

ASSOCIATIONS AND COOPERATIVES AS DEVELOPMENT FACTORS IN REVITALIZATION OF VILLAGES

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Abstract

Bout 43% of populations lives in rural areas of Serbia. Fragmentation of possessions, outflow of the rural population and unfavourable age structure have negative effect on competitiveness of agricultural sector which requires addition, reorganization and encouragement in development of rural economy. In the process of accession, EU gives logistic support to candidate countries in order to adjust their agricultural sector with implementation of EU legislation within the Common Agricultural Policy. According to IPA implementation regulation, the aid from the component intended for rural development should contribute to improve market efficiency. Certain problems in implementation of planned aid occur in attempt to apply solutions which are not inherent for domestic economic conditions and available resources. The aim of this paper is to highlight the need of reviving cooperatives and connecting small and medium-sized farmers with market basis and activating the potential of a group of citizen gathered around various ideas in the field of agriculture (eco- villages, organic production, etc.) in a function of encouraging rural development as a whole.

Key words: *associations, cooperatives, diversification, village*

Introduction

In the recent period there were significant changes (socio-economic, political, economic-system changes, etc.) which strongly affected economic activity in the country as well as entire agricultural production. Changes we have done so far in the agricultural sector did not achieve expected positive effects. One of the problems is the fact that the state through diversification of rural economy fails to fully relate traditional agriculture to interactive relationship with the need of the small farms to be market oriented which is necessary condition of market competitiveness.

Trends in domestic agriculture are influenced by calamitous tendencies and seasonal adjustments. A large part of basic problems in agriculture is expecting its solutions: uncompetitive production, inefficient system and policy of incitement, unresolved ownership issues, the problem of state-owned agricultural land, lack of working capital, unadjusted financing system of production, etc. Agricultural market in Serbia is liable to monopoly structures and influences. There is a lack of associations of agricultural producers and stronger support for the small landowners while cooperative movement is undeveloped, devastated and moved to the margins of economic system. In order for agricultural producers to reach a competitive level they are imposed to, it is necessary to approach to dynamic and massive foundation of associations, cooperatives and other associations through which more successful and long-term needs and interests would be articulated.

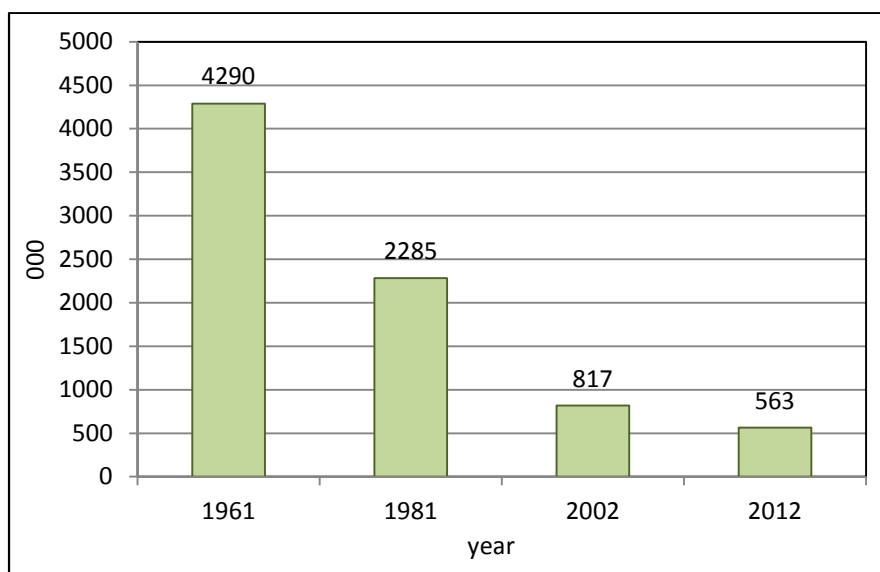
Materials and methods

The aim of this research will be carried out with appliance of different methodological procedures. The main data sources are taken from the Republic Institute of Statistics. Relevant data are grouped and analysed by using statistical and mathematical methods and they are presented through tables. The analysis of the indicators led to necessary knowledge and conclusions. By drawing key conclusions, method of generalization and abstraction is used as a logical method.

Results and discussion

Rural areas in Serbia are defined as areas whose main physical and geographical characteristic is to use land for production of agricultural and forestry products. Nearly 80% of territory of Republic of Serbia can be classified as a rural area where 43% of population lives. There are most of natural resources (agricultural land, forests, and waters) with extremely valuable ecosystems in the rural areas. Human resources employed in various economic activities make particularly significant potential. Rural population constantly decreased after the Second World War. Proportion of rural population in Serbia was 77% in 1953. In the following period intensive emigration of the population happened due to difficult living conditions, poor choice of occupations and lower wages comparing to work in the cities. Depopulation and the unfavourable age structure are the most important characteristics of demographic development of Republic of Serbia and its rural areas (Spalevic, 2012).

Figure 1. Dynamic in trends of agricultural population in Republic of Serbia from 1961 to 2012.



Rapid depopulation of the village had extremely negative consequences which manifested in excessive urbanization, concentration of population in a few large cities, insufficient usage of spatial, production and human potential and uneven economic development. Under the influence of powerful process of industrialization there was intensive land reclamation i. e. abandonment of agriculture as a source of income and occupations of the population who were leaving rural areas in search of higher wages.

These trends have influenced the formation of agrarian structure in our country. Basically there has been an appearance of unfavorable processes which manifested in continuous reduction in the number of family agricultural holdings, reduction of their average size, increasing in number of plots per farm and growth of uncultivated agricultural areas.

In table 1 is displayed an overview of the use of agricultural land in relation to farms in 2012. Based on the presented indicators it can clearly be seen that, in total structure of used agricultural land, fragmented agricultural holdings dominate. Agricultural holdings with the largest estates are in Autonomous Province of Vojvodina with the average size of 10.83 ha per farm, and the smallest holdings are in South and Eastern Serbia with 3.45 ha per farm. In Republic of Serbia an average agricultural holding uses 5.32 ha of agricultural land and without AP Vojvodina only 3.61 ha.

Table 1. The use of agricultural land by regions in Republic of Serbia in 2012.

Region	Agricultural holdings (number)	Used agricultural land (ha)	Hectares per farm
Vojvodina	147,588	1,598,065	10.83
Belgrade	33,207	134,117	4.04
Northern Serbia - total	180,795	1,732,182	9.58
Šumadija and Western Serbia	262,531	975,672	3.72
Southern and Eastern Serbia	187,796	648,006	3.45
Southern Serbia - total	450,327	1,623,678	3.61
Republic of Serbia - total	631,122	3,355,860	5.32

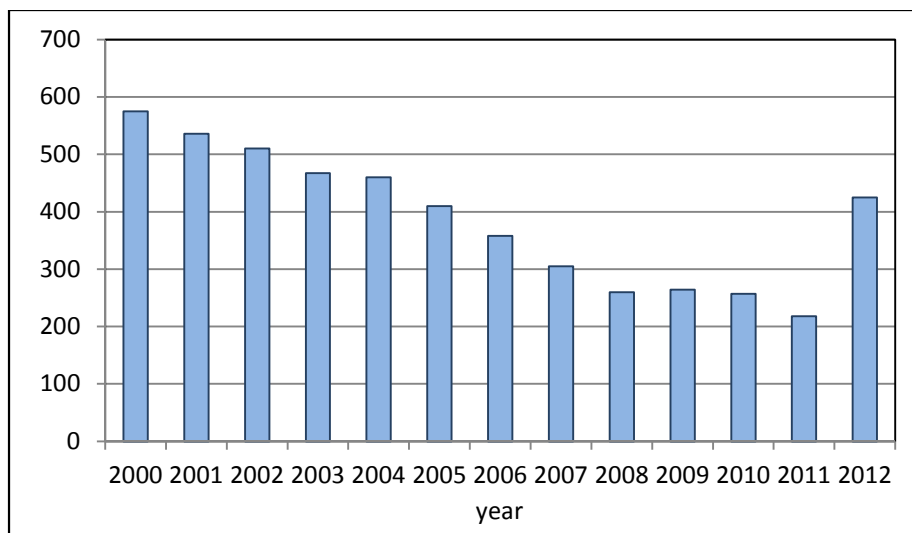
Source: The Republic Institute of Statistics, Belgrade.

With growing competitive pressures and more intensive openings of new market segments for marketing of agricultural and food products, there is a need to keep pace with these changes. This requires continuous market research, new product development, innovative approaches to marketing, packaging, advertising, etc. The answer to these challenges which provide survival and development of domestic agriculture, in the moment of encounter with West European models of rural development and the system of world market, should be based on the development of its own production structure, which will allow intensive development of cooperatives, various associations and so forth. Under these complex circumstances these organizations should be the essential factor of the development and competitiveness of agriculture on family farms, especially small ones.

The basic concept of modern cooperatives and cooperative organization is merger with a certain business goals. Considering that the cooperative is a joint organization, the basic meaning of cooperative organization is to work together, solve problems and weaknesses of its members ie to overcome the difficulties in business which are induced by economic and market impacts in business of small economic subjects. Cooperative organization in agriculture is complex and systematic process. One part is connected to specificities of resources and production in agriculture and partly it is connected to historical features of ownership and user structure. Considering agricultural characteristics (large number of small holdings), production and business forces cannot quickly ensure physical enlargement of production resources but by business organization of bigger number of agricultural holdings, limited investment and other expansion opportunities. If the concept of cooperatives expansion in our country is systematically and business designed, then it will be an important factor of production and market development stability of agricultural holdings in rural areas. However, in present conditions, there are many difficulties and limitations which disable prosperity and long-term stable development of this sector. Unfavourable situation in agricultural cooperative movement is a consequence of long-term unadjusted incentive and legal instruments of a state, unregulated market, and the lack of interest of the banks for financing production and cooperative development programs, lack of incentives of the local

government for cooperatives, lack of young and educated experts who would initiate and implement new cooperative projects, etc.

Figure 2. Number of agricultural cooperatives in Republic of Serbia from 2000 to 2012.



Business policy of agricultural cooperatives is primarily focused on existing activities which employees are interested in and it generally does not comply with the interests of farmers, potential members of cooperatives.

Besides traditional forms of association in agriculture, such as cooperatives and associations, in present condition alternative forms of interconnection are increasingly developing. These trends are particularly manifested in Europe. Today, informal groups are more and more organized and they conduct their activities gathering around a few key themes such as: concept of eco-village, organic production, preservation of traditional values of the village, interest gathering of small and medium-sized agricultural producers etc. Experiences so far show that the groups who work the best are gathered around clear and achievable goals such as: exchange of information and knowledge, trade, specific activities such as amateur gardening, then around eco-village concept which is particularly developed in Western countries and it has a positive influence on awareness of people about importance of the village and organic production. These groups are different in structure and size, from 100 to 7000 members, horizontally and vertically connected but decentralized, gathered around individuals who formed them and hence have become their leaders. Problems occur in groups which have professional and semi-professional goals, so that existing energy is sometimes used on debates and agreement on the projects which are also unfounded and contrary to declared goals of the group.

As one of the possible forms of connection of consumers and agricultural producers which can be used is an example of Group of solidarity exchange. These are groups of people who exchange-buy certain products and services, but on the principles of solidarity, with the aim of developing equitable economy and support for small agricultural producers who generally have limited access to the market. These groups together buy products from producers who are selected according to certain principles. That is economy of direct relationship of producers and consumers. At the first sight this concept is marginal but basically it means a choice of different basic model of development. At a time when huge corporations rule the world markets of agricultural and food products, such a connection of consumers with small and medium-size agricultural producers can have positive economic and social effects. In Europe, especially in France, these groups are well known as AMAP (*Association pour le*

Maintien d'une Agriculture Paysanne). Lately we can see that the trend of this international connection becomes more expressed (Medic et al., 2012).

In the current domestic economic conditions, by reviving and popularization of cooperatives and giving support to formal and informal groups of citizens engaged in agricultural sector we can expand and strengthen their role in domain of decision-making and thus to prevent the creation of “monopoly on systemic solutions” where only “the chosen one” can influence decision-making process, and if it happens that the proposed solutions are inexpedient that can lead to improper and irrational usage of human, economical and environmental resources. Such negative experiences can have a negative affect the subjects in agriculture, in terms of their passivity and creation of illusion that someone “aside will provide all necessary support and help”, which in combination with pressures of large corporation in agricultural sector, activities of domestic import lobbies and groups that support production and sale of GMO food, can have long-term disastrous consequences for agriculture and sustainability of rural areas in economic and ecological terms.

LEADER axis is methodological and it doesn't directly represent measure set. It focuses on the ways how to get to specific programs and supports organizing Local Action Groups, local communities who gather in order to implement projects in a group of measure of the first three axes (Jankovic, 2009). According to IPA implementing regulation, the aid from the component intended for rural development should contribute to improvement of market efficiency. However, difficulties in attempt to apply proper solutions are not immanent to conditions in our country. This, among the other things, reflects in insufficient number of agricultural cooperatives and associations of agricultural producers, who could benefit from this kind of support. Therefore, it is necessary to fully promote establishment of these organizations.

A special strategic interest in development of rural areas should be achieved through the establishment of strong cooperatives. Agricultural cooperatives are certainly the most rational and the most convenient form of organization of family agricultural holdings in these areas. They are important component of development strategy of rural and less developed areas. In this context, we need concrete and strong support of local communities in the establishment and functioning of cooperatives which can be achieved in the following ways: educating and informing farmers, providing support during registration, providing retail space or offices for work, release utilities and other expenses during the construction of processing or storage capacities by cooperatives and by direct support to investments and others.

Conclusion

In order to achieve the stated aims of rural policy and to apply the necessary standards, it is needed to conduct a series of concrete measures from restructuring of agricultural holdings, supporting the establishment of farmers' associations, creating better business environment and the implementation of concrete measures of agricultural policy. Especially important measures and activities are those directed towards development of rural economy through diversification and development of economic activities in rural areas. Sustainable solutions should be sought in the context of comprehensive overview of these areas taking into consideration demographic, social, ecological and economic conditions. Cooperatives have long tradition in Serbia and they can play significant role in development of agricultural production, to improve the position of agricultural producers and to provide opportunities for the optimal use of EU pre-accession funds. The cooperative movement of Serbia needs fundamental changes, firstly through innovative legislation, taking into account national interests as well as local tradition.

Informal groups should be supported in order to legalize their status and to more precisely define their goals and tasks. These groups can be useful link between small and medium-size landowners and market with the aim to prevent creation of different forms of monopoly and at the same time to empower small and medium-size agricultural producers. There are

examples of good practice in the world, like France, through the concept of AMAP (*Association pour le Maintien d'une Agriculture Paysanne*), which is expanding rapidly and it gives very good results with the tendency of international networking. These experiences can be used in our country as well.

By taking activities and measures listed above it is possible to create positive environment for development of rural economy of Serbia and to mitigate the negative trends (outflow of rural population, the increase of unemployment, a decline of production), which have an adversely effect on competitiveness of the agricultural sector.

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