

RURAL DEVELOPMENT OF THE WESTERN BALKAN COUNTRIES IN FRAMEWORK OF EU STRATEGY FOR DANUBE REGION

Boris.Saulic^{*}

Abstract

Within EU enlargement process and welcoming Western Balkans countries into full membership, regional cooperation is seen as cornerstone for its successful implementation and essential for future development of enlarged European Union. Transition period from communism towards democracy has indicated correlation and similarity of problems and challenges turning them into joint regional issues which may be addressed by regional cooperation supported by experienced member states of European Union. In addition, strong historical, geographical and cultural ties among Western Balkan countries indicate the coherence of the Region and imply once again the necessity of regional cooperation. With regards to regional cooperation, The EU Strategy for the Danube Region, endorsed in June 2011 by the European Council, is the second EU macro-regional strategy (following the EU Strategy for the Baltic Sea Region adopted in 2009) addressing a wide range of issues divided among **4 pillars** (Connecting the Danube Region, Protecting the environment of the Danube Region, Building prosperity in the Danube Region and Strengthening the Danube Region) and providing the framework for intensified regional cooperation and interdisciplinary approach for problem solving in the Region. With exception of Albania and FYR Macedonia, Western Balkan Region is integrated in Danube Region and perspectives of rural development of all Balkan countries are outlined with future cooperation and partnership in light of this newly established macro region and policy for rural development of EU for new programming period. Taking into consideration that Western Balkan countries are dominantly rural, agriculture plays an important in the Western Balkans and its regional economy. Agriculture that suffered great changes in transition period from agricultural value chains dominated by large, vertically, output driven integrated structures within national economies toward more competitive rural economy capable of absorbing surplus of agricultural labor into alternative economic opportunities of non-agricultural rural businesses. Main aim of this paper is to identify the potentials and key drivers of rural development of the Western Balkan countries in scope of EU Strategy for the Danube Region and EU rural development policy for new 2014-2020 programming period.

Keywords: Rural development, Western Balkans, Danube Strategy

INTRODUCTION

Regional cooperation, as it has been indicated on several occasions by representatives of EU, represent a cornerstone of the EU's policy framework for Western Balkan (WB) countries throughout the Stabilization and Association Process which outlines the possibility for countries of Western Balkans to eventual EU membership. WB countries are, in that context facing

^{*} MSc Boris Saulic, University of Novi Sad, Faculty of Economics in Subotica

asymmetric, conditional accession in which EU sets the rules forcing all countries in Western Balkans region to consequently fall under the terms presented by EU accession policy. Events in Zagreb in 2000 and Thessaloniki in 2003 earmarked the development of mentioned relations with WB countries and confirmed the EU accession perspective for the countries of the region under specific framework. In light of Zagreb Summit prospect of potential candidacy was given as an opportunity for WB countries while a commitment to undertake a set of reforms in framework of join the EU was asked in return. In specific, as it is outlined in Final Declaration of the Summit, WBC committed to establish new relations, promote regional cooperation, and sustain structural reforms and international obligations, while EU offered new perspective of the region and countries of WB to become potential candidates through Stabilization and Association Process (SAP) [1]. The agreements that were concluded after with each country were focused on maintaining political stability and economic prosperity through cooperation among the countries themselves, with the neighboring countries and with the EU [2]. Next EU-Western Balkans summit held in Thessaloniki in June 2003 also sent the clear message supporting the future of the Balkans is within the European Union. Thessaloniki Agenda, endorsed in the EU–Western Balkans Summit of June 2003, set out detailed framework for preparation the countries of the region for EU accession, confirming the stabilization and association process launched at the previous EU-Western Balkans summit in Zagreb in November 2000 as the framework for the European course of the Western Balkan countries.

Enhancement of regional cooperation is one of the major objectives set down in the Thessaloniki agenda in order to strengthen the stabilization and association process. The WB countries committed themselves to continually develop regional cooperation and to work closely on regional free trade, development of transport, energy and telecommunication infrastructures, the environment, research technology and development, cross-border and parliamentary cooperation, and a number of other areas such as agriculture and rural development. Ten years after the Thessaloniki Summit situation has improved for the Western Balkans countries in political, economic and security context. Taking into consideration accession of WB countries to EU, Croatia has become a full member on 1st July 2013, FYR Macedonia, Serbia and Montenegro are candidate countries while Albania, Bosnia and Herzegovina and Kosovo are potential candidate countries. In recent years (2009), EU has adopted EU Strategy for the Baltic Sea Region which has resulted in establishing the first macro-region of EU. Following the footsteps of Baltic Region, EU Strategy for the Danube Region, endorsed in June 2011 by the European Council, marked the new era of regional cooperation in framework of second EU macro-regional strategy. Danube Strategy is coherently structured framework for cooperation of partners in the area and focuses on coordinating existing financial instruments and policies, not creating new ones, nor creating new institutions or new bureaucracy. Main benefits for the Western Balkans region are implied in cooperation, partnership and contacts with experienced EU member states providing the Western Balkan countries with opportunities for knowledge and technology transfer, direct learning and adoption best practices [3]. EU Strategy for Danube Region embraces the countries

of Western Balkans under the terms of macro-regional policy and sets out the new perspectives for development of the WB region.

RURAL DEVELOPMENT IN WESTERN BALKAN COUNTRIES

Rural development is among the most important priorities in process of accession of WB countries is sustainable rural and agricultural development. Although individual status of the target countries in the European Union's Stabilization and Association Process of Western Balkans may vary, there are certain common regional problems demanding more attention. . Whether in the EU or in the Western Balkans, rural development is neither a minor nor a peripheral problem recognized in Common Agricultural Policy of European Union. Rural development policies which should assist the diversification of the rural economies are still inadequate and not in line with EU rural development policy or there is not enough political stability for their successful implementation. The most specific constraints of rural development in WBC could be considered: low competitiveness of economic activities in rural areas (agriculture, forestry, fishery, food sector, rural tourism, service industry); Underdeveloped basic municipal and basic infrastructure in rural areas; Underdeveloped access of rural population and economic subjects placed in rural areas to public institutions and goods (telecommunications, public transport, educational and information systems, health - care); Areas damaged during the war, including a high percentage of mined land; Depopulation of rural areas; Unfavorable age and gender structure of rural population (18,9% of population in rural areas is older than 60 – women, and 65 years – men); Low level of education of rural population; Weak activity or non – existence of regional and local institutions competent for rural development; and inadequate coordination of programs and activities directed towards different economic activities in rural areas [4].

In order address the national priorities and specific features of rural areas, national policies and strategies have been adopted. All WB countries have are in process of aligning their Rural Development policies, strategies and measures with European Union Rural Development Policy (EU RDP). Main national policy issues are basically following the framework of EU RDP set out within three axes: Competitiveness of farms and forestry; Sustainable environment and land use; and diversification of rural economy and quality of life, presented in Table 1.

Table 1. WB countries rural development policy framework 2007-2013

1	ALBANIA
	<i>ISRDSA, Inter-Sectoral Rural Development Strategy of Albania 2007-2013</i>
2	BOSNIA AND HERZEGOVINA
	<i>Strategic Plan of Bosnia and Herzegovina for Harmonization of Agriculture, Food and Rural development</i>
3	FYR MACEDONIA
	<i>NARDS, National Agricultural and Rural Development Strategy 2007 – 2013</i>
4	KOSOVO (UNSCR 1244)
	<i>ARDP, 2009. Agriculture and Rural Development Plan 2009- 13</i>
5	MONTENEGRO
	<i>MARDS, Montenegro's Agriculture and the European Union - Agriculture and rural development Strategy” for period 2007 – 2013</i>
6	SERBIA
	<i>Plan of Rural Development Strategy 2009-2013</i>

Source: Author

Various policy measures under these axes have been identified and foreseen to aid national programs of rural development and to absorb the financial and institutional support of EU. Common issues and needs for cooperation between WB countries and EU members was also recognized by European Economic and Social Committee stressing out that rural areas of the Western Balkans are facing numerous structural and socio-economic problems and that possible solutions can be found in the framework of EU rural development policy and the Common Agricultural Policy CAP) [5]. It is strongly recommended that Western Balkan countries bring EU experience to within rural development policy-making, taking into account specific national problems and priorities. Rural policies and instruments implemented on national level should follow the framework of European Union while taking into consideration the interest of national priorities. Therefore two dimensions of overcoming the constraints of rural development in WB

countries may be introduced, one taking into consideration national policies and measures and one considering the regional cooperation within the framework of accession to EU.

In context of international and regional cooperation, EU Strategy for the Danube Region, endorsed in June 2011 by the European Council, will provide new framework for cooperation of partners in the area. Such cooperation will consequently improve the possibilities and conditions for overcome the constraints of rural areas within the Western Balkan countries.

EUROPEAN STRATEGY FOR DANUBE REGION: FOUR PILLARS OF MACRO-REGIONAL DEVELOPMENT

Danube strategy stands for efforts of EU to mobilize new projects and initiatives, creating a sense of common responsibility through innovation in territorial cooperation and cohesion. Building its experience upon the Strategy for Baltic Region, Danube Strategy and possible new EU Strategy for the Adriatic and Ionian Region by end 2014, macro-regional policy of EU is yet to be defined. There is no standard definition for macro-region: the term has been used to describe both globally significant groups of nations and groupings of administrative regions within a country. Approach used within the preparation of EU Strategy for Baltic Sea Region and initial definitions imply that macro-regional strategy:

- 1) is an integrated framework relating to Member States and third countries in the same geographical area
- 2) addresses common challenges
- 3) benefits from strengthened cooperation for economic, social and territorial cohesion

Overall, macro-regional strategy as an integrated framework, allows Member States to identify needs and allocate available resources thus enabling the Region to enjoy a sustainable environment and optimal economic and social development. This strategic approach enables facilitation of joint initiatives and cooperation of addressing both national and regional priorities and needs. In terms of cooperation, macro-regional strategies are also building upon the experiences of 13 transnational programs of EU within the Structural Funds, such as South East Europe Transnational Programme (combined with IPA). In this context, the macro-regional strategy concept represents one step forward from way of solving problems and meeting challenges in specific regions to an innovative and potentially powerful method of promoting European integration and territorial cooperation while preserving the subsidiarity, flexibility and inclusiveness essential for efficient, effective and popular interventions [6].

Concept of macro-regional approach relies on five basic principles, outlining the policy development, implementation of measures foreseen and continuing importance of rural

development in Common Provisions Regulation for 2014–2020 and thematic objectives outlined in Article 9. Principles of macro-regional strategy are presented in Table 2. [7].

Table 2. Key principles of EU macro-regional approach

	<i>INTEGRATION</i>
1	<i>Objectives should be embedded in existing policy frameworks, programs and financial instruments;</i>
	<i>COORDINATION</i>
2	<i>Policies, strategies and funding resources should avoid compartmentalization</i>
	<i>COOPERATION</i>
3	<i>Changing the ‘mind-set’ from inward to outward-looking regional development ideas</i>
	<i>MULTI-LEVEL GOVERNANCE</i>
4	<i>Different levels of policy-makers work better together</i>
	<i>PARTNERSHIP</i>
5	<i>Joint work of EU and non-EU countries on the basis of mutual interest and respect</i>

Source: EC, 2013

Danube Strategy is covering territory of 14 countries and with exception of neighboring Albania and FYR of Macedonia, Western Balkan region. Policy foundations, four pillars representing four major priorities of the region are: connecting the Danube Region; protecting the environment in the Danube Region; building prosperity in the Danube Region and strengthening the Danube Region. Priority areas, following the framework of four pillars are presented in Figure 1.

Figure 1. EU Strategy for Danube Region framework

EU SDR PILLARS (4) AND PRIORITY AREAS (11)			
CONNECTING THE DANUBE REGION	PROTECTING THE ENVIRONMENT	BUILDING PROSPERITY	STRENGTHENING THE REGION
1. Improve mobility and multimodality 2. Encourage more sustainable energy 3. Promote culture and tourism and people-to-people contacts	4. Restore and maintain the quality of waters 5. Manage environmental risks 6. Preserve biodiversity, landscapes and the quality of air and soil	7. Developing the knowledge society 8. Supporting the competitiveness of enterprises 9. Investing in people and risks	10. Step up institutional capacity and cooperation; 11. Work together to promote security and tackle organized and serious crime.

Source: www.danube-region.eu

Western Balkans, as a part of Danube region are sharing common problems and issues and their participation in this EU macro region will strengthen its territorial cooperation and integration process for benefits of regional and rural development. Taking into consideration the policy measures of EU rural Development Policy and harmonization process of each WB country, major impact may be expected within three axes defined in programming period 2007-2013, competitiveness, land use and diversification of economy, and fourth axis Leader for participatory approach. Even more, with the prospects of CAP reform post 2013 and EU Strategy for the Adriatic and Ionian Region, EU Strategy for Danube Region will deepen its impact on restructuring the agricultural production, improving the sustainable use of resources and enabling diversified rural economy and local rural initiatives.

FUTURE CHALLENGES AND NEW PERSPECTIVES FOR RURAL AREAS OF WESTERN BALKAN COUNTRIES

Direct and integrated approach to EU rural development policy within the CAP (second pillar) began with the establishment of the framework for Community support for sustainable rural development. This new 'second pillar' was formed by bringing together a range of existing measures (accompanying measures, farm structure aids, RD measures from structural fund programs and LEADER) [8]. However, this Regulation reflects successive policy developments since then. From 2004 (enlargement), new measures offered support to semi-subsistence farms and producer groups. From 2003 (CAP Mid-Term Review), additional measures for farm advice

and quality production were added. For the *European Agricultural Fund for Rural Development* (from 2007), new measures for economic development (micro-businesses, local area strategies), and also in respect of biodiversity, water and forestry, were added. In addition the Regulation created a single, common RD fund and grouped instruments under four 'axes', corresponding to its strategic goals [9].

Main challenges in scope of rural development of Western Balkans are outlined in national strategic documents and policies focus on predominant agriculture, low employment in the rural areas and lack of diversification of rural economy. The economic structure of rural areas is still based on natural resources exploitation and primary sector business operations while tertiary sector shows low use of its potential due to the lack of diversification of rural economy. Level of diversification is similar to the countries in the region and it is limited by unfavorable policies towards rural and agricultural development, although some progress has been made towards the closing of 2007-2013 programming period. A majority of natural resources (arable land, woods, water etc.) are located in rural areas abounding in ecosystems and biodiversity [10]. Addressing the problems, constraints and needs of rural areas identified in policies of WB countries will be incorporated into newly proposed framework for support of rural development of EU within the CAP post 2013 reform and EU Strategy for Danube Region, as well as other transnational programs and strategies relevant to the region. What makes these two instruments so important for the region is institutional framework for support and cooperation leading to more efficient ways of overcoming the common issues presented within the Region. In specific, cooperation with advanced EU countries and transfer of knowledge will play a key role in context of preparation of national policy measures and activities.

Within next Programming period 2014-2020, EU Rural Development Policy will retain its successful foundation concept where countries and/or regions will continue to design their own multi-annual programs on the basis of measures available at EU level – in response to needs and constraints of their own rural areas and using the more flexible approach. Instead of measures classified at EU level into "axes", as given in period 2007-2013 it will be up to Member States/regions to decide which measures they will use and how, in order to achieve targets set against six broad "priorities" and their more detailed "focus areas" (sub-priorities), on the basis of sound analysis. The six priorities presented in CAP Reform – an explanation of the main elements will cover: fostering knowledge transfer and innovation; enhancing competitiveness of all types of agriculture and the sustainable management of forests; promoting food chain organization, including processing, marketing and risk management; restoring, preserving and enhancing ecosystems; promoting resource efficiency and transition to a low-carbon economy; and promoting social inclusion, poverty reduction and economic development in rural areas [11]. Following the given CAP Reform and Framework of Danube Strategy, WB countries will have the opportunity to act towards more coherent rural development policies exploiting the full potential macro-regional measures and priorities in context of national needs and constraints.

CONCLUSION

Agricultural activity represents considerable share of economic structure of WB countries, most being rural and still highly dependent on agricultural activities in rural areas which has a tendency to decline as countries are being more developed (evidence from Poland and other Eastern European Countries). When it comes to policy making, challenge lies in exploitation of synergies across agricultural and non agricultural sectors combined in order to accompany socio-economic development of rural areas and sustainable use of resources. Rural economy of WB countries, both agricultural and non-agricultural shows low level of competitiveness and diversification. WB countries are full committed to joining the EU and future development of rural areas and implementation of national policy measures is undoubtedly in high correlation with EU accession process and regional cooperation. Support for rural development within the EU accession process is Rural Development component (5) of the Instrument for Pre-accession Assistance providing assistance to candidate countries through a particular instrument called IPARD - Instrument for Pre-Accession Assistance in Rural Development. In general, main objectives are support for implementation of the *acquis* concerning the Common Agricultural Policy and sustainable adaptation of the agricultural sector and rural areas in the candidate country. Macro-regional approach of EU embedded in Danube Strategy recognizes the accession process of WB countries and provides additional institutional framework emphasizing coherent regional cooperation and joint initiatives for sustainable development of the Region.

Successful approach for preparation and implementation of rural development programs and policy measures for WB countries in next programming period 2014-2020, needs to be applied in following framework, combining regional and national policy level: firstly, taking into consideration the institutional and financial support for accession to EU (IPA) and eligible transnational programs of EU Structural funds combined with IPA such as South East Europe, secondly, adopting good practice of macro-regional strategies and cooperation within priority areas (Danube Strategy, Adriatic and Ionian Strategy and future as well as other future macro-regional initiatives relevant to the WB region). On the other hand, national level gives more detailed perspective of particular problems of specific rural areas and enables certain degree of differentiation in accordance to the rural typology of the area. Determination of national policy measures in scope of regional and macro-regional approach of EU will provide opportunity to use the benefits of regional cooperation to its full extent. Future rural development policies making needs to be built upon the previous experience of potential and candidate countries of WB and good practices in order to maximize their effects and enable integrated sustainable rural development of all Western Balkan Countries.

REFERENCES

- [1] Jano, D. 2008. *EU - Western Balkans Relations: The Many EU Approaches*, The Journal of the International University Institute of European Studies (IUIES), Special Issue on 'The Mediterranean Beyond Borders: Perspectives on Integration', Bart Van Steenbergen, (ed.), 2 (1): 143-160.
- [2] Delević, M. 2007. *Regional Cooperation in the Western Balkans*, Chaillot Paper 104, European Union Institute for Security Studies, Paris, France, 2007.
- [3] Slijepčević, T. 2011. *The New Perspective for the Western Balkans within the Danube Region Strategy*, DRC Summer School Proceedings, available at www.drcsummerschool.eu/proceedings
- [4] Grozdanić, R. 2013. *Agribusiness and Agro-Industrial Strategies, Policies and Priorities for Achieving Higher Competitiveness, Employability and Sustainability in the Western Balkans Region*, Friedrich-Ebert-Stiftung: Belgrade, pp. 24.
- [5] Stantič, C. 2011. *Rural development and employment in the Western Balkans*. Opinion of the European Economic and Social Committee No. 1393/2011, available at www.eesc.europa.eu
- [6] Samecki, P. 2009. EU Commission Discussion Paper: *Macro-regional strategies in the EU*, EC, Brussels, Belgium, pp. 1.
- [7] EC, 2013. EU Commission Report: *Concerning the added value of macro-regional strategies*, EC(2013) 468 final, Brussels, Belgium, pp. 3.
- [8] EC, 1999. Council Regulation (EC) No 1257/1999 on *Support for rural development from the European Agricultural Guidance and Guarantee Fund*, EC, Brussels, Belgium, available at www.eur-lex.europa.eu
- [9] Dwyer, J. 2008. *Review of Rural Development Instruments: DG Agri project 2006-G4-10*, University of Gloucestershire, UK, pp. 1-4.
- [10] Bogdanov, N. 2007. *Small Rural Households in Serbia and Rural Non-Farm Economy*, Belgrade: UNDP Serbia, Available at: www.undp.org.rs
- [11] EC, 2013. European Commission MEMO/13/621: *CAP Reform – an explanation of the main elements*, available at www.europa.eu/newsroom