

RURAL ECONOMIC DEVELOPMENT STRATEGY THROUGH PRIORITY RURAL SECTORS IN THE REPUBLIC OF MACEDONIA

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Abstract

The rural areas of development strategy is an inhabited territory where the social, economic and residential evolutions are led within the framework of an integrated and prospective project of development. The rural pole is not a small town, an agglomeration, but they are treated as a whole and guided by an integrated project of territory. Initially, this study are focused to priority regional sub-sectors in R. Macedonia in order to identify the major weaknesses to be addressed and potentials to be boosted. Furthermore, the elaboration refers to assessment development strategy of priority economic sectors in the rural areas, defining the main problems, possible solutions to solve them. The analysis of the regional differences is also included in the paper as well as the differentiation and prioritisation in itself. In terms of the structural adjustment through priority rural areas of the country's, the emphasis of study will be placed in particular on increased production competitiveness and higher quality of products. For that goal have to pay attention to measures at improving the competitiveness of economically viable agricultural holdings and food industry in selected sub-sectors through proper investment policies.

Keywords: *rural, strategy, development, policy, sectors, strategy.*

Introduction

The theories of economic geography primarily address issues of relevance for the spatial distribution of the production, they also contain clear connections to growth. The endogenous growth theory constitutes the bridge between agglomerated production structures and growth. According to the latter theory, growth is primarily increasing in the accumulation of knowledge through spillover to other users, i.e. it is only partially excludable and appropriated by the firms investing in knowledge. Economic geography contends that proximity is essential in order to access spillovers, pecuniary and non-pecuniary, originating in the interaction between people, firms and institutions, through vertical and horizontal linkages. Furthermore, concentrated production also gives rise to external scale effects. Thus there would appear to be a clear link between growth and densely concentrated production. This has preciously been discussed in the theoretical literature (Fujita and Thisse, (2002) Perroux, Kaldor (1961), Myrdal (1957) and Hirschman (1958)).

The recognition of the rural areas as development poles, and neither only as natural and agricultural spaces, is a precondition to stimulate advantageous and balanced exchanges between the urban and rural poles and to motivate the convergent mobilization of the urban and rural actors.

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Also, the emergence and the animation of these rural issues of development must be based on the principal following elements:

- a rural territory with a project built on a common political ambition and on shared economic and social interests;
- an integrated project of sustainable rural development, including means and measures within the scope of a multiannual programming;
- collective implementation and local partnership based on a co-operation between public and private institutions;
- co-operation between rural areas and between rural and urban areas, with a networking approach which favours a process of continuous training ;
- a framework of evaluation, to enhance the effectiveness and the efficiency of the of rural development trough rural areas and its sustainability.

This paper study rural development of priority rural sectors in the regional structure in the country, defining the main problems, possible solutions on the basis of the priorities set forth. Analysis of the regional differences is also included in the paper as well as the differentiation and prioritisation thereof. A detailed summary of priorities and support measures are also included. At first it makes identification of sectors in the rural areas in certain regions with the greatest formative development potentials. Further are elaborate policies, programs and measures to help reinforce existing economic potential in the respective rural sectors. Hence the need to develop appropriate institutional structure that will enable full support for rural regional development.

Material and methods

In the first stage of elaboration, the principal priorities were identified priority rural sectors in consultation with various rural sector stakeholders. Initially, this study was prepared for priority sub-sectors in the regions (milk and dairy, meat and meat products, fruit and vegetables and wine and grapes) to identify the major weaknesses to be addressed and potentials to be boosted. The four sub-sectors were selected based on their importance in the agricultural GDP and according to the process of adoption of the EU acquis according to the NPAA and institutions related (Self-governments, regional agricultural departments, regional offices of the National Extension Agency, Farmers Federation and Non-governmental organisations). The programme was based on the National Development Plan (NDP), the National Strategy for Agriculture and Rural Development and the National Programme for Adoption of the Acquis (NPAA), as well as the Multi-annual Indicative Planning Document (MIPD), framework of available measures under Instrument for Pre-accession Assistance for Agriculture and Rural Development (IPARD) and the results of the independent sub-sector analysis.

Results and Discussion

Regional development in the R. Macedonia is a process of identification, promotion, management and use of development potentials of the planning regions and the areas with specific development needs. The policy for regional development, on the other hand, is a system of goals, instruments and measures directed towards a decrease of regional disparities, and the achievement of equal and sustainable development in the Republic of Macedonia.

General feature for all regions are that rural areas show much better results from urban because of the collapse of obsolete industrial plants. The regional disparity analyses shows an greater participation in GDP formation in the regions with predominantly participation of agriculture as an economic activity (Pelagonija, Polog and Southeastern regions) of the country.

For administrative purposes, the differentiation between rural and urban areas in the country is based on the local territorial divisions according to the Law on Territorial Organization of the Local Self-Government (OG 55/2004, 12/2005) i.e. Article 6. The common method,

which will be applied for the purpose of this investigating is defining rural areas as being located outside of urban area and characterised by three main characteristics:

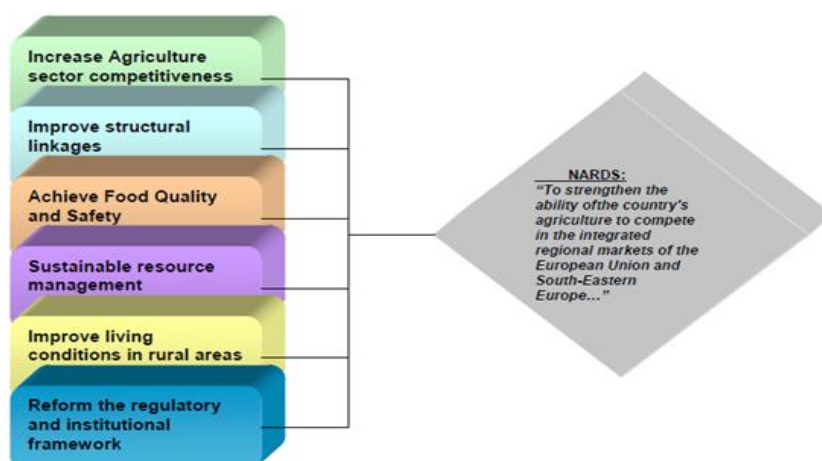
- settlements placed in municipalities based in rural centers (rural Municipalities),
- settlements placed in municipalities based in town centers with predominantly agricultural and forests land use systems (urban versus agriculture land (incl. forests, pastures, marshland, fishponds) and
- towns with population of less than 30,000 inhabitants with predominantly agricultural and forests land use systems (urban versus agriculture land (incl. forests, pastures, marshland, fishponds) and has rural identity of the community

According to the National Agricultural and Rural Development Strategy (NARDS), has translated the overall development vision into following long-term sectoral strategic objective as the basis for agricultural and rural development and formulation of future agricultural policy: “To strengthen the ability of the country's agriculture to compete in the integrated regional markets of the European Union and south-eastern Europe through measures to increase the efficiency of agricultural production, processing and marketing, and to build appropriate, effective public and private institutions; to improve farm incomes; to ensure that consumers have access to safe, healthy food; to optimize the use of scarce land, forest and water resources, in an environmentally sustainable manner; and to build viable rural communities through sustainable rural development.”¹

The main general objective (figure 1) of the rural development is to: “Improve the competitiveness of agricultural holdings and the food industry developing them to comply with Community standards, while ensuring sustainable environmental and socio-economic development of rural areas through increased economic activities and employment opportunities.”

¹ Nacional strategy for agriculture and rural development 2007-2013, p. 210

Figure 1 – National Agriculture and Rural Development Objective



Final version of the IPARD programme for the Republic of Macedonia

This shall be achieved through following specific objectives:

- Improving the technological and market infrastructure of commercial agricultural holdings and food processing industry aimed at increased added value of agri-food products and achieved compliance with EU quality, health, food safety and environmental standards
- Improved quality of life of rural population, increased income and creation of new employment opportunities,

The main priority are planning the agricultural development and the development of the rural areas, agricultural policy measures and the holders of the right to benefit from those measures, minimum quality and designations of the agricultural products, setting up of databases and supervision over its implementation.

In support to the structural adjustment of the country's agricultural sector (the main sub-sector in the rural economic sector), the emphasis will be placed in particular on increased production competitiveness and higher quality of products. For that goal have to pay attention to measures at improving the competitiveness of economically viable agricultural holdings and food industry in selected sub-sectors through investment policies to improve technological and market infrastructure aimed at increased added value of agricultural products and achieved compliance with EU quality, health, food safety, animal welfare and environmental standards.

The investments per priority sectors (wine and grapes; fruits and vegetables; milk and dairy; and meat products) broadly cover costs for replanting the areas covered with perennials (vineyards and orchards), construction and reconstruction of farm buildings and installations for farm buildings as well as auxiliary buildings, purchase of equipment for farm buildings, improvement of on-farm irrigation systems and specialised agricultural machinery as well as on-farm manure handling to upgrade the agriculture holding to meet EU environmental requirements.

The investments per priority sectors broadly cover costs for improvement and optimisation of production flows in processing and marketing of agricultural products; setting up or modernisation of local collecting networks, of reception capacities, storing, conditioning, sorting and packing of agricultural products of agriculture products .

For that goal must be fulfilled the certain priority measures as is : improving the technological and market infrastructure of commercial agricultural holdings and food processing industry

aimed at increased added value of agri-food products and achieved compliance with EU quality, health, food safety and environmental standards. For achieve that it is necessary to investments in agricultural holdings to restructure and to upgrade to Community standards and investments in processing and marketing agriculture products to restructure and to upgrade to Community standards.

The potential key issues to be addressed are investments in agricultural production to restructure and upgrade the sector to Community standards and to increase competitiveness and improving market efficiency and implementation of Community standards. Therefore the upgrading of the farms and the food establishments to meet the environmental, hygiene, food safety and animal welfare standards is of high importance.

Ongoing task is improved quality of life of the rural population, increased income and creation of new employment opportunities The potential key issues to be addressed in country are investments to develop and to diversify economic activities in rural areas which creating additional income sources and employment opportunities in rural areas. Priority sectors and the type of eligible investments concern to support to micro enterprises in the rural areas (reconstruction of on-farm houses for rural tourism activities complemented with recreational facilities; construction of catering premises, outdoor accommodation camping sites and recreational facilities; reconstruction of old traditional on-farm buildings for rural tourism activities complemented with recreational facilities) and promoting rural tourism activities.

Well-placed and developed general targets and measures to achieve them but lacking public rural institutions to established capacity to design and implement appropriate rural policies in priority rural sectors. Lacking also appear in identification and evaluation of rural areas as a pole of rural development and built of rural policies and programs for their support. Furthermore, it is necessary the emphasis role of young rural labor in the rural areas as one of the determining factors of rural development in the country not given sufficient attention. Not sufficiently designed policies and programs for the use of scientific knowledge (especially in the field of modern agricultural technologies) for the purpose of rural development

Conclusion

The rural development is to improve the competitiveness of agricultural holdings and the food industry developing them to comply with Community standards, while ensuring sustainable environmental and socio-economic development of rural areas trough improving the technological and market infrastructure of commercial agricultural holdings and food processing industry. In this way is increased added value of agri-food products and achieved compliance with EU quality, health, food safety and environmental standards as and improving quality of life of rural population, increased income and creation of new employment opportunities.

In support to the structural adjustment of the country's agricultural sector, the emphasis will be placed in particular on increased production competitiveness and higher quality of products. For that goal have to pay attention to measures in order to improving the competitiveness of economically viable agricultural holdings and food industry in selected sub-sectors through development investment policies.

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and to *develop and to diversify economic activities in rural areas* which creating additional income sources and employment opportunities in rural areas

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