agricultural land, a well-educated workforce and a strategic location along one of the main highways of Serbia) and made investments to capitalize on those assets - one major achievement was to bring in U.S. and Hungarian investors to build a bibfuls plant that will open in 2009. In the municipality of Arilje in Central Serbia, the local government teamed up with NGOs to build on the region's reputation as a major producer of fruit. The result was a network of growers associations, which were able to find markets for Arilje fruit in the EU and Russia.

A totally different type of example was the NGO MOBA in the central Serbian municipality of Ljig. The principal focus of MOBA is development of tourism. One result of MOBA's efforts is an internet club that has helped initiate discussions on ways to attract new business opportunities. The NGO has also developed a website that highlights the small agricultural enterprises in the region and provides links to local businesses providing accommodations, dining, regional food and craft products, and other services. The NGO was founded with assistance from USAID, but currently receives no foreign donor support. Instead it has established good relations with the mayor's office and has secured funding from the Serbian Government and the municipality to support its efforts.

The NGO Natura Balkanika from Dimitrovgrad in southeast Serbia is another example. Its mission is to promote agri-tourism and protect the biodiversity of the Stare Planina region. It maintains an interactive farm, where visitors can participate in traditional farming practices. The NGO also maintains and marks hiking and horseback riding trails and has published a variety of tourist maps, one of which features municipalities in Bulgaria and Macedonia as well as Serbia. The trails highlight the unique landscape of the region, cultural and historical monuments, tourist accommodations, and farms that offer characteristic foods such as Mangulica pork sausage and Stara Planina sheep cheese. The NGO notes that rural households participating in its projects realized a five-fold increase in overnight guests between 2000 and 2006. Natura Balkanika also cooperates with the municipality to organize an annual Balkan AgroBiodiversity and Rural Heritage fair.

However, a major obstacle to development that was noted in responses to the initial questionnaire was undeveloped democratic institutions and weak civic

involvement. Indeed, a 2006 Civil Society Index Report for Serbia noted several weaknesses in the structure of Serbian civil society. The report noted a low level of participation among the population. Weaknesses included a lack of legislation legitimizing the position of NGOs, insufficient communication among civil society groups, over-dependency on funds from foreign donors - which tends to foster competition rather than cooperation among groups - distrust of NGOs on the part of both government and private sector entities, and most seriously, perhaps, a lack of trust among people themselves.

Overcoming this negative legacy will be a challenge for Serbia, and development of national institutions to support rural development will be a slow process. However, the results of the training undertaken by USDA and UKy make it clear that there are some dynamic individuals who are making a difference in their communities. It is our hope that those we have trained will be able to inspire others to work together to capitalize on the abundant natural assets that Serbia has to offer.

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