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**RURAL POVERTY REDUCTION IN THE REPUBLIC
OF SERBIA: A NEW APPROACH OF THE JAGODINA'S
LOCAL SELF-GOVERNMENT**

The aim of this article is to describe possibilities for rural poverty reduction in the Republic of Serbia and examine how the local self-government of Jagodina municipality contributes to the efficient functioning of rural areas and their villages. In the Republic of Serbia poverty is prevalent and is far more pronounced in rural areas compared to urban areas. The European strategy "Europe 2020" provides certain solutions of poverty issues that have been implemented in practice in some of the EU member countries with adequate modifications depending on national specificities of a particular country. The solutions provided in this strategy can be also applied to address the issues related to poverty reduction and social exclusion in rural areas of Serbia.

Keywords: rural poverty; endogenous development; local community; sustainable village.

JEL classification: O18; P25; Q19; R59.

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**ЗНИЖЕННЯ РІВНЯ СІЛЬСЬКОЇ БІДНОСТІ
У РЕСПУБЛІЦІ СЕРБІЯ: НОВИЙ ПІДХІД МІСЦЕВОГО
САМОУПРАВЛІННЯ ЯГОДИНИ**

У статті описано можливості зниження рівня бідності у Республіці Сербія, описано внесок органів місцевого самоврядування Ягодина в ефективний розвиток сільських територій та селищ. У Сербії бідність є однією з найактуальніших проблем, особливо для села. Стратегія ЄС "Європа 2020" пропонує певні варіанти вирішення проблем бідності. Дані рішення вже опробовано в інших європейських країнах, але їх необхідно модифікувати з урахуванням національної специфіки. Пропозиції, що містять Стратегія, допоможуть вирішити економічні та соціальні проблеми сільських територій Республіки Сербія.

Ключові слова: сільська бідність; внутрішній розвиток; місцева громада; стійке поселення.

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**СНИЖЕНИЕ УРОВНЯ СЕЛЬСКОЙ БЕДНОСТИ
В РЕСПУБЛИКЕ СЕРБИЯ: НОВЫЙ ПОДХОД МЕСТНОГО
САМОУПРАВЛЕНИЯ ЯГОДИНЫ**

В статье описаны возможности для снижения уровня бедности в Республике Сербия, описан вклад органов местного самоуправления Ягодина в эффективное развитие сельских территорий и деревень. В Сербии бедность является одной из актуальнейших проблем, особенно для села. Стратегия ЕС "Европа 2020" предлагает определенные варианты решения вопросов бедности. Данные решения уже были опробованы в других европейских странах, но необходима их модификация с учетом специфики страны. Предложения, описанные в Стратегии, помогут решить многие экономические и социальные проблемы сельских территорий в Республике Сербия.

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Ключевые слова: сельская бедность; внутреннее развитие; местная община; устойчивое поселение.

Introduction. The problems of economic, social, infrastructural and other development inequities that exist between countries, as well as among different regions within a country, are actually the reality faced by today's world. According to the results of the Survey on Income and Living Conditions in Europe (2008), poverty and social exclusion affect about 17% of the EU population.

In the Republic of Serbia (a candidate country for the EU accession), as in many other transition countries, the percentage of poor people is higher in rural areas than in urban ones. Serbia has the estimated population of 7.382 mln. (excl. Kosovo) and its territory extends over 77,474 square kilometers. The country belongs to the Western Balkans region and since the River Danube flows through it, the country is also one of the Danube River Basin countries. Country's rural areas have substantial growth potential and, most importantly, they have a vital social role. According to the Rural Development Programme 2009 to 2013, rural areas account for 85% of the territory of Serbia with 55% of the country's total population living in them and the population density of 63 inhabitants per km². According to data of the Statistical Office of the Republic of Serbia, the territory of Serbia is divided into 165 municipalities (that include 4,715 settlements), out of which 82.2 % of municipalities, i.e. 130 municipalities and 3,904 settlements, are classified as rural. The unemployment rate is high (21%), and GDP per capita amounts to 74% of the national average. For decades, rural areas have been facing economic and cultural stagnation, which dramatically increases poverty. The percentage of poor population in these areas is about 13.6%, while in urban areas this percentage is much smaller – 5.7%.

The First National Report on Social Inclusion and Poverty Reduction in Serbia 2008–2010 was published March, 2011 included: an overview of the legal, strategic and institutional frameworks relevant to social inclusion and poverty reduction, an analysis of the current status in relevant fields, an the overview of implemented measures, conclusions and challenges, as well as lines of action in the forthcoming period. The Report emphasized the demanding changes that the society has to implement and harmonize with new challenges and goals set by the Europe 2020 Strategy.

1. Causes of Rural Poverty in Serbia. Poverty is a multidimensional phenomenon that, in addition to insufficient income for satisfying minimum subsistence needs, also includes the lack of employment opportunities, inadequate housing, as well as inadequate access to social protection, healthcare, education and utility services.

As a predominantly rural phenomenon, poverty is a consequence of inadequate management of rural development. In this respect, modern rural development represents a sustainable process of economic, social, cultural and environmental changes aiming to increase the long-term well-being of rural communities [Moseley, 2003:4].

The following issues are considered as the most common causes for higher levels of poverty in rural areas, according to [MAFWM of the RS, 2009:17]:

- unfavorable performances of the agrarian structure;
- insufficient diversification of income and activities of the agricultural households;
- unfavorable age, gender and educational structure of rural population;

- insufficiently developed incentive policy of state concerning villages and agriculture;
- unfavorable geographic position of some rural areas and underdeveloped infrastructure.

The problems of rural communities, mainly economic and social ones, significantly reduce the quality of life and motivation of people to stay in villages, further encouraging new migratory movements, mainly of the most vital population, and, thus, increase the already striking poverty of these areas in the long run. Young people, households with dependent members, persons with disabilities, women, children and certain ethnic minorities living in rural areas are particularly at the risk of poverty. It is important to mention that poverty prevents personal development and adequate education. Furthermore, it negatively affects health and general welfare of rural population. In order to overcome these issues, it is necessary to promote a new approach to rural development policy in Serbia, in compliance with the Europe 2020 Strategy.

2. Rural Poverty Indicators in Serbia. The results of the research on social exclusion and poverty in rural areas of Serbia, conducted by the non-governmental SeConS developmental initiative group with the support of the United Nations Development Programme (UNDP) and the European Commission Delegation in Serbia, were announced in 2010. The research was conducted via polling interviews on the sample of 1,621 households in 70 municipalities of Serbia (203 villages) – i.e., in Vojvodina, lowland parts of Central Serbia, Western Serbia and Southeastern Serbia. The multiphase stratified sample was made up in compliance with the OECD standards of defining rural areas (Survey Republic of Serbia, 2010). According to the results of the survey, 37.8% of the households in rural parts of Serbia have incomes below the poverty line and the risk of poverty is even higher for those households whose livelihood is exclusively tied to agriculture. Financial poverty was noted in 54% of the households that are exclusively engaged in agriculture, much more than non-agricultural (34%) and mixed-activity households (31%). This form of poverty is most prevalent in Vojvodina, where nearly every other household (due to specialization of activities and dependence on agriculture) is poor, and the least prevalent in Western Serbia, because in this region mixed farms and extensive agriculture that do not require major investments and bank loans are predominant. A large number of households are faced with the lack of financial resources and inadequate infrastructure in the settlement, 27.8% of the population is in the long-term poverty. Single-person households, uneducated people, farmers and their household members are particularly exposed to financial poverty (above average). The survey results showed that only a small number of households have access to bank loans and state support is reserved mostly for large farms. Some of the explanations of the disadvantageous position of rural households are related to slow structural reform of the agrarian sector, the fall in prices for agricultural products, the fact that less than 40% of the households are market-oriented etc. (Tarle et al., 2010). Furthermore, they pointed to the significant problems of rural areas in Serbia, emphasizing the necessity to implement more effective policies to reduce poverty in the villages and encourage rural development as an important factor of sustainable development.

The sum of 1,183.6 mln. was awarded to Serbia by the EU through the Multi-Annual Indicative Financial Framework (MIFF) for the period 2007-2012, as a sup-

port for its development. The aforementioned resources will be allocated between I and II IPA (Instrument of Pre-Accession Assistance) components, however, some other relevant activities can be funded by these resources (Commission of the European Communities, 2008:6).

3. Key Strategic Documents as an Important Prerequisite for Rural Poverty Reduction in Serbia. The Millennium Development Goals are incorporated in the Serbian Poverty Reduction Strategy in order to facilitate the following [Government of the RS, 2003:2-3]: dynamic and balanced development and economic growth; new job opportunities and higher salaries; prevention of new poverty in the result of economic restructuring; development of new policy instruments, measures and activities in the field of social protection for the poorest people and vulnerable social groups. The problem of rural poverty is seen as a separate phenomenon and its severity is seriously contrasted to less dominant poverty in urban areas. However, goals and strategic objectives of the activities, policies and measures related to the elevation of rural poverty are not solely targeting the sustainable development of agriculture, but also the increasing diversification of the rural economy.

Serbian National Employment Strategy for the period 2005-2010 stresses the necessity to introduce special measures directed at promoting entrepreneurship in those sectors that are considered the most important in terms of their impact on the overall development of rural economy. Furthermore, the Strategy for Development of Tourism in Serbia supports the promotion and development of rural tourism, which is considered a significant factor in improving and ensuring sustainable development of rural communities, since it generates additional income for rural people by integrating tourist attractions, accompanying services and secondary activities of rural population (MAFWM of the RS, 2009:71-2).

In the National Strategy of Economic Development of Serbia 2006-2012, rural development is considered not only as a part of agricultural production and processing industry, but also as a part of other sectors: transport, water management, tourism etc. The problems of rural population are examined in terms of employment, social issues and regional development. The strategy also deals with environmental protection, in terms of monitoring and supervision, waste management, reduction of soil and water pollution [Ibid.: 70].

As far as the Regional Development Strategy of the Republic of Serbia 2007-2012 is concerned, special attention is given to underdeveloped areas, or municipalities with predominantly rural areas, especially in the field of employment policy, measures to reduce the number of young people who are leaving rural areas and creation of an institutional framework which will support rural development [Ibid.].

The National Sustainable Development Strategy of the Republic of Serbia adopted in 2007 is based on the Serbian Poverty Reduction Strategy, as well as other relevant sectoral strategies. Rural development is considered in terms of: regional disparities, the need for decentralization, strengthening local self-governments and local economies, harmonization of national legislation to the EU *acquis communautaire*, development of organic agriculture and awareness of the environmental protection issues [Ibid.: 69].

According to the Draft Rural Development Strategy of Serbia 2010-2013, the vision of rural development consists of 3 "subordinate visions": a vision of agriculture –

covering the development of dynamic and competitive agriculture; a vision of food industry and a vision of the rural economy and society as a whole – a "lively village", a village that promotes social justice, a village with cultural identity, i.e. sustainable village [Ibid.: 43-4]. To this end, the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia has established a network to support rural development. The network consists of 15 regional centers and aims to improve agriculture, create better living and working conditions for rural population and eradicate poverty in rural areas. The network is designed to establish an interactive relationship between local community and national institutions and thus enable and facilitate better access to information and provide feedback [Ibid.: 22-3].

In line with the recommendations of the EC and in order to fulfill timely all the commitments vital for the country's EU membership, the National Rural Development Council was established to monitor and recommend the measures to direct and coordinate activities related to defining the priorities of rural development. In this way, through stable cooperation and coordination of competent ministries, a proactive and coordinated accession to the EU funds will be enabled and the adequate institutional framework related to the relevant issues will be improved ("Official Gazette of the Republic of Serbia" No. 100/10, 2010). Implementation of appropriate strategies, establishment of efficient institutions and relevant mechanisms tailored to specific needs of rural development and agriculture in Serbia, as well as harmonization with international practices and legislation are important prerequisites for reducing rural poverty.

4. The Role of Local Self-Government in Revitalization of Villages and Rural Poverty Reduction in the Municipality of Jagodina. Improvement of rural economy in Serbia requires: strengthening of local self-governing capacities to implement rural development programs and projects, the capacity building for decentralized rural development, strengthening advisory services and establishing local partnerships and cooperation at all levels. The activities implemented in the municipality of Jagodina in order to support rural development represent a new approach to poverty reduction.

Jagodina is a municipality located in central Serbia, 136 km south of Belgrade and is the administrative centre of Pomoravlje District of Serbia. The territory of the municipality of Jagodina covers the area of around 470 km² and it consists of 52 rural communities, i.e., 53 settlements with about 83,000 inhabitants (41,000 inhabitants belong to rural population). In the period 2004-2011, the local self-government has been intensively working on even development of rural communities, capital infrastructure construction, construction of cultural and recreational sports facilities, implementation of adequate social policy and health care provision [Municipality of Jagodina, 2011].

The works on improvement of communal infrastructure include repairing and paving the streets, total length of 200 km in 44 villages. Special attention was given to gas installations (for households heating) and water supply services which were provided to rural local communities. In addition, the funds have been allocated for the following issues: rehabilitation of the roads to fields which will facilitate harvests, hail defense (anti-hailstorm missiles), soil testing and plant protection, artificial insemination of cows and vaccination of cattle against infectious diseases. In 2004, the local self-government passed the decision by which farmers no longer have to pay fees for

occupying market space; dairy producers and sellers were also allowed to sell their products in air-conditioned facilities without paying any fees to municipal authorities. The local self-government has invested a large amount of money in construction and partial or complete reconstruction and equipping of cultural centers and libraries in 20 villages. In this way, rural cultural centers have come to life again. Many cultural events are organized in these cultural centers, such as "Village Gatherings" which promote local traditions, customs and folklore (Pajic-Ristic, 2006).

In order to instigate and support sports, 24 courts were built in villages. Village football clubs and school sports activities were also funded in order to support young people to take up sports.

In order to protect and improve the living conditions of rural people, the local self-government has opened pharmacies on the premises of the local self-government offices in villages and the funds have been allocated from the city budget to buy medicines for socially vulnerable people. It represents the unique activity of the local self-government in Serbia.

In order to revitalize the rural communities, substantial resources are invested in construction, renewal and reconstruction of rural schools and kindergartens in 37 villages: summer and winter holidays are organized for free of charge school children. The pupils are accommodated at famous holiday resorts in Serbia, as well as in Montenegro. For the purpose of lifelong education of farmers, various courses, trainings, meetings and study visits to trade fairs at home and abroad are organized. By implementing these measures, the local self-government creates conditions for better quality of rural life [Municipality of Jagodina, 2011].

The leading role of local stakeholders (mayors, entrepreneurs, educational and public institutions) is very important for the development of rural economy. Their willingness and ability to define development priorities of local communities and then address them greatly contributes to dynamic development, preservation of rural areas, poverty reduction and empowerment of local communities (Vujicic, 2006). The municipality of Jagodina has created a rural development strategy and committed funds for reconstruction of rural infrastructure, rural economy diversification and higher employment, in order to reduce rural poverty.

Conclusion. The majority of strategic documents of the Republic of Serbia identify rural areas as the areas with more pronounced poverty issues and significant development constraints, which require priority attention of all social actors. Rural poverty can be reduced by implementing adequate social policy, knowledge and know-how, allocating sufficient resources and efforts of competent state institutions and local stakeholders to efficiently use the allocated funds. At the next stage of reforms, it is necessary to improve cooperation between all the actors in the society. It is important not only to apply specific measures, but also to implement development projects related to employment issues, education, housing, social care and other relevant areas, which will be directed to reduce poverty of all citizens, especially in rural and underdeveloped parts of the country. Only through partnership and joint efforts of all the segments of the society can a successful implementation of reforms in this area be expected. Local communities have the greatest responsibility for resources mobilization, building of administrative capacities and procedures for creating the conditions for poverty reduction and solving the problems of insufficient development in rural areas.

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