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**RURAL DEVELOPMENT NETWORK
AND TERRITORIAL COMPETITIVENESS**

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**Paper prepared for presentation at the 113th EAAE Seminar
“THE ROLE OF KNOWLEDGE, INNOVATION AND HUMAN CAPITAL
IN MULTIFUNCTIONAL AGRICULTURE AND TERRITORIAL RURAL
DEVELOPMENT”, Belgrade, Republic of Serbia
December 9-11, 2009**

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RURAL DEVELOPMENT NETWORK AND TERRITORIAL COMPETITIVENESS

Abstract

In this paper, as a case-study, the authors examine development potentials and capacity building of local actors in one of the future NUTS III regions of Serbia, functional region Kolubara–Mačva-Podrinje, that encompass 14 municipalities of Kolubara and Mačva districts. The results of the situation analysis, including SWOT matrix, indicate local actors' animation and its regional networking as one of the basic factors of territorial development.

Key words: territorial competitiveness, rural networking, capacity of local actors, rural development support, Kolubara–Mačva-Podrinje region.

1. Introduction

Regional differences, regarding the capacity of local actors (knowledge, skills, common values, attitudes, culture, tradition in civil engagement, pronounced local identity and quality of life) and quality of theirs, formal and informal, internal and external networks, can contribute considerably to the territorial competitiveness and to the explanation of differing development results under similar development conditions. The synthesis of ex-ante evaluations of EU RD programmes also exhibits that, in the countries undergoing a process of regionalization and decentralization, many local action groups have evolved into partnership-based local agencies and delivery mechanisms for a wide array of support systems (Lukesch, 2008).

Rural networking in the EU is defined in Article 67 (*European Network for Rural Development*) and Article 68 (*National rural network*) of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and it was launched during the European Commission Conference on rural development in Cyprus, at October 2008. According to the responses provided by the *Survey of National Rural Networks*, carried out by the EN RD Contact Point during February and March 2009, networks are composed mainly of regional network and agencies. United Kingdom has 4 regional networks, Belgium 2 regional networks and 1 national Contact Point, Germany one national and 5 regional agencies, Latvia one central unit and 9 regional expert, regional LAG network is being established in Denmark, all regional levels are active in France and Czech Republic... Main network actors/stakeholders are: 1. Universities and research institutes; public administrations (national and regional authorities); LAG associations; agricultural associations; 2. Association of rural communities; professional and commercial chambers (agricultural chambers); 3. Environmental organizations, local authorities, individuals, education,

advisory and rural development institutes; 4. SMEs, social and youth associations. Main tasks of NRNs are: inclusion/integration of all rural stakeholders in the aims of: reinforcing the territorial approach, maintaining enthusiasm and ensuring the vertical dialogue (top-down versus bottom-up approach) (Law, 2009).

Following these EU experiences, Serbian Ministry of Agriculture, Forestry and Water Management (MAFWM), within the scope of project *Rural development support capacity building*, established Rural Development Support Network. In this moment, network is containing of eleven regional centers.

The main aims of RDSN establishing are: rural development fostering and balancing, vertical - top-down versus bottom-up dialogue ensuring, and local capacity building for application of Leader approach in RD policy and LAGs establishing, that is expected after 2011¹. Since 2007, Government has financially supported regional and municipalities' centers as well as potential new rural centers - civil organizations and legal non-profit entities (OG RS, 104/07, 35/08, 18/09, 43/09²). Regional and municipality's rural centers, in cooperation with Ministry project team and external consultants have been performed training and information actions, including diffusion of scientific knowledge and innovative practices, using PLA/PRA methodologies.

The Poverty Reduction Strategy Implementation Team has recognized the significance of rural development for poverty reduction and financially supported this MAFWM project of PLA training and RDSN human capacity enhancing³.

As a case-study, in this paper we examine 1) *development potentials* and 2) *capacity building of local actors* in one of future NUTS III regions⁴ - functional region Kolubara-Mačva-Podrinje, using situation analysis and SWOT matrix. This region includes 14 municipalities of Kolubara and Mačva districts, the major ones being cities of Valjevo, Šabac and Loznica. Functional region, as integral entity of small and medium-sized towns and their rural peripheries, is the most appropriate level for rural development action and implementation, capable to offer infrastructural services and form labor, information and communication markets.

¹ During II phase of RD National Programme (2011-2013) (MAFWM, 2009).

² In line with Amending budget for 2009, the related budget appropriation was cancelled and the financial support was assured by donations.

³ <http://www.ruralinfosrbia.rs>.

⁴ According to Draft Survey of Republic Statistical Office, 2009.

2. Kolubara-Mačva-Podrinje region case study

2.1. Situation analysis - Regional Development Potentials

The Kolubara-Mačva-Podrinje region is positioned in Western Serbia, covering an area of 5,737 km², or 7, 4% of the total area of the Republic of Serbia, with a population of 521,829 living in 446 settlements. The region has a good road (M21, M24 and M19) and railway connections (Belgrade – Bar railway). The planned route of the Belgrade-South Adriatic highway goes through three municipalities which will incorporate the region into the international transport corridors 10 and 7. The Sava River connects the region to Danube European water corridor (Figure 1b).

Figure 1 - Kolubara-Mačva-Podrinje region – geographic position

Figure 1a. Region's municipalities



Figure 1b. Region's position in Serbia



Source: Regional Chamber of Economy Valjevo, <http://www.inwestserbia.com>.

The main results of the internal and external situation analysis were presented in table 1.

Table 1 - Kolubara-Macva-Podrinje Region - main development indicators

		Republic of Serbia	11 Region's small municipalities	Republic of Serbia = 100%	14 Region's municipalities	Republic of Serbia = 100%
1	Area (km ²)	77474	3429	4,43	5737	7,41
2	Utilized agricultural area (000 ha)	5105	236,5	4,65	391,2	7,66
3	Arable land and permanent pastures (000 ha)	4765,9	217,3	2,56	357,8	7,51
	- Share in utilized agricultural area (%)	93,4	91,9		91,5	
4	Settlements	4720	262	5,60	446	9,45
5	Population per 1 km ²	97	63		88	
6	Population – by Census 2002	7498001	215062	2,86	521829	6,95
7	Economically active population – by Census 2002	3398227	109931	3,23	259677	7,64
	- Share in total population (%)	45,3	51,1		49,8	
8	Agricultural population – by Census 2002	817052	79611	9,74	128708	15,75
	- Share in total population (%)	11,00	37,00		24,70	
9	Agricultural economically active population – by Census 2002	529236	54489		86961	
	- Share in total economically active population (%)	15,57	49,57		33,49	
	- Share in total agricultural population (%)	64,80	68,40		67,56	
10	Agricultural holdings	778891	44549	5,70	76651	9,84
11	Agricultural holdings – income sources structure (%)					
	- Agricultural	17,80	34,72		32,50	
	- Non-agricultural	62,30	38,35		41,96	
	- Mixed	16,40	23,75		21,76	
12	Population aged 15 and over, by education (%)					
	- Without education and unfinished primary ed.	21,9	39,0		30,4	
	- Primary education	23,9	26,2		24,2	
	- Secondary education	41,0	28,9		36,5	
	- High and higher education	11,0	4,2		6,8	
13	National income per inhabitant (dinars), 2005.	123473	71915	58,2	97320	78,8
	Share of main 4 sectors (%), national income = 100	76,1	87,4		84,8	
	A Agriculture, hunting, forestry and water works sup.	17,0	58,9		31,5	
	D - Manufacturing	27,1	13,8		33,3	
	F Construction	7,3	4,3		4,0	
	G Wholesale and retail trade; repairs	24,7	10,4		16,0	
14	Investment in new fixed assets (mill. dinars), 2007.	482341	1951,4	0,40	13351,2	2,77

* *National income* (net product) is a newly value added (GDP subtracting depreciation).

Sources: Republic Statistical Office. Municipalities in Serbia, 2006, 2007 and 2008; Census 2002.

Although having in its disposal all of these location and significant resources possibilities, this predominantly agricultural region is lagging behind national average according to almost every socio-economic indicator. It is particularly conspicuous for eleven small municipalities of the Region. The increased intra-regional differences in development results, which appear in spite of similar resources abundance conditions, give the arguments that *regional and local actors' capacity and network play a great role in regional economy development and need to be strengthened.*

2.2. Situation analysis - Capacity building and networking of local actors

All the municipalities of the Kolubara-Mačva-Podrinje region, except Očečina, are comprised within 2 regional RDS centers:

1. *Regional center for rural development for West Serbia* – Loznica, that, also encompasses 11 municipality's centers (Šabac, Loznica, Valjevo, Lajkovac, Bogatić, Vladimirci, Koceljeva, Ljubovija, Krupanj, Mali Zvornik and Bajina Bašta); and
2. *Regional center for village development Moba* – Ljig, that coordinates 11 municipality's centers (Čačak, Gornji Milanovac, Ljig, Kosjerić, Mionica, Knić, Topola, Rača, Lazarevac, Ub and Smederevska Palanka).

As a results of it's activity, *Regional center for rural development for West Serbia – Loznica*, in its Survey⁵ stands out: reached partnership with municipalities; organization and equipment of 12 local centers in 11 municipalities and employment of 12 persons - members of local development partners; promoting of Ministry's measures of support; offering of information and advices to 2480 registered agricultural holdings and 226 legal entities and entrepreneurs; offering of 666 consulting services for farmers and 216 for potential farmers; implemented education of potential fruit producers, education of persons for public adverts and performed lectures for 119 persons; constantly briefing of stakeholders and wider publics about network activities, accomplished PLA analysis for village after organizing of instructive seminar (the village identification maps), organized requests preparing for farms registration, established services for livestock registration in two municipalities; and accomplished cooperation with Republic of Srpska and Slovenia.

The *Agricultural producers association Moba* achieved good results in developing of local partnership since its establishment in 2002 until obtaining the status of regional center for rural development. The Association gathers agricultural producers from the area of Ljig municipality and other parts of Serbia, agricultural experts, scientific workers and entrepreneurs in the joint work regarding revival and development of Serbian villages and agriculture through: organization and association of farmers; promotion of agriculture; protection, restoration and development of the Serbian village and its natural, cultural and spiritual values; production of high quality and safety food with environment protection; support and development of organic agriculture; internet application services in agriculture; advisory services and knowledge diffusion to farmers; organization of scientific and professional meetings, seminars, workshops, exhibitions; representation of institutions and companies; joint appearance on the market; marketing and promotion of brands and protection of the rights and interests of farmers.

⁵ <http://www.ruralinfosrbia.rs/index.php?1=1>.

In its Survey⁶, *Regional center for village development Moba – Ljig* summarizes results: cooperation and partnership with municipalities and organizations from Central Serbia (by visiting of 190 settlements in Central Serbia); employment and coordinators' training for giving information about general strategies, agricultural and rural support program and activities of MAFWM by: organizing of tribunals, direct contact (4507 of beneficiaries), telephone (2542 of beneficiaries), green market attendance (823 of beneficiaries), creating and distribution of 5 000 promo flyers, by questionnaire and by local printed and electronic media; database setting up, by collecting data related to rural development from the field; international cooperation strengthen and organization of RDSN Meetings.

The municipalities also have continued separated efforts on local development capacity building. In May 2007, the municipalities of Šabac, Valjevo, Koceljeva, Krupanj, Vladimirci, Bogatić, Osečina and Lajkovac founded the Regional centre for SMEs development. In August 2007, the national Municipality and City Managers Network were founded in Koceljeva.

All of these associations should contribute to fostering capacity building of local actors and its network with all relevant development agents in the country and abroad. But, the increased intra-regional differences in development results give the arguments for *regional and local actor networks strengthening in the territory of Mačva and Kolubara district (14 municipalities) as a whole*. Network of regional rural support centers at present do not coincide to expected NUTS regionalization.

2.3. SWOT Matrix of regional competitiveness factors

As mentioned above, the internal and external situation analysis produces a large amount of information, much of which may not be highly relevant. The SWOT matrix as an interpretative filter reduces the information to a manageable quantity of key issues. Generated SWOT profile is the basis of goals setting and strategy formulation and implementation⁷. In this case, it will be used as the basis of recommendations and conclusions defining.

⁶ <http://www.ruralinfoserbia.rs/index.php?1=1>.

⁷ <http://www.netmba.com/strategy/swot/>.

Table 2 - Kolubara-Mačva-Podrinje Region - SWOT Profile

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ favorable geographical position; ▪ mild and moderate climate and a balanced distribution of rainfall; ▪ available natural resources (arable land, waters, mineral resources, nonmetals and thermal springs, woody mountains rich in various game, rivers rich in fish); ▪ accessibility and tourism potentials; ▪ production of high quality and safety food with environment protection; support and development of organic agriculture; ▪ tradition and quality in productions of maize, fruits and livestock as input base for food industry development; ▪ foreign investment success stories in the Region's economy, specially in the food industry (Rauch, Grünewald International - Podgorina Frucht d.o.o, Rostfenix, Vindija); ▪ agricultural producers associations, like Moba and partnership-based regional agencies like Regional Chamber of Economy - Valjevo and Regional centre for SMEs development - Šabac achieved good results in developing of local partnership; ▪ regional and local centers for rural development in the joint work regarding development of agriculture and rural areas. 	<ul style="list-style-type: none"> ▪ poor local infrastructure; ▪ education structure of region's population bellow the national average; ▪ share of agricultural population in total population higher than the national average; ▪ higher share of agriculture and lower share of trade and other services in GDP sector structure than the national average; ▪ higher percentage of agricultural holdings with agricultural and mixed income sources relative to national average; ▪ land fragmentation, outdated mechanization ▪ very low region's share in national GDP, investments, average salaries, employment; ▪ non-developed regional administrative structures and LAGs; ▪ network of regional rural support centers at present do not coincide to functional region's frontiers, i.e. to expected NUTS regionalization; ▪ in the RDS network is still present few partners – mainly agricultural producers; there is no cooperation with enterprises, cooperatives or with chamber of commerce; support for local authority is organize-verbal nature and in some municipalities is generally missing.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ new investment opportunity and facilities in industrial free zones in Šabac, Koceljeva, Lajkovac, Loznica, M. Zvornik, Krupanj, Bogatić and Vladimirci (concessions for projects in infrastructure, energy and ecology; lease from 10 to 99 years; employment incentives...); ▪ utilization of EU IPA (RD) funds; ▪ border region eligible for EU CBC programmes; ▪ establishment of Local action groups (LAG's) that will contribute to programming and coordination of local areas development, and to better utilization of EU IPA funds. 	<ul style="list-style-type: none"> ▪ political uncertainties and delays in EU accession process and pre-accession fund utilization; ▪ world economic crises, macroeconomic uncertainties, budget and credits shortages; ▪ delays in transition process (lack of some basic legal acts, slow and unsuccessful privatization process, high level of corruption, non-briefing and delayed information, mistrust to public institutions); ▪ migration of young people to urban centers; ▪ land competition between agriculture and industry/mining/construction sector.

The generated SWOT Profile gives the basis for followed ***recommendations for future activities in regional actors' capacity building*** that should be concentrated to:

- accomplishing of the training for current and new-opened rural centers-offices; activating and strengthening cooperation with enterprises, cooperatives and chamber of commerce, agricultural experts, scientific workers, universities and research institutes; public administrations (national and regional authorities); association of cities and municipalities; environmental organizations, social and youth associations;
- reorganizing present regional and local RDS network according to NUTS III expected subdivision. It would be better that one regional RD center encompass the territory of Mačva and Kolubara district as a whole;
- volunteer-associates should be found in every village, which will contribute more successful work of network on the field;
- organizing and accomplishing of training related to start business with agriculture and rural entrepreneurship; organizing of farmer management training by study tours and visiting successful farms in the country and in abroad, so they could be enabled for independent acting and to achieve necessary self-confidence for innovation and diversification of activities;
- establishing Local action groups (LAG's) which would contribute adequate programming and coordination of local areas development, and to better utilization of EU IPA (RD) funds.

3. Conclusions

More creative local development strategies designed through highly open and participatory approaches and new ways of supporting partnership creation and development between public, private and non-governmental actors are essentials. Leader-like local action groups and rural networking are instruments for realization of these aims.

Network should be straightened, at the first place trough training and constantly education of coordinators and trough encouraging of cooperation and connection inside of network; thence trough connecting with the rural development networks in the EU and WBC countries.

National network should be reorganized regionally, according to NUTS III expected subdivision, in order to coordinate with development initiatives easier. NUTS III regions are the levels on which support to the regional development and IPA cross-border cooperation support will be concentrated.

Only communities and regions with well developed local actors capacity and their dynamic internal and external, i.e. horizontal and vertical networks can support

learning and innovation processes as a key source of competitive advantages and a key multiplier of economic activity, employment and development.

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