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# **COMPATIBILITY SUPPORT OF RURAL DEVELOPMENT WITH THE CHALLENGES OF ENVIRONMENTAL PROTECTION**

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**Abstract:** The concept of rural development is multidisciplinary, closely related to agriculture as well as to other fields, particularly to ecology. These two areas are complementary and supportive. By introduction of modern concepts and appropriation of natural resources management, these can be perfectly integrated and taking into consideration environmental principles and needs of modern agricultural production and development. The objective of this paper is to emphasize the environmental challenges within the rural development and the level of achieved support tracked in this area. In this paper potential developments will be analyzed and guidelines for the harmonization of rural development of the Bosnia and Herzegovina with environmental principles defined in the Common Agricultural Policy of the European Union.

Rural development of Bosnia and Herzegovina is dominated by agriculture and forestry, which usually depends on these two branches which are not developed in accordance with the available land and forestry resources, and it doesn't follow their natural resources. However, rural development has become recognized as a term, but in essence its multidisciplinary importance has not been recognized yet and by observing the principles of environmental protection as a result it is not sufficiently respected in Bosnia and Herzegovina.

**Keywords:** *environmental challenges, rural development, support, BiH*

## **INTRODUCTION**

Rural development of BiH relies on two fields of economic and social development which are Agriculture and Forestry, where rural development is

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the basic framework of development. Basic guidelines for rural development are arising from the CAP<sup>2</sup> of the European Union. The main focus of the CAP for the period 2014-2020 was focused on the environmental challenges and rural development, with the aim of securing the supplies for the population with healthy food as well as conservation of natural resources and biodiversity. In the last decades, we pass through transition from the classical way of living and work in the countryside to the modern forms of life. In this process there was a large gap between natural and technical processes. In addition to that, our indifference to the global scale environmental crisis, that feels last years in our region, leaves environmental protection challenges on the margins of everyday life. Rural development support implementation measures in the Republic of Srpska are mainly based on adopted strategic documents<sup>3</sup> in the field of agriculture, while in the field of ecology support is based on the subventions granted through the IPARD pre-accession program of the EU for the period 2007-2013 as well as IPA2 for the period 2014-2020. Compliancy of afore-mentioned types of support for rural development with environmental challenges exist but insufficiently because of disharmony of the implementation of rural policies between the entities and Brčko District, which is one of the key reasons why BiH agriculture is not recovering with necessary speed. Often the achieved level of agriculture development is assessed on the basis of comparison of certain indicators of its state with countries in the region or the EU<sup>4</sup>.

### **SUPPORT FOR RURAL DEVELOPMENT THROUGH EU FUNDS**

Agriculture has always been one of the major policies of the EU and therefore is raised to the level of the Community, and EU CAP was designed, which sets standards for participation in the common agricultural market for all EC members. The main mission of EU rural development policy for the period 2014-2020 can be defined through the three long-term strategic goals, which should contribute to: the competitiveness of agriculture, the sustainable management of natural resources and climate measures and spatially balanced development of rural areas.

The rural development policy of the EU in the period from 2014 to 2020 is based on a strategic framework that includes six priority goals – “the priority axis”. Each axis consists of a set of priority measures that provide support for specific types of activities in rural developing in EC members’ country. Frames of the CAP are clearly harmonized with the overall European growth strategy known as „Europe 2020”, which aims to transform the EU into a smart, sustainable and inclusive economic society. Europe 2020 is a ten-year strategy of growth in the EU launched in 2010. It established five main objectives for the EU by the end of 2020, including employment, research and development, climate change/energy, education, social inclusion and poverty reduction.

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<sup>2</sup> CAP – Common Agricultural Policy

<sup>3</sup> Strategic Plan for Rural Development of RS 2009-2015, Agricultural Development Strategy of RS until 2015

<sup>4</sup> Vaško, Mirjanić, 2010



*Graph. 1. The objectives of the Strategy Europe 2020*

Strategy Europe 2020 recognized the importance of providing environmental services as part of a larger challenge that is directed toward effective economic development, which emphasized in particular the priorities of rural development policy for the period 2014-2020. It is important that care for the environment, together with a contribution to mitigate and adjust to climate changes, are considered to be common objectives of the Rural Development Program. To give support and wind in the back of rural development implementation objectives the EU has also defined financial mechanisms, primarily EEFRR<sup>5</sup>, from which the EU received most of funding for sustainable land use and improved the delivery of environmental services in all EC member states.

LEADER program encourages rural areas to discover new ways to become or to remain competitive, to take advantage of its benefits and to successfully overcome all the obstacles they are facing in order to improve the quality of life in rural areas, both for the family to have their own business, and for wider rural population. In its actions it used a holistic approach in order to give answers to rural problems. LEADER's "bottom up" approach to regional development has proven to be an efficient tool to promote the development of rural areas. In the future financing of LEADER continue from EAFRD, namely at least 5% of the EAFRD contribution shall be used for its implementation, as well as for the achievement of the priorities of rural development which contributes to achieve the Europe 2020 Strategy for smart and sustainable growth with the involvement of citizens.

<sup>5</sup> European Agricultural Fund for Rural Development

## **CHALLENGES OF ENVIRONMENTAL PROTECTION UNDER THE RURAL DEVELOPMENT**

Rural development in essence has a very large role in providing environmental services, such as biodiversity conservation, climate regulation contributions, reducing emissions and carbon sequestration, protection of the quality and availability of water and land, preserve the air quality, enhanced resistance to flooding and/or fires and maintenance of landscape values.

Environmental challenges defined as part of the Common Agricultural Policy are:

- Greenhouse gas emissions,
- Impoverished soil,
- Air and water quality,
- Reduction of habitat and biodiversity.

The agricultural sector in BiH and the EU, because of the use of natural resources as the main raw materials, primarily land, has an adverse impact on the environment. The use of artificial fertilizers, pesticides and genetically modified organisms (GMOs), has caused great damage to the agricultural industry and environment, which are now accumulated in the earth, air and water. Direct emitters of these gases are agricultural land and livestock, while the indirect emitters of agriculture are the use of fossil fuels. The breeding livestock (cattle, sheep and goats) produces methane gas in their rumen by intestinal fermentation, which makes around 60% of global methane emissions. In addition, storage, application and decomposition of livestock manure in the soil emits methane and carbon monoxide. Agricultural production through the cultivation of certain crops, such as legumes or burning residues and by changing land use also emits greenhouse gases. In addition to transportation, construction and manufacturing industry the agriculture is one of the biggest polluters of the environment in total amount of 14%.

Taking into account all above mentioned it is necessary to undoubtedly look up to and adopt standards and legislation which are designed in the CAP, which requires that the agricultural policy and rural development policy are designed in a way that they have no harmful impact on the environment, to preserve biodiversity, provide welfare and additional value of production.

### **LEVEL OF EFFECTIVE SUPPORT IN BIH THROUGH EU FUNDS**

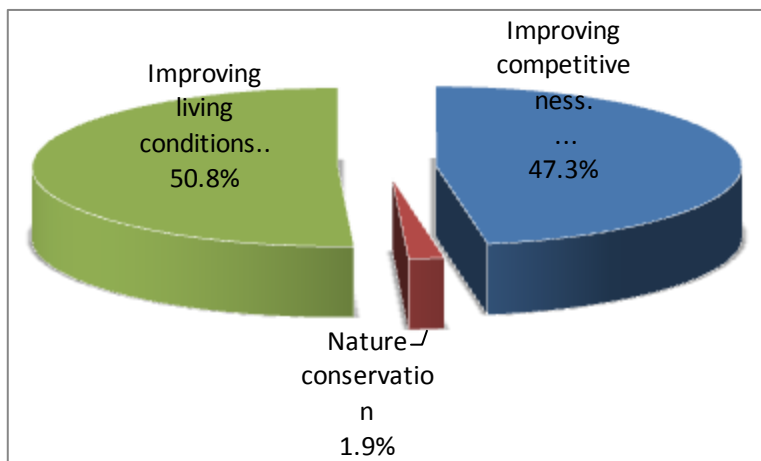
BiH is one of the most rural countries in Europe<sup>6</sup>, with 61% of the population living in rural areas. Unfortunately, BiH does not have a clear vision of rural development or rural development strategy at the national level, and still, after years of preparation, did not start with its application. Lack of political will for adoption of the documents at the state level has contributed that many projects unclaimed its objectives and that BiH has been denied for a

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<sup>6</sup> NDP BiH NHDR for 2013 - Rural Development in Bosnia and Herzegovina: Myth and Reality, July 2013

strategic documents on which base programming is carried out by IPARD and does not use available resources from the IPARD funds.

When it comes for the entities, Republic of Srpska has adopted of Rural Development Strategic Plan, which defines two directions of support: support to capital investments and support for rural development, but there is a problems in implementation due to a lack of data on the assessments and the lack of financial resources for implementation. Total estimated value of the Rural Development Strategic Plan for Republic of Srpska is 1.7 billion for the period of 7 years (2009-2015) which are equally distributed between first and third goal of the Strategic Objective, with measures in the field of the second strategic target financially afflicting the remaining 2 % of the total funds<sup>7</sup>.



Graph. 2. The structure of costs towards the goals of the Strategic Plan for Rural Development

In the period until 2015 Republic of Srpska should spent for the rural support development:

- 812 million to improve the competitiveness of agriculture and forestry,
- 32 million for conservation measures and rational management of natural resources, and
- 873 million for the improvement of living conditions and for the introduction of greater diversity at generating income in the rural economy.

Dynamically, from the first to the last year of implementation of the Strategic Plan in financial terms, more attention is given to first strategic goal (increasing competitiveness), and to reduce the resources intended for the financing of third strategic goal (improving living conditions in the countryside). This is a logical sequence of events because it is expected that, in view of the current and early years of implementation of the Strategic Plan investments, the need for investments in rural infrastructure decreases with

<sup>7</sup> Report on agriculture in 2010

intensification of the EU accession process and the availability to pre-accession funds while the need for investment in the modernization of agriculture farms magnify.

Direct support to the rural development for the candidate countries is provided through 5 IPA components, known as IPARD. The aim of IPARD is to provide assistance in preparing for the implementation of the acquis in the area of the CAP. IPARD also helps ministries in the implementation of certain rural development measures such as agro-environmental measures and LEADER measures. In the potential candidate countries, IPARD is used to prepare the ministries for the new measures and approaches to rural development and for the use of the main EU funds, such as the Structural Funds and the EAFRD.

*Table 1. Comparative tabulation of relations between the EU and BiH to the agricultural sector*

<b>EU</b>	<b>BiH</b>
The Common Agricultural Policy	The Common Agricultural Policy
The standards guarantee the safety of market	uncertainty, overlapping, lack of organization
The budget for rural development 35-40%	Budget for Rural Development 2-3%
IPARD funds- transparency in the allocation of funds	Funds IPARD / 325 million were rejected for the period 2007-2013. Credit indebtedness, Lack of transparency in the allocation of funds
The EU acquis in the field of rural development represents 40% of the EU acquis	The legal mess, overlapping, uncertainty
Unique network organizations and the civil sector for rural development	Fragmented Network for Rural Development
Organisation	Disorganization

*Source: "Agriculture and rural development in the service of sustainable development", p.4.*

The EU requested that all potential candidate countries compile with policies and institution-building in line with the CAP, and therefore from the very beginning of the process of accession of BiH it is recommended that as short-term goal established by the Ministry of Agriculture, Food and Rural Development to ensure a clear and developed coordination of complex agriculture policy and rural development. Despite moderate progress, the EU

has said that the BiH effort on implementation of the CAP is limited, with poor coordination and implementation mechanisms.<sup>8</sup>

The fact that EU legislation in the field of agriculture and rural development captures over 40% of the legislation indicates its level of complexity and level of elaborate form. A clear indication of the importance of this sector at EU level compared to other sectors is the fact that almost 35-40% of its budget EU allocates just for agriculture and rural development while Bosnia and Herzegovina contributes only about 2-3% for this sector.

BiH did not have the right to withdraw the IPARD funds in 2007-2013 for failing to establish the necessary management structure at the state level. It should be noted that this grant funding goes directly to farmers. In order for a country to withdraw IPARD funds a structure needs to be established and it means the establishment of:

- Managing Authority - which is usually part of the structure of the state ministry responsible for agriculture and rural development, with the following functions: drawing up from IPARD, monitoring and evaluation of program implementation, promotion, reporting and coordination.
- Payment Agency - which as the main body has responsibility for implementation of the functions and features of payments.

It should be mentioned that the IPA program supports small investments in development of BiH agricultural and rural administration (in total 5.5m €), which is significantly less than the one that was available other candidate countries e.g. Croatia, which resulted in much less progress. In comparison, Croatia, in the period 2007-2013 had about 325 million at dispose, while BiH had the same number of available resources, but because of the lack of the necessary structures could not withdraw these funds.

The indisputable fact is that the BiH authorities do not understand existence of very direct cause-and-effect relationship between a country's progress in the EU integration process and the availability of EU funds. According to the European Commission Report on the progress of Bosnia and Herzegovina in 2013<sup>9</sup> in the areas of agriculture, rural development policy, food safety, veterinary and phytosanitary policy and fisheries there has been little progress. The consequences of the catastrophic floods that hit BiH, Serbia and Croatia in May 2014, especially of negative context will further affect the population of Bosnia and Herzegovina. The reason for that is that BiH officials missed an opportunity to fulfill the necessary reforms and submit an application for EU membership and thus acquire the status of candidate country.

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<sup>8</sup>Standards of the European Union for state regulation of agriculture, available at <http://www.mreza-mira.net>

<sup>9</sup> <http://www.dei.gov.ba/dokumenti/?id=8562>

The candidate countries (e.g. Serbia which in 2013 acquired this status), in situations of natural disasters stands at their disposal grant financial assistance from the Solidarity Fund, while Bosnia and its population, unfortunately, cannot use these funds because of lack of agreement of local politicians. All this indisputably indicates the urgency of organizing this sector according to the recommendations and EU standards so that we would be able in the future to use the existing mechanisms for protection that are offered and are available.

## **RECOMMENDATIONS TO IMPROVE RURAL DEVELOPMENT**

It is an undeniable fact that the concept of rural development in BiH is linked exclusively to agriculture. Thereby neglects the fact that rural development is much broader term including environment, infrastructure, education, tourism, health and other areas in addition to agriculture and the final goal of improving the quality of life in rural communities.

Disharmony and lack of coordination in the design and implementation of rural development in BiH needs to be solved at the national level by forming the necessary management structures and adoption of strategic documents as a basis for any further work.

The first necessary step to make is to establish a unique Ministry of Agriculture, Food and Rural Development for the setting of strategic goals of Agriculture and Rural Development, taking into account all aspects of environmental protection.

More important is to create Rural Development Strategy at the state level as a necessary requirement for future use of IPA2 funds from the component V, which shall be planned to harmonize measures for the rural development, subsidies and support system in accordance with the EU Common Agricultural Policy. That includes forming of the necessary IPARD structures and forming of managing authority and IPARD paying agencies.

When all necessary management structures are established they can be designed to move in the development of rural policy with the selection of suitable methods and properly directed program of technological advancement, education, infrastructure development, public services and the like, or diversification should include not only agriculture but also the rural economy in a whole<sup>10</sup>.

## **CONCLUSION**

Bosnia and Herzegovina is probably one of the most rural countries in Europe, with between 40-60% of the population living in rural areas. Rural development its multidisciplinary framework that enjoys the support of several

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<sup>10</sup> Milošević, Milovanović, 2012



relevant ministries, and this is primarily related to environmental protection. Strategic management of its rural areas unquestionably can positively respond to the challenges of environmental protection faced by the entire rural area of the European Union. The establishment of the relevant ministry at the state level will create a basis for any further strategic action and the formation of the required control of IPARD structures for the implementation of adopted policies in line with the principles of environmental protection.

## USKLAĐENOST PODRŠKE RURALNOM RAZVOJU SA IZAZOVIMA ZAŠTITE ŽIVOTNE SREDINE

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**Apstrakt:** Pojam ruralnog razvoja je multidiscipliniran, usko vezan za poljoprivredu ali i za ekologiju. Ove dvije oblasti se međusobno nadopunjavaju i podržavaju. Uvođenjem i prisvajanjem savremenih koncepta upravljanja prirodnim resursima oni se mogu savršeno uklopiti uvažavajući pri tome i ekološke principe i potrebe savremene poljoprivredne proizvodnje i razvoja. Cilj ovog rada jeste da se ukaže na ekološke izazove unutar ruralnog razvoja te nivo ostvarene podrške evidentirane u ovoj oblasti. U radu će biti analizirani razvoji potencijal i smjernice za usklađivanje ruralnog razvoja BiH sa ekološkim principima definisanim Zajedničkom poljoprivrednom politikom Evropske unije (ZPP).

Ruralnom razvojem u BiH dominiraju poljoprivreda i šumarstvo, koji u pravilu zavisi od ovedvijegrane koje nisu razvijene u skladu sa raspoloživim zemljišnim i šumskim fondom, odnosno ne prate svoje prirodne potencijale. Međutim, iako se ruralni razvoj postao prepoznatljiv kao pojam, u suštini njegov multidisciplinarni značaj još nije prepoznat, uvažavajući principe zaštite životne sredine a samim tim ni dovoljno uvažen na prostoru BiH.

**Ključne riječi:** *ekološki izazovi, ruralni razvoj, podrška, BiH*

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