Bilateral Screening

RURAL DEVELOPMENT
- Framework, current measures and financing-

Brussels
14 – 16 May 2014
CONTENT OF THE PRESENTATION

• Legal background
• Actual situation
• Overview of challenges and needs
• History of RD policy in Serbia
• Realized support to Agriculture and Rural Development
• Institutional set up for rural development support
  – MA, MC, Extension Service, Network for RD
• Development vision and strategic goals for RD
• Measures and activities for realization of strategic goals
• Programs for rural development
  – Decree on allocation of incentives in agriculture and rural development in 2014
  – National Program for RD 2015-2020
  – IPARD II
• Actions in the coming period
LEGAL BACKGROUND
Laws:

• Law on Agriculture and Rural Development
  – OG RS No 41/2009,10/13

• Law on Subsidies in Agriculture and Rural Development
  – OG RS No 10/13
BYLAWS RELATED TO SUBSIDIES IN AGRICULTURE AND RURAL DEVELOPMENT:

- Decree on the allocation of subsidies in agriculture and rural development in 2014 (OG RS No 8/14)
- Decree on the establishment of the Program for protection, and utilization of agricultural land for the 2014 (OG RS No 30/2014)
- Rulebook on determination of areas with difficult working conditions in agriculture (OG RS No 29/13)
- Rulebook on subsidies for investments in agriculture to improve competitiveness and achieve quality standards through assistance in establishing long term production orchards of fruit trees, vines and hops (OG RS No 59/13)
- Rulebook on subsidies to support investment in primary agricultural production(OG RS No 62/13)
BY LAWS RELATED TO SUBSIDIES IN AGRICULTURE AND RURAL DEVELOPMENT:

- Rulebook on subsidies to improve economic activities in the countryside through support for non-agricultural activities (OG RS No 81/13)
- Rulebook on subsidies for preserving animal genetic resources (OG RS No 83/13)

In preparation:

- Rulebook on requirements and ways to use subsidies to improve competitiveness and to achieve quality standards, through investments in agro-processing and marketing sector in milk, meat, fruits, vegetables and grapes
- Rulebook on Preparation of local rural development strategies (LRDS) by established partnerships for territorial rural development (LEADER approach)
ACTUAL SITUATION
RURAL AREAS OF SERBIA

According to the OECD definition*

- rural areas in Serbia cover 89.98% of the country’s territory with more than half of the total population living in them (58.37%)

* Municipalities /towns in Serbia, with a population density over 150 inhabitants per km2 (Data refer to 2012, source: SORS)
71% (arable land, orchard and vineyards) and 29% grasslands (meadows and pastures)

The average farm size is 5.4 ha UAA (in Vojvodina Province- 11ha),

In comparison to other countries in the region, the farms with 2-10 ha have a bigger share in total number of farms (43%) and in the UAA (35.3%).

Farm structure in Serbia, EU-27 and selected EU countries

Source: FAO/SWG Project
FARM SIZE AND FARM STRUCTURE

- There are 1,443 million persons working on agricultural holdings - 646,283 AWU.
- The AWU per hectare of UAA and AWU/LSU ratio are substantially higher than the EU-27 average.
- These values indicate a low labor productivity, particularly in livestock production, and suggest the presence of hidden unemployment as well.

AWU per farm, UAA and LSU, Serbia and EU-27, 2012 (in AWU)
Source: FAO/SWG Project
RURAL POVERTY AND REGIONAL IMBALANCES

- The poverty of Serbia’s rural areas is closely tied to the dependence of the rural economy on agriculture.
- Nearly one half of poor people are those employed in the agricultural sector.
- Rural Poverty is more prevalent in southern and hilly/mountainous regions;

![Figure: Poverty rates per type of settlements, Serbia, 2006-2012](SIPRU project)
AREAS WITH DIFFICULT WORKING CONDITIONS IN AGRICULTURE

• **Selection criteria:**
  - Altitude- above 500m, or
  - Less than 100 employed/1000 citizens, or
  - Belong to Areas of Parks of Nature

• **Facts and figures:**
  - Area covered- 30.822,71 km²
  - % of areas – 39,78%
  - % of population – 29,50%
  - No. of holdings – 184.260 (29,18%)
  - UAA 840.607,44 ha (24,46%)
  - LSU 489.323 (24,22%)
  - AWU 191.384 (29,61%)

Data refer to 2012, source: SORS
OVERVIEW OF

CHALLENGES AND NEEDS
<table>
<thead>
<tr>
<th><strong>Challenges</strong></th>
<th><strong>Results/Goals</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The lack of ag. infrastructure;</td>
<td>Improved resources in agriculture,</td>
</tr>
<tr>
<td>Land degradation, unregulated streams and canals;</td>
<td>Increased number of livestock and a sufficient quantity animal feed</td>
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<tr>
<td>Small holding and fragmentation of land;</td>
<td>Purchased new equipment and machinery,</td>
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<tr>
<td>Breed composition of cattle and small livestock;</td>
<td>Better age and educational structure of the workforce in agriculture,</td>
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<tr>
<td>Outdated equipment and machinery;</td>
<td>Improved land resources and the quality and structure of agricultural land</td>
</tr>
<tr>
<td>Age and educational structure of the labor force in rural areas;</td>
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<tr>
<td>Low level of technology and crop management</td>
<td>Production of large quantities of food in good quality,</td>
</tr>
<tr>
<td>Low quality of inputs</td>
<td>Improved level of technology, agricultural technology and quality inputs,</td>
</tr>
<tr>
<td>Low fruit and vegetable production in greenhouses;</td>
<td>Large number of constructed greenhouses with increased production,</td>
</tr>
<tr>
<td>Insufficient application of modern science and technology,</td>
<td>Greater use of modern knowledge and technology in the final product,</td>
</tr>
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<td>Low level of finalization of the product;</td>
<td>Better quality of control system,</td>
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<tr>
<td>Inefficient system of quality control</td>
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<td>Inadequate insurance system</td>
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<tr>
<td>Challenges</td>
<td>Results/Goals</td>
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<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
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<tr>
<td>• Low use of processing capacities;</td>
<td>• Improved processing facilities,</td>
</tr>
<tr>
<td>• Presence of monopolies;</td>
<td>• Developed markets and increased competition,</td>
</tr>
<tr>
<td>• Underdeveloped market institutions and infrastructure;</td>
<td>• Advanced information systems in agriculture,</td>
</tr>
<tr>
<td>• Absence of information systems and inadequate logistical support</td>
<td>• Increasing number of agricultural associations and farmers who are members of the association,</td>
</tr>
<tr>
<td>• Low impact and negotiation power of producers' associations;</td>
<td>• Developed production chain,</td>
</tr>
<tr>
<td>• Inadequate waste management system;</td>
<td>• Improved technological development and better environmental protection,</td>
</tr>
<tr>
<td>• Ineffective demographic trends;</td>
<td>• Created opportunities for greater diversification of farm,</td>
</tr>
<tr>
<td>• Inactive labor market;</td>
<td>• Better promotion and protection of cultural heritage,</td>
</tr>
<tr>
<td>• Adverse social structure;</td>
<td>• Quality waste management system,</td>
</tr>
<tr>
<td>• Untapped opportunities of diversification of income on the farm;</td>
<td></td>
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<tr>
<td>• Inadequate utilization of cultural heritage;</td>
<td></td>
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<tr>
<td>• Difficult access to social services;</td>
<td></td>
</tr>
<tr>
<td>• The low level of social capital;</td>
<td></td>
</tr>
<tr>
<td>• Lack of interest and motivation producers to accept new knowledge and technologies;</td>
<td>• Improved system of farmers training,</td>
</tr>
<tr>
<td>• Insufficient educational modules/training;</td>
<td>• Greater motivation for farmers to use new technologies</td>
</tr>
</tbody>
</table>
HISTORY OF RD POLICY IN SERBIA

• 2004 First complex program for support to RD developed in line with SAPARD Program
• 2005 First Strategy for Agriculture, covering RD policy
• 2005 Sector for RD established in MAFWM
• 2006 First Draft for Law in Agriculture and rural development-establishment of IPARD structure
• 2009 Elaboration of IPARD 2010-2013 (no official procedure for adoption)
• 2013 Strategy for Agriculture and RD 2014-2024
• 2014 Elaboration of NPRD and IPARD II
REALIZED SUPPORT TO AGRICULTURE AND RURAL DEVELOPMENT
Figure: Breakdown of Total budgetary support to agriculture by pillars (mill. EUR, %)*

Source: FAO/SWG Project

* basing on the EU and OECD systems of measure classification
BREAKDOWN OF BUDGETARY SUPPORT TO RURAL DEVELOPMENT

Figure: Breakdown of budgetary support to rural development by type of measures (mill. EUR, %)*
Source: FAO/SWG Project

* basing on the EU and OECD systems of measure classification
### Types and amount of support to RD in 2013

<table>
<thead>
<tr>
<th>Type of support</th>
<th>Title of the measure</th>
<th>Total realized funds (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improvement of competitiveness of agriculture production and investments in agriculture holdings</strong></td>
<td>Support for permanent crops of fruit, vine and hops</td>
<td>275,809</td>
</tr>
<tr>
<td></td>
<td>Support to RD through investments in production and processing capacities based on permanent crops products (plum, cherry, strawberry, Roseberry and blueberry) in five counties on the south of Serbia in 2012</td>
<td>69,809</td>
</tr>
<tr>
<td></td>
<td>Support for renovation of permanent crops of vine, hops and herbs spirit</td>
<td>1,849,314</td>
</tr>
<tr>
<td></td>
<td>Support to RD through investment in production and marketing of fruit, grapes, vegetables, mushrooms and flowers in 2012.</td>
<td>777,784</td>
</tr>
<tr>
<td></td>
<td>Danish call for application- support for promotion of primary agriculture production</td>
<td>635,856</td>
</tr>
<tr>
<td></td>
<td>Danish donation 2012</td>
<td>154,399</td>
</tr>
<tr>
<td></td>
<td>Support for fattening of cattle 2012 with local municipalities 50:50</td>
<td>5,654,665</td>
</tr>
<tr>
<td></td>
<td>Support for food safety, organic products and GI products in 2012</td>
<td>2,392</td>
</tr>
<tr>
<td><strong>Environment protection and preservation of landscape</strong></td>
<td>Organic production</td>
<td>96,531</td>
</tr>
<tr>
<td></td>
<td>Organic production 2012</td>
<td>30,846</td>
</tr>
<tr>
<td></td>
<td>Animal and plant genetic resources</td>
<td>785</td>
</tr>
<tr>
<td><strong>Support to rural economy and population</strong></td>
<td>Economic activities related to adding value to agriculture products, as well as, introduction and certification of food safety system, organic products and GI products</td>
<td>6,212</td>
</tr>
<tr>
<td><strong>TOTAL STRUCTURAL MEASURES AND SUPPORT TO RD</strong></td>
<td></td>
<td>9,554,404</td>
</tr>
</tbody>
</table>
ADMINISTRATIVE PROCEDURES

- Department for RD (MA) prepares measures for RD
- Directorate for Agriculture Payments (PA) prepares and launches the public call for proposal
- Applications are submitted to PA in due time, correctly filled, with other requested documentation
- Applications for support cannot be combined with applications for other measures
- Subsidies are paid out on the basis of the decision of the PA, after approval by inspection (or on the spot control if needed) and up on complete realization of the investment

*IPARD like*
Elaboration of measures

Promotion/Communication

Monitoring of implementation

Evaluation

Reporting

Programming

Preparation of call for application

Collection of applications

Evaluation of applications

Final control

Reporting to MA

Launch of call for application

On the spot control

Approval of applications

Payments

Control after 5 years
INSTITUTIONAL SET UP
FOR RURAL DEVELOPMENT SUPPORT
➢ MANAGING AUTHORITY

➢ PAYING AGENCY (PA) - MoU

➢ MONITORING COMMITTEE

➢ FARM ADVISORY SYSTEM

➢ NETWORK FOR RD
MANAGING AUTHORITY
THE TASKS OF THE MA

• Programming of IPARD
• Programming of NPRD
• Approving criteria for the selection of projects financed under provisions of the IPARD
• Drafting national implementation directives
• Establishing suitable systems for collecting and keeping statistical and other data required for monitoring of the program
• Informing beneficiaries about the measures and RDPs
• Fulfilling the requirements on providing and keeping data on effects of the program
• Implementation of all monitoring activities required to ensure the timely implementation of the program
• Forwarding of monitoring and assessment results to the Monitoring Committee and the European Commission
Establishment of a Monitoring Committee (MC) and drafting of materials for the required monitoring of the program's implementation under the MC rules of procedures

Secretariat of MC

Dissemination of public information

Compiling annual progress reports, forwarding it to the Monitoring Committee and, subsequently, to the European Commission

Coordination at program and axis level, coordination of measure design

Ensure balanced information flow between MAFWM and the IPARD Agency with a view to ensure effective implementation of the measures and RDP

Managing Authority will be subjected to Audit and Accreditation, both national and EU
MONITORING COMMITTEE
INTER-MINISTERIAL MECHANISM
- National Council for RD-

• Rules of procedures prepared for adoption on first meeting of the council
• Detailed program of training and study tours for NC members prepared and resources obtained
• Action plan prepared
• This body will
  – Serve for establishment of Monitoring Committee when needed
  – Assist in programming of RD
  – Assist in promotion of RD
  – Assist in establishment of experts groups in the field of RD
  – Support implementation of RD measures
  – Other
FARM ADVISORY SYSTEM
COORDINATION, MONITORING AND EVALUATION

• 35 offices (256 advisers)
• MAEP coordinates work of 22 offices
• Provincial Secretariat for Agriculture in Vojvodina coordinates work of 13 offices

FINANCING OF ADVISORY SYSTEM

• Republic of Serbia and Vojvodina Province
  – Funds for the implementation of the annual Program (100%)
1. Work with ag. holdings- two ways:

• Directly on the holding
• Indirectly in the office and via phone, fax, e-mails

2. Working with groups

• Working with cooperatives and association of farmers
• Group trainings
• Workshops (trainings with practical demonstrations)
• Seminars/ winter schools
• Field Days- Demonstration on the spot/ field
3. **Education through the media**

- Appearance on local and regional TV and radio stations
- Local newspaper
- Internet portal (advice, articles, answering questions)

4. **Data collection**

- Collecting and disseminating data for Agricultural Marketing Information System of Serbia (STIPS)
- Monitoring and reporting on sowing and harvesting of crops
- Monitoring and reporting on planted and collected fruit & grapes
- Collecting and disseminating data for FADN

5. **Promotion of National support measures and IPARD**

- Seminars,
- Distribution of brochures, leaflets and guidelines
- Promotion through the local media (radio, TV, internet portal)

6. **Support in use of available funds**

- Assisting in Filling of application forms
- Assistance in developing business plans
FUTURE ACTIVITIES FOR DEVELOPMENT OF FARM ADVISORY SYSTEM

Capacity building of advisory services

- Professional Development
- Improving technical conditions - vehicles, IT equipment and laboratory equipment
- Increase in the number of advisers
- Improving the system of licensing of advisers
- Development of Register of advisers
- Preparation and conduction of the training modules, in particular those related to compliance with CAP, with focus on:
  - Quality of agricultural and agri-food products,
  - Financial management of the farm,
  - Rational use of land and water,
  - Environment protection (GAP),
  - Animal welfare and
  - IPARD measures
NETWORK FOR RURAL DEVELOPMENT
- Network for rural development of Serbia, started in 2007

- Officially registered in 2010 by 16 organizations as an association of legal entities

- The founders of the NRDN are:
  - 12 CSOs, two regional development agencies
  - One regional and one Chamber of Commerce
  - Regional Cooperative Association

- Members of PREPARE from July 2011
THE MAIN OBJECTIVES OF THE NRD

• Mechanisms for the **exchange** of information between network members and relevant institutions,

• Mediation between the **stakeholders** and the relevant institutions in rural development,

• Active role in the:

  » **programming** of rural development,

  » **promotion** and implementation of the RD program,

  » **regional** cooperation,

  » Establishment of LEADER like partnerships and activities
DEVELOPMENT VISION AND STRATEGIC GOALS FOR RD IN SERBIA
STRATEGIC FRAMEWORK

Strategic documents in the previous period:

- National Programme of Agriculture 2010-2013 (OG RS No 83/10)
- National Rural Development Programme 2011-2013 (OG RS No 15/11)

Strategic documents in preparation:

- National Strategy for Agriculture and Rural Development 2014-2024 (public debate finished)
- National Program for Agriculture and Rural Development
- IPARD II- 2014-2020
STRATEGIC GOALS

1. Growth of production and income stability

2. Growth of competitiveness with adjustments do requirements of domestic and foreign markets and technical-technological promotion of the sector;

3. Sustainable management of resources and environment protection;

4. Promotion of quality of life in rural areas and in rural areas and poverty reduction;

5. Efficient management of public politics and promotion of institutional frame for development of agriculture and rural development

Strong emphasis and importance of RD policy in Priority areas of intervention
**EAFRD priority areas**

1. **Transfer of knowledge and innovation**
2. Promotion of farm competitiveness and farm sustainability
3. Promotion of organization in food chain and risk management in ag. production
4. Restoration and preservation of ecosystems depending on agriculture and forestry
5. Promotion of resource efficiency aiming at CO2 reduction, as well as, ag. Economy which influence o climate change
6. Promotion of social inclusion, poverty reduction and economic development of rural areas

**Serbia priority areas of intervention (Strategy)**

1. Promotion of system for transfer of knowledge and development of human potential
2. Technology development and modernization of agriculture production and trade
3. Stability of income from agriculture
4. Market change development and logistic support to this sector
5. Promotion of food quality and safety
6. Financing of agriculture and rural development and risk management
7. Modernization of institutions and harmonization of legislation
8. Conservation of agriculture, natural and human resources in areas with difficulties for agriculture production
9. Efficient land management and increase of availability of land resources
10. Promotion of situation of physical resources
11. Accommodation and mitigation activities related to climate change
12. Protection and promotion of environment and conservation of natural resources
13. Diversification of rural economy and preservation of cultural and natural heritage
14. Promotion of social structure and strengthening of social capital
PRIORITIZE AREAS OF INTERVENTION

(*SPECIFIC GOALS AND ACTIVITIES*)

LEAD TO

ELABORATION OF

PROGRAMS FOR RURAL DEVELOPMENT
1. Decree on allocation of subsidies in agriculture and rural development in 2014

2. National Program for RD 2015-2020 (NPRD)

3. IPARD II

4. Programs for RD of municipalities
### RURAL DEVELOPMENT MEASURES IN 2014

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of support</th>
<th>Total volume of support (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Investments in agriculture for improving competitiveness and achieving quality standards</strong></td>
<td>6,773,218</td>
</tr>
<tr>
<td>1.1.</td>
<td>Investments in agricultural production</td>
<td>6,047,516</td>
</tr>
<tr>
<td></td>
<td>a) Encouraging the establishment of new perennial plants fruit, grapes and hops</td>
<td>1,727,862</td>
</tr>
<tr>
<td></td>
<td>b) Support for the development of primary agricultural production</td>
<td>4,319,654</td>
</tr>
<tr>
<td>1.2.</td>
<td>Investments in the processing and marketing of ag. products</td>
<td>725,702</td>
</tr>
<tr>
<td></td>
<td>a) Support to improve the quality of wines and brandy</td>
<td>17,279</td>
</tr>
<tr>
<td></td>
<td>b) Control stamps for agricultural food products and wine</td>
<td>17,279</td>
</tr>
<tr>
<td></td>
<td>c) Procurement of equipment in the sector of meat, milk, fruits, vegetables and grapes</td>
<td>691,145</td>
</tr>
<tr>
<td>No.</td>
<td>Type of support</td>
<td>Total volume of support (EUR)</td>
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</tr>
<tr>
<td>2.</td>
<td><strong>Subsidies for sustainable rural development</strong></td>
<td><strong>1.069.114</strong></td>
</tr>
<tr>
<td>2.1</td>
<td>Organic production</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Preservation of plant and animal genetic resources</td>
<td></td>
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<tr>
<td>3.</td>
<td><strong>Subsidies for rural economy improvement</strong></td>
<td><strong>282.073</strong></td>
</tr>
<tr>
<td>3.1</td>
<td>Subsidies for improvement of economic activities in villages through non-agricultural activities support</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Subsidies for economic activities in terms of adding value to agricultural products, as well as introduction and certification of food safety and food quality systems, organic products and products with geographical indications</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td><strong>Subsidies for the preparation and implementation of local rural development strategies</strong></td>
<td><strong>129.590</strong></td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL RURAL DEVELOPMENT MEASURES</strong></td>
<td><strong>8.253.996</strong></td>
</tr>
</tbody>
</table>
DRAFT NATIONAL PROGRAMME FOR RURAL DEVELOPMENT (NPRD) (2015-2020)
PROPOSED MEASURES IN NPRD:

1. Investments in physical assets of agricultural holdings;
2. Investments in physical assets concerning processing and marketing of agricultural and fishery products;
3. Diversification of the rural economy;
4. Transfer of knowledge and the development of extension service;
5. Preparation and implementation of local RD strategies (LEADER like);
6. Insurance of agricultural production;
PROPOSED MEASURES IN NPRD:

7. Investments in rural infrastructure to improve the living and working conditions in rural areas;

8. Agro-environmental measures:
   - Crop rotation in order to protect the land and water;
   - Control of soil erosion;
   - Genetic resources;
   - Organic farming
   - Investments in areas with difficult working conditions in agriculture;

9. Support to Associations and Producer organizations
PROGRAMS FOR RD OF MUNICIPALITIES AND PROVINCE SECRETARIAT

- **Annual Programs have to be:**
  - In line with Law for Agriculture and RD
  - In line with Law on subsidies in Agriculture and RD
  - Respecting local specifics and needs
  - Submitted to MAEP for approval
  - Reporting to MAEP on realized support

- **Plans for future**
  - Design of template for programing
  - Design of template for reporting
  - Training for preparation of Municipal programs
  - Training for preparation of final reports on realization
  - Training on State aid rules and requirements
IPARD II
(second RD presentation)
COMPLEMENTARITY OF NPRD TO IPARD II

- Per measure
- Per beneficiary
- Per eligibility criteria
- Per level of investment

2015  2016  2017  2020
ACTIONS IN THE NEXT PERIOD
ACTIONS FOR THE NEXT PERIOD

• Modification of Law on Agriculture and rural development
• Adoption of New Strategy for Agriculture and Rural Development 2014-2024
• Adoption of New Program for Agriculture and Rural Development 2015-2020
• Preparation of documents and IPARD II related regulations
• Adoption of IPARD II Programme
• Implementation of Communication and Visibility Plan
• Additional employment and Training of new staff
FINAL STATEMENT

• RD policy is important part of National Agricultural policy

• We are increasing funds, scope of measures and budgetary frame for RD policy

• The institutional frame is upgrading and approaching to requested EU standards

• The whole RD policy is gradually aligned to CAP
THANK YOU FOR YOUR ATTENTION