### LOCAL SELF-GOVERNMENT AS THE BASIS FOR THE AGRICULTURAL DEVELOPMENT AND THE AGRARIAN POLICY IMPLEMENTATION IN THE REPUBLIC OF SERBIA

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#### ARTICLE INFO ABSTRACT **Original Article** The development of modern democratic states implies respect for the principle of subsidiarity, which means Received: 02 February2024 bringing down decisions and their execution to the local level. The decisions regarding the use of agrarian potential Accepted: 26 February 2024 in the Republic of Serbia are still under the jurisdiction doi:10.59267/ekoPolj2401189L of the central government authorities, which contributes inadequately to the overall stability and development of UDC agriculture in modern geopolitical correlations. The goal of 342.25:338.439.02(497.11) this paper is to point out to the necessity of understanding Keywords: the need to enable as much as possible the authorities at the local self-government level of the Republic of Serbia local self-govrnment, agrarian to implement the strategic goals of agrarian policy while potential, agrarian policy, basic improving permanently their agricultural capacities. human needs, the Republic of Based on the research on the opinions of relevant state Serbia and local authorities and on empirical and theoretical JEL: 018, 013, H11 arguments, the authors support this claim and provide a new perspective for the content of agrarian policy, as well as the development of the rich agricultural potential that the Republic of Serbia has at its disposal.

### Introduction

Realization of basic human needs at the level closest to the citizens is an epithet of highly developed democratic states of the world. In the political system of the Republic of Serbia, this has certainly been attributed to the local self-government. Local self-government is the right of citizens to directly and through freely elected

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representatives manage public affairs of immediate, common and general interest of the local population, as well as the right and obligation of local self-government bodies to, in accordance with the law, plan, arrange and manage public affairs that are within their jurisdiction and of interest to the local population (Law on Local Self-Government, Article 2). Investing in the agricultural potential of the Republic of Serbia should have a strategic approach, but not only in terms of administration, but also in terms of the implementation of legislation and agrarian policy measures.

It is self-understood that such an approach must be defined at the state level, but the implementation of measures should be delegated to local administrative units that are under the supervision of bodies of the Ministry of Agriculture of the Republic of Serbia. In this regard, and with the aim of raising the level of education of citizens about the necessity of improving awareness regarding the strengthening and development of the agricultural potential that is given to us as a natural resource, it is necessary to place special emphasis on the organizational and developmental instruments of agrarian policy. A key role in the creation and implementation of agrarian policy instruments should be given to local administrative units, where there would also be institutions that would deal with development and advisory consulting in the field of agriculture. In the last decade, the agrarian policy of the Republic of Serbia has had a progressive image, but there is still an insufficiently developed mechanism for implementing the policy into practice and achieving production that creates a mercantilist agrarian position of the state, for which objectively there are resources (Voza & Fedajev, 2020; Blanuša, et al., 2021).

Agrarian policy instruments that could be considered as organizational and developmental ones are:

- 1. agricultural education,
- 2. agricultural advisory services and
- 3. scientific research work in the field of agriculture (Đurić, 2021).

Agricultural education in the Republic of Serbia is implemented at the high school and higher education level. However, it is necessary to intervene here and introduce a new element into the Law on the Basics of the Education and Training System. Namely, this new element implies that children even from preschool age should be educated about the necessity of protecting the existing agricultural potential which the Republic Serbia has at its disposal. This intervention in the legislation of the Republic of Serbia is also necessary because it creates in children from early childhood a sense of commitment to healthy agricultural production and the creation of a value system in which the resources available to the Republic of Serbia, first and foremost the area of arable agricultural land, are placed on a high pedestal. Having in mind exactly these potentials of the Republic of Serbia, there is a necesity to delegate the implementation of organizational and development instruments of agrarian policy to local administrative units. Each local self-government, depending on geographical position of its local administrative unit, should carry out the process of educating children from an early age, and through the regular school system and in that way create awareness among children to nurture the natural resources we enjoy. A prerequisite for improving the results of agricultural development instruments is a change in the way of managing, implementing and monitoring local agricultural policy and rural development policy (Blanuša, et al., 2022).

The agricultural advisory services, which have been considered as the second instrument for the improvement of the implementation of agrarian policy in the Republic of Serbia, could achieve enviable results and contribute both in terms of creation and implementation of the policy of spreading social awareness of the importance and the priority of creating a new society. These services have been known for organizing numerous workshops for the youngest, permanently educating advisers, providing field work of advisers, as well as assistance in registering agricultural holdings and realizing the benefits guaranteed to farmers by the Government of the Republic of Serbia. The third instrument for the improvenment of the implementation of agricultural policy instruments in the Republic of Serbia is refleced by the cooperation of science and practice, that is, modern society imposes the tendencies of a healthy life, and that trend includes academic intervention in agricultural production. In contrast to agricultural consultancy, which can be organized as a public service, but also in the form of private consulting agencies, institutions engaged in scientific and research work, due to the importance and risks they carry, are as a rule financed by the state (Đurić, 2021).

# Participation of local self-government in the implementation of agrarian policy measures

The Constitution of the Republic of Serbia (2006), contains a more modern, necessary and significantly more advanced arrangement of local self-government than the one that existed in the previous Constitution from 1990. This can be seen first of all by the fact that the Constitution (2006) guarantees the right of citizens to local self-government (Article 176) and establishes that the state power is limited by the right of citizens to local self-government (and territorial autonomy) and that this right is subject only to the supervision of constitutionality and legality (Article 12) (Milosavljević, 2009). Furthermore, the Constitution of the Republic of Serbia (2006) guarantees the right of citizens to local self-government, and thus it recognizes and confirms the legal identity of local administrative units (Constitution of the Republic of Serbia, Article 176).

It is from this legal basis that we derive the thesis that the implementation of agrarian policy on the territory of the Republic of Serbia should be the responsibility of local self-governments, and that their work should be subject to the supervision of the line ministry. As regulators of democracy in the modern political sense, democratic principles are defined that categorize the political system as democratic. These are regulators on the basis of which the overall work of institutions is evaluated and their degree of success is measured (Živković et al., 2019; Ljubojević, Petrović, 2019). The development of agricultural potential is directly conditioned by the development of the

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political system of the Republic of Serbia, because the national policy is the creator of all policies within a country. It follows from this that there is an interest, and in accordance with the developed democratic political systems in Europe, for agrarian potential and agrarian policy to be exclusively managed on the level of local selfgovernment, that is, by the decentralized units of government.

Agricultural consultancy, as an instrument of agrarian policy, gives the best effects precisely in the geographic area it is most familiar with, thus connecting education, science and the resources available to the local community. The Republic of Serbia is still going through a transition in defining all policies of national development, the truth is much less than before, but this transition process is still ongoing. Each phase of the transition has been characterized by certain social and economic phenomena that generated certain negative impact on economic development, and therefore on agricultural development (Mihajlović, Marković, 2004). In order to increase awareness about the importance of promoting and implementing agrarian policy, it is necessary to approach each geographic area in accordance with the characteristics of its locality in the Republic of Serbia. Starting from the fact that the development potentials are different in certain regions of the country, the construction of the advisory system should be selective. This approach implies that the advisory system should be created, first of all, in accordance with the specificities and development needs of the areas that have the greatest development potentials. In that way, the principle of rational spending of budget funds would be respected, while different types of support would be provided for areas with the lowest level of development potential (Durić, 2020). At the moment, such local initiatives are not sufficiently present.

Local self-government does not have sufficient readiness or capacity to act in the process of implementing agrarian policy. It has been known that local initiatives have been primarily present in the segment of improving the situation in the field of physical, i.e. communal infrastructure (water supply and sewerage network), energy (electricity, gas) and road infrastructure (Paraušić et al., 2022). In the Republic of Serbia, there is a large number of distinctly rural areas, which could be developed in an adequately controlled manner only with the involvement of local scientific and educational institutions. For this reason, the rural development policy supports building the capacity of local communities to determine and implement local development plans. The network for supporting rural development through regional and district centers should form the basis for the establishment and efficient functioning of local action groups, which would take care of determining and implementing the development strategies of the local community (Popović et al., 2011).

In this sense, for the development of agrarian potential in the Republic of Serbia, it is necessary that businesses that are registered in the territory of a certain local administrative unit opt for inclusion in the process of improving and creating local economic and agrarian development. As claimed by Janković-Milić et al. (2014), the representatives of business community have the opportunity to be involved in certain local self-government bodies and to give their opinion on aspects of the local economic

development. An example of local self-government bodies are local employment councils. According to the positive practice of the Republic of Serbia, local employment councils gather representatives of local self-governments, national employment service, entrepreneurs, centres for social work, representative syndicates and non-governmental organizations. However, it has to be pointed out that these institutional forms have been established with the aim of improving functioning of specific segments of the local economic framework (e.g. employment, education, etc.). It means that the role of these business community representatives has been limited to initiatives of already adopted measures referring to a single particular area. Nevertheless, this type of the involvement of business community in local initatives could open another chapter in the use of local potentials. For example, the representatives of business community stationed in certain local adminstrative unit could contribute to the development of local rural tourism. Having in mind that tourism plays an increasingly important role in the economy of the Republic of Serbia, the development of local rural tourism could contribute significantly to employment and improving the social, cultural and natural environment of local communities (Cizler, 2013). The interest of every country is modernization and monitoring the trends of more developed countries, which is also discussed in the Report on progress in achieving the goals of sustainable development by 2030 in the Republic of Serbia (Babović, 2020).

### Agrarian potential of the Republic of Serbia

In the Republic of Serbia, there are 5.06 million hectares of agricultural land. At this moment it has to be stressed that only 71% of agricultural land is used intensively, in the form of arable land, orchards and vineyards. It means that 29% of agricultural land is natural grassland consisting of meadows and pastures. The dominant part of agricultural land, amounting to 3.3 million hectares or 65%, is in the form of arable land. It has to be pointed out that about 7% of arable land is not in the use, i.e. it remains in the form of uncultivated land (Ljubojević et al., 2022).

When describing the rural areas of Serbia, it can be stated that there is a large concentration of natural resources such as agricultural land, forests, water, with preserved ecosystems and biodiversity. Also, important advantages of rural areas are being recognized in the wealth of cultural resources, as well as the preserved traditions of the people who live in these areas (Pavlović et al., 2021; Cvijanović et al., 2022). However, each of local rural areas has its own peculiarities and characteristics. That is why it is important that the implementation of the agrarian development policy is entrusted to the greatest extent to local self-governments. In general, many of development policy tasks are legally entrusted to the authorities of local administrative unites as parts of the local self-government system, but the results based on entrusting them with these tasks are not enough visible. This mostly refers to forestry, agriculture, water management and other areas of importance for the accelerated development of Serbian agrarian potential.

In order to compare the level of economic development of different areas in the Republic of Serbia, the European NUTS (Nomenclature of Territorial Units for

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Statistics) classification of regions has been implemented. NUTS 1 are regions having three million to seven million inhabitants; NUTS 2 are regions within NUTS 1 regions having 800,000 to 3,000,000 inhabitants (Eurostat, 2018). In the Republic of Serbia, Serbia North and Serbia South have been considered as NUTS 1 Regions. Within NUTS 1 Serbia North Region are the following NUTS 2 Regions: The Region of Belgrade and the Region of Vojvodina. Within NUTS 1 Serbia South Region are NUTS 2 Regions: The Region of Southern and Eastern Serbia and the Region of Kosovo and Metohija.

With the data from Table 1, we can statistically explain the impact of the agricultural potential in the regions at the NUTS 1 level in the Republic of Serbia, divided into the north of the country and its south, and to highlight how much agricultural land is used both by family holdings and by legal entities and entrepreneurs. It is clear that the region of Southern Serbia is in a significantly less favorable position than the region of Northern Serbia when it comes to the size of agricultural holdings and the level of utilization of agricultural potential.

Table 2 clearly shows how important it is for agrarian policy to observe statistical data at the level of the NUTS 2 statistical regions of the Republic of Serbia. The data on the used agricultural land in the period from 2017 to 2019 show this. In the mentioned table, it is easy to recognize which part of the country has the least developed agricultural potential, that is the region of Southern and Eastern Serbia. Also, it can be seen which is the region with the greatest agricultural potential. Namely, according to the data on the number and size of agricultural land, the Region of Vojvodina leads the way, on the territory of which nearly 35% of the agricultural land of the Republic of Serbia is located. Table 2 also shows how important it is to implement agricultural policy measures in order to improve the use of agricultural land, precisely in the region of Vojvodina. It is a region where the size of used agricultural land decreased in the last year of the observed period. The shortcomings in the implementation of the agrarian policy measures in this region could be partly attributed to the ineffectiveness of local authorities. Unfortunately, there are quite a lot of paradoxes in the implementation of agrarian policy in local self-governments: from an inefficient workforce to large imports of agricultural products to the domestic market. Even in the territory of Vojvodina, the area of land under irrigation systems has decreased. In many agricultural branches, exports to foreign countries have stopped and now the products are sold at much lower prices, suffocating small farmers along the way, and because of all this, the villages become only sad witnesses of some old times and former life, where much more attention was paid to agriculture than it is today (Kokeza, 2013).

<b>Perio</b> d	2021						
Indicator							
Territory – NUTS	SIZE of UAL	Legal status	Used agricultural land [Hectare]	Holdings [number]	Cattle [number]	Yearly working unit [number]	Economic size of holding (SO) [millions of euros]
REPUBLIC OF SERBIA	TOTAL	Total	3475894	564541	1933840	645733.12	4879
		Family holding	2916125	562895	1651568	627406.28	4221
		Legal entity	557866	1373	276370	17576.92	646
		Entrepreneur	1903	272	5902	749.92	12
SERBIA – NORTH	Total	Total	1719899	157103	784606	163381.75	2321
		Family holding	1287300	156138	562421	148957.4	1760
		Legal entity	431356	853	221200	14118.23	557
		Enrtepreneur	1242	112	985	306.12	4
SERBIA – SOUTH	Total	Total	1755995	407438	1149234	482351.37	2558
		Family holding	1628826	406758	1089147	478448.88	2461
		Legal entity	126509	520	55170	3458.69	89
		Enrtepreneur	660	161	4917	443.8	8

 Table 1. Land, livestock, workforce and standard value of farm production according to legal status and size of used agricultural land

Source: Statistical Office of Serbia Metadata

Table 2.: Used	l agricultural	land by re	gions, in hectars
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Used agricutural land				
	Total	Arable land		
	Republic of S	erbia		
2017.	3438130	2594980		
2018.	3486908	2582909		
2019.	3481567	2578898		
	Region of Bel	grade		
2017.	148640	119335		
2018.	147330	114699		
2019.	150642	119148		
	Region of Voj	vodina		
2017.	1554354	1438183		
2018.	1594311	1453032		
2019.	1549861	1432382		
	Region of Šumadija and	Western Serbia		
2017.	1012041	554558		
2018.	1000063	529800		

Used agricutural land					
2019.	1034697	542111			
Region of Southern and Eastern Serbia					
2017.	723094	488947			
2018.	745203	485378			
2019.	746367	485257			

Source: Statistical Office of Serbia Metadata

### The potential of local self-government as the bearer of agricultural policy implementation

Local self-government is one of the most important parts of a political system (Lapčević, Rapaić, 2023). Such is the case in the Republic of Serbia. Although we are aware of the numerous shortcomings of local self-government in Serbia, we must nevertheless mention that it can be the driving force behind effective agrarian policy through many activities and changes that are needed and expected on the soil of the country in which we live. In order for agrarian policy to be effective and preferably economical, we must tackle the numerous challenges that await us on the difficult path of establishing a successful agrarian policy.

Agrarian policy can be best defined and determined as a consciously directed action of the state government that should be implemented in the food sector in order to achieve production results that are in line with the social belief of what an ideal agrarian system should look like (Ljubojević et al., 2022). Agrarian policy, and especially its food system, should have as its main goal the adequate food for the entire population, cheap food as a form of satisfying basic human needs, availability of food throughout the year regardless of the season, then health-safe food that must constantly be under by the control of appropriate state institutions, as well as the appropriate way e for people living in villages and engaged in agriculture in its primary form.

We must agree that today we cannot talk about a developed, democratic state without mentioning local self-government as an important part of its political system (Bird, 2000). As much as the state has to deal with agrarian policy, it also has to deal with public policy that occurs in the form of satisfying the interests and needs of citizens living in smaller, local communities. Among others, agrarian policy is certainly one of the most important state policies that are also carried out at the local level. That is why it is important that agrarian policy, due to the very principle of subsidiarity, is realized at the local level through original and entrusted tasks that the state entrusts to local self-government.

Although many believe that the state should not interfere in the affairs of the agrarian system, considering that there is no need for such a thing and that these problems can be solved at a lower organizational level, nevertheless it is believed that the state, i.e. its government, has very significant role in regulating the agrarian policy (Ljubojević et al., 2022). Also, there are numerous reasons for state intervention, especially when

it comes to food production. The areas in which this intervention is necessary relate mostly to food security, protection of the income of agricultural producers, increasing the efficiency of agricultural production, food safety and numerous other, increasingly prevalent, environmental problems.

The most important issue is the question of the competence of local authorities, because in order to successfully carry out tasks from the original scope of cities and municipalities, it is necessary that those who manage local administrative units be competent in performing their own community tasks. Good management, in addition to transparency in work and responsibility, also implies that local authorities rationally use available resources and provide public services in accordance with the principles of efficiency, effectiveness and economizing behavior (Begovic et al., 2006). Local authorities would have to possess numerous abilities to harmonize the various demands and interests of their citizens, and to successfully coordinate all activities of local services and institutions.

Although we talk about the necessity of the existence of a relationship between agrarian policy and local self-government, we must primarily understand the importance of the state in determining and implementing agrarian policy. On that side, the state nurtures the three most important concepts of agrarian policy. These are: protectionist, liberal and the concept of sustainable development of agriculture. The protectionist concept characterizes the protective position of the state in order to develop and protect domestic agriculture from foreign competition. The liberal concept is the complete opposite of the previously mentioned concept, and it is characterized by the free formation of prices of agricultural and food products on the market, liberalized imports, that is, completely free operation of market mechanisms in the sphere of agriculture. The concept of sustainable development of agriculture aims at the modern development of this economic activity and within it the focus is on the development of multifunctional agriculture, on rural development and development of agriculture based on respect for environmental protection (Radović, 2021). In this way, we see all the need and necessity of interference and cooperation of the state and local authorities when it comes to agricultural affairs, that is, agrarian policy.

Local authorities are the ones who should primarily participate in the process of attracting capital and other production factors. Local agricultural policy will depend on their efficiency. And therefore, the policy of local economic development should be understood as the growth of the capacity of the local economy to create wealth for the population that makes up a local community, and thus to improve their quality of life through an increase in employment, real earnings, the value of personal property, the volume and quality of public services and the like (Begović et.al., 2006). That is why it is considered that economic development in local community does not arise by itself. Therefore, it is necessary to reach an agreement on a common strategy for the development of the agrarian policy of all local administrative units in the Republic of Serbia and for the entire communities to actively participate in the implementation, that is, the realization of the aforementioned strategy.

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# Research on the perspectives of the development of agrarian policy in the Republic of Serbia and its local administrative units

Research on the perspectives on the development of agrarian policy in the Republic of Serbia and its local administrative units has been conducted in November and December 2023. Three relevant representatives from the Ministry of Local Government and Rural Development of the Republic of Serbia and eight representatives from local administrative units (four of them from the municipalities situated in NUTS 2 Region of Vojvodina and four of them situated in the municipalities situated in the NUTS 2 Region of Southern and Eastern Serbia) were interviewed to obtain answers on the following questions:

- How do you think the state could assist local administrative units to implement successfully agrarian policy measures?
- In your opinion, what should be the ways to strengthen the functioning of rural areas in the implementation of the agrarian policy?
- How do you find the importance of the cooperation of local authorities with the business community situated in the territory of certain local administrative unit?
- Do you think that the harmonization of agrarian policy instruments of the Republic of Serbia with the relevant instruments applied in the European Union could improve the role of self-government in agrarian development?

These semi-structured interviews were realized by phone and recorded with the permission of the respondents. The obtained answers were analyzed and systematized according to their relevance.

All respondents stressed that there are a number of priorities the state should implement with the help of local authorities. They described their attitudes regarding the relationship of the activities of the agrarian policy makers and local authorities. According to their opinion, to the greatest extent, these activities are aimed at further improving the management of local economic development through the planning and implementation of public and agrarian policies, numerous programs and mechanisms, including business advice and branding. The representatives of the Ministry of Local Government and Rural Development argued that special attention should be paid to the improvement of existing legal frameworks that are important for local economic development and the implementation of agrarian policy, and what is most important, which refers to proposing some new legal solutions with the aim of developing the full agricultural potential.

The respondents from local administrative units believe that the great success of the state and local self-government would be in more frequent intensification of the permanent cooperation of cities and municipalities with local business representatives. According to the view of the respondents from the municipalities situated in NUTS 2 Region of Southern and Eastern Serbia, the result of these activities should be constant support to the local self-government in the optimization of local administrative procedures towards the economy and citizens. They argued that in today's political system of the Republic of Serbia, there are shortcomings related to the readiness of local authorities to face the growing agrarian policy and its needs. That is why they believe that the accelerated development of the capacity of cities and municipalities for the application of the rules on the allocation of state aid and the necessity of adequate harmonization of state aid with local development policy is necessary. On the other hand, the respondents from the municipalities situated in the NUTS 2 Region of Vojvodina claimed that it would be particularly significant to provide further support to local self-government units in the development and implementation of annual programs for the protection, arrangement and use of agricultural land, the organization of local programs aimed at supporting agriculture and rural development, and strengthening the capacities of cities and municipalities as a service to potential users for the implementation of agricultural policy.

The answers to the question how and in what way to strengthen the agrarian policy in the local administrative units, more precisely how to strengthen the functioning of rural areas in the implementation of the agrarian policy were concentrated on the problem of the depopulation of rural areas. The respondents stressed that the main goals are aimed at effectively keeping the population in rural areas and providing that population with an equivalent quality of life as in the city. They claimed that since local self-government in rural areas in Serbia is still poorly developed, it is necessary to enable the potential unhindered settlement of rural areas by the urban population, if the disposition for such a thing exists among the urban population. In that respect they stressed that financial aid from the state and the development of competition can greatly contribute to the strengthening of agrarian policy in local communities.

Analyzing the answers of the respondents to the question of harmonizing agrarian policy of the Republic of Serbia to the agrarian policy of the European Union, it could be concluded that the prevailing opinion is that such harmonization is yet to be pursued. The representatives of the Ministry of Local Government and Rural Development considered that one of the more ideal scenarios for the efficient development of agrarian policy in the state and local self-government would be the entry of Serbia into the European Union and the respect of its basic principles and values aimed at the development of agrarian potential. However, the respondents think that there is still a great struggle ahead in the process as many necessary conditions must be met for such a scenario. Above all, they mentioned that the necessity to harmonize agrarian policy of the Republic of Serbia with the EU's agrarian policy is just one step to the entry of the Republic of Serbia to the European Union. Yet, in order for Serbia to harmonize its agricultural policy with the EU policy, it must meet certain standards that have long been established as the basic criteria for joining the European Union. Primarily, they stressed the creation and functioning of a market economy that should be able to integrate into the market economies of the EU member states. At the same time, they were worried about the ability of the state to deal with strong competition so that the

state's economy is not destroyed by the invasion of imported goods at the moment of joining the great free market. They concluded that, among other things, fulfilling the criteria for the state to adapt to the whole set of EU rules and practices, which are known under the collective name of *acquis communautaire*, means that the obligation of all countries that want to join the EU is to unconditionally accept everything that the European Union asks of them.

### Conclusion

The development of agriculture as a vital branch of the overall economy of the Republic of Serbia is conditioned by internal and external factors that have a direct impact on the overall political and strategic approach to agrarian development. For local self-government in Serbia, it is necessary to be freed from the political factor and to be supported by the Government of the Republic of Serbia through various aid mechanisms and thus to gain a legislative framework, viewed through the exclusively strategic intention of developing the entire agrarian sector of the country. The strategy, in this case, implies returning to the natural resource as undoubtedly the greatest potential, inalienable, inexhaustible, and always reliable.

The fact that only 80 years ago Serbia was a country for more than 85% of the population engaged in agriculture shows that its potential is inexhaustible and immeasurable. The industrialization policy implemented during the period of socialism from the end of the Second World War to the 1990s, accompanied with neglecting the agrarian development, has led to the devastation of large number of agricultural holdings and to the depopulation of rural areas. The last few decades of political and economic transition were characterized by further neglect of agricultural development. That is why it is necessary to establish a more efficient institutional and organizational framework for local self-government, as well as to strengthen local administrative capacities. At this moment, it represents a huge challenge for local self-government because it has to provide the most favorable financial conditions that will enable them to become competitors with other European developed countries with such a developed agrarian policy and agriculture. At the same time, numerous obstacles for the expansion of the local agricultural system must be removed through the introduction of incentive measures for producers in this sector and the provision of support for relevant research and development activities in this area. In that respect, the encouraging of local administrative units in their goals of improving the development of agrarian sector and enabling rural population to stay and work on their land is of primary importance for the state agrarian policy makers.

It could be concluded that it is necessary to establish a more efficient institutional and organizational framework, as well as to strengthen local administrative capacities of the Republic of Serbia. At this moment, those goals represent a huge challenge for the state because it has to provide the most favorable financial conditions that will enable rural communities to become competitors with the farmers of European developed countries with such a developed agrarian policy and agriculture. At the same time, numerous

obstacles for the expansion of the local agricultural system must be removed through the introduction of incentive measures for producers in this sector and the provision of support for relevant research and development activities in this area.

### **Conflict of interests**

The authors declare no conflict of interest.

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