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IN THE CONTEXT OF RURAL DEVELOPMENT
IN SERBIA**

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3. Introduction and background

1.1 An introduction to rural employment

In Serbia the high unemployment rate is an issue of major concern both from the economic and social standpoint. It emerged from the declining production trend and the ever-increasing structural disproportions in the economy but also from the need to solve social problems due to an over employment over the previous years.

In Serbia the formal labour market is known to be characterized by high unemployment, high hidden unemployment, low share of employment in the private sector, low mobility of manpower and high unemployment of the younger population. The official unemployment rates, although based on different sources, have shown an increase of the total unemployment rate over the past five years¹.

Table 1. Unemployment rates

	2000	2001	2002	2003	2004
NES*	25.6	26.8	29.0	31.7	31.7
LFS**	12.1	12.2	13.3	14.6	18.5

*NES - National Employment Service- The rate was calculated as ratio between the number of the unemployed and the sum of employed and unemployed persons

LFS - Labour Force Survey – The rate was calculated as ratio of unemployed and active population

The data concerning the rural labour market are modest and can sporadically be found in different statistical publications². The basic structure of the the rural manpower is shown in Table. 1 of the Annex based on a poll on labour conducted in 2004.

The structure of employment and the basic properties of manpower in the rural regions of Serbia are similar to those in other countries in transition: age and education structure are unfavourable compared with the population on the whole, the unemployment of the active population is higher, employment in the primary sector is high but low in the tertiary sector.

During the 1990s there were significant changes with regard to the previous trends of the rural population and manpower in Serbia:

Rural-urban migrations from the mid-twentieth century onwards contributed to the decline of the rural population but people are even moving back into the countryside in some regions.

On the other hand, urban-rural migrations characterizing countries in transition were registered in Serbia as well. These processes in Serbia may primarily be attributed to the

¹When speaking of unemployment there is often a confusion because there are two unemployment rates based on the definition of the status of persons on the labour market and as a result there are different data concerning the number of unemployed (including employed) – according to the internationally compatible Questionnaire regarding the manpower of the Republic Statistical Institute and the National Employment Service (NES). According to the NES the unemployment rate is two-fold greater than the results obtained using the Questionnaire reflecting the overburdened evidence by those not really interested in finding a job but rather achieving their rights as persons seeking a job. On the other hand, the unemployment rate obtained using the Questionnaire underestimates underemployment, i.e. the situation when persons employed in the grey economy work only from time to time, when they are self-employed and not fully engaged.

² Only the Census focused on the population itself can give accurate data regarding the rural population in Serbia. The data comprise numerous demographic parameters regarding the rural population including the data concerning the active rural population although from a ten-year distance. This report includes the results of the last poll conducted but also the data of the questionnaire regarding the rural manpower based on a sample from a rural region.

profound economic crises and the shutting down of gigantic industrial enterprises. It is for this reason that suburban and rural regions in the vicinity of large industrial centres registered an increase in the number of the rural population.

However, another reason for the rising rural population and the available manpower is the enormous number of refugees and displaced residents from the regions of former Yugoslavia who primarily settled down in rural areas during the 1990s. Of the total number of those who changed their place of residence or moved to Serbia for good, 380 thousand or 44% settled down in rural regions.

One of the explanations for the changes is the closing down of jobs and the decreasing possibility of finding a job in urban settlements. Land restitution during the transition process in Serbia has had no significant impact on the return of the population to rural regions in comparison with some other Euro-Asian countries in transition. In Serbia migrations to foreign countries were characteristic for highly-qualified and intellectual labour and had no significant impact on the rural regions in comparison with some other countries in transition (Albania). On the other hand, the exclusion of Kosovo and Metohija from the economic and social system of our country has contributed to the suspension of internal migrations of seasonal labour mostly from southern to northern parts of the country. This has been compensated by the manpower coming from Romania mostly to the bordering parts of Vojvodina.

1.2 Agricultural employment

Employment in agriculture may be analyzed from the following standpoints:

Economic structure of the population. The share of the agricultural in the total population of Serbia, a country in transition, is comparatively great. According to the last poll (2002) the agricultural population in Serbia amounts to 817 thousand, i.e. 10.9% of the total population. The number of farmers declined by approx. 37% thus decreasing the share of the agricultural in the total population by 6.10% in comparison with 1991. Based on the share of the agricultural in the total population it can be concluded that Serbia has no shortage of agricultural labour. On the other hand, it is quite obvious that it is impossible to expect self reproduction of manpower on farms in some regions of Serbia. The ratio of the active agricultural population and supported persons in the total agricultural population is 65:35.

Structure of household members. The total number of household members in Serbia during the period 1991/2002 declined from 3.56 to 2.54 million, i.e. by 28.7%. The greatest number of household members in Serbia was registered on subsistence farms, i.e. 58.6%. The share of agricultural household members in the total number of household members on farms accounts for 16.8% and on mixed farms 22.7%. The qualitative aspects of agricultural labour may still be described as being unfavourable. Namely, according to the poll conducted in 2002 the age structure of the household members was unfavourable in comparison with 1991 due to the decreased share of household members under 14 years of age (13.1%) and the increased share of household members over 65 (22.9%). In 2002 the education structure of the household members was somewhat improved – the share of persons with incomplete primary education amounted to 37.4%.

Employment structure. In the structure of the total population employed in Serbia, the share of workers in agriculture and fisheries along with the helping members ranks high (23%)³. This percentage has been noted to have a declining trend over the past five years. The employed rural

³ The share of the employed is greater in the processing industry only accounting to nearly 24% of the active population.

populations amounts to 45% of the total rural population and approx. 46% of the total number of those employed in Serbia. A substantial number of the employed rural population, about 45% is in the field of agriculture and fisheries.

The share of agriculture in the structure of the economically active rural population (15-64 years of age) amounts to about 30% whereas in the structure of the employed rural population (15-64 years) 38%. The comparatively unfavourable age structure of the employed rural population of working age is effected by the great share of persons over 55 years of age (30%) and a small share of persons under 25 years of age (only 8.5%). These data were to be expected considering the fact that the basic population of the rural labour market comprises agricultural household members characterised by unfavourable demographic parameters

1.3 Non-agricultural employment

Of the total number of those employed in Serbia, 23% are employed in agriculture. The employment structure of the rural population shows that 45% of those employed live in rural regions and involve in agriculture.

Except for agriculture, the employed rural population is active in the food processing industry (over 16%), retail and wholesale (10.2%), civil engineering (5.8%) and transportation (4%). This employment structure according to activities is affected by the gender and education structure of the employed rural population. The above mentioned activities require primarily male labour (civil engineering, transportation, to some part food processing industry) and low-qualified manpower and for this reason rural labour finds it easier to get jobs in these activities in comparison with some other. In the structure of the employed rural population nearly 50% of those employed are persons with completed secondary school education. In Serbia this category comprises persons with completed three-year secondary schools as well, including vocational schools the knowledge and skills of which do not meet the requirements of modern technology.

One fourth of the employed population has completed primary school only and 20% are formally without education or illiterate. Furthermore, of the total employed rural population only 37.5% are employed women. However, their qualifications are unfavourable in comparison with the employed men population because 25% of the employed women has no formal education or is illiterate and only 42% of the employed women has completed secondary school. The share of the employed rural population in the activities of government institutions, education, health care and social activities accounts for over 3%. This low share was to be expected considering the small number of jobs in these activities due to the underdeveloped institutions of social care and other services in rural regions. Surprisingly, employments in tourism are very low, i.e. less than 2% of the employed rural population is active in this sector although it is considered of major importance as an alternative for the development of numerous regions in Serbia.

During the 1990s, due to the long-term economic recession and encouragement of informal economic activities by the government, the share of the grey economy in Serbia was until today somewhat greater in comparison with some other countries in transition. According to some data nearly 40% of the social product comes from the grey zone of the economy. It is for many reasons that the widespread informal sector of the economy in Serbia represents an issue of major concern (those paying taxes regularly are overburdened by those evading taxes and dues, inaccurate information from the labour market may lead to wrong employment policy activities, etc.). Obviously, a part of the rural population earns its income in the grey zone considering the low qualification structure and narrow possibilities of employment in other sectors.

4. The context of rural employment

1.4 New employment opportunities

Issues with regard to labour in the rural regions of Serbia may be considered from the standpoint of: decreasing unemployment of the rural population on one hand and changing the current employment structure where agriculture ranks high on the other. Both these aspects may be linked with the enhancement of the economic and municipal infrastructure and social services especially in the economically lagging behind rural regions⁴. The problem of unemployment in the rural regions is additionally aggravated by the lack of capital for initiating new production programmes and restructuring.

Due to the crucial importance in the process of enhancing business conditions the role of municipal administrations and partnership at the local level have been given greater power and since 2005 have been financially supported by EAR⁵. In accordance with the European standards, the Law on Local Self-government (2005) has taken into account the important competencies of municipal administrations and decentralization of the fiscal policy known to have been the major factor restricting regional development. Such a fiscal strategy should ensure that municipalities have sufficient resources to meet existing as well new responsibilities under the Law on Local Self-Government. Despite a favourable legislative framework there is still a limited involvement of the civil society in local decision-making. Most municipalities have not yet developed the capacity for participatory planning and implementation of public services.

Currently, the possibilities of organising private investors are limited. Successful agricultural and other enterprises have been privatised at the beginning of the process of privatisation and during restructuring and have thus solved the problem of labour excess depending on the social programme. Greenfield investments in the rural regions have primarily been linked with the capacities for processing fruits and vegetables, cooling and storage capacities, tourism.

In Serbia in the early 1990s new jobs have been initiated in rural regions thanks to the self-employment projects and different social programmes for workers who were left without jobs (especially household members⁶) and projects for employing the young population.

Since 2005 diversification of the economic structure in the rural regions in Serbia has been encouraged by the government investing in:

- Rural diversification with the aim of contributing to the development of new non-agricultural sources of income; this measure was intended to help regions having limited resources to intensify and specialize in agricultural production (mountain regions); regions of major significance for preserving countryside traditions, autochthonous products, plants and animals;

⁴ The Ministry of Agriculture introduces programmes which can be described as governmental aid for the enhancement of municipal rural infrastructure. In 2006 the National investment programme donated 4 million Euros and another 7 million Euros for these purposes.

⁵ In 2005 for these purposes, 19.7 million Euros were donated. Many analyses confirm that municipal administrations are poorly organized with inadequate human resources, poor equipment and outdated working methods. This general lack of capacities has resulted in a situation that there are only a few local development initiatives under implementation. Especially in the smaller municipalities, projects under implementation are limited to donor funded initiatives.

⁶ In 1988 "Agrobanka" and "Cooperatives Association of Serbia" have developed the "Programme for Enhancing Agricultural Production and Rural Living Standards" which has been realized since 1992 as the "Programme for Rural Revitalization". Users whose programs were to be realized under the conditions of hill and mountain regions had priority in acquiring the resources but also those living in underdeveloped communities, farmers under 40 years of age and those enabling the employment of a considerable number of unemployed and the production of high-quality food commodities.

- Development and promotion of village tourism:
- Development and enhancement of local/national brands and their international verification.

In 2005, the Ministry for Agriculture, Forestry and Water Management donated 9.1 million Euros from its budget for these purposes. The users were young agricultural producers up to 40 or up to 50 years of age having young active household members permanently settled in the village, industrial workers without a job but having a farm, rural population focused on the development of complementary activities in agriculture, increasing the value of primary agricultural production and/or increasing the possibility of placing products on the market (processing, tourism).

Diversification of economic activities in the rural regions of Serbia requires additional activities focused on gaining knowledge and new skills considering the fact that previously acquired abilities and knowledge do not meet current requirements.

1.5 Education and skills – levels, access and provision

The education structure of the rural population over 15 years of age is unfavourable compared with the total Serbian population although the gap has been shortened between the two polls. In the structure of the rural population over 15 years the majority (39.2%) has secondary school, 28% has completed only elementary school and 29% are illiterate and without any formal education. Only 4% of the rural population over 15 has attended college or 5.2% of the rural working population.

The education structure of women in the scope of the rural population over 15 years of age is unfavourable because 36% of them are illiterate without any primary school education. In addition, regarding the labour market of the countries in transition it has been noted that the education structure of the employed in comparison with the unemployed population is unfavourable, namely, the share of illiterate or without primary education accounts for 5.6% whereas 19.5% of the employed are illiterate or with incomplete primary school education.

The household members of farms involved in agriculture only contribute significantly to the unfavourable education structure of the rural population with the characteristic early discontinuation of school attendance of children. In 2002 significant improvement of the education structure of household members was registered considering the decrease of the number of persons with incomplete primary school education (37.4%).

Formal qualifications and specialisation degrees attained by the rural manpower are insufficient indicators to gain an insight regarding the possibility of decreasing their unemployment rate. Nearly 50% of the rural working population aged 15-64 has completed secondary school. However, the previous secondary education system was rigid based on the needs of the former system of economy and does not meet the current labour market requirements. The problem regarding the need to hire specialised labour in rural regions is solved by engaging urban labour (teachers, medical doctors, engineers, etc.).

Therefore, permanent education of adults is of major concern. In Serbia, permanent education programmes have been introduced. However, they do not focus on rural labour and enhancement of rural capacities. The need to develop an informal system of education in Serbia has emerged as the result of the need to offer a variety of new skills and qualifications to those currently unemployed helping them get a new job but also to contribute to sustainable permanent education and improvement of the quality of human resources imposed by modern economic and technological systems.

1.6 Other key factors in employment (if any)

- In Serbia the regional inequality of the labour market is extremely prominent. The unemployment rates vary from 1:20 (Table ... Annex). Based on the experience of other countries in transition it was registered that regional inequality on the labour market tends to be more profound and perpetual. The capital city seems to be the greatest winner but also regions having a favourable geographic position and infrastructure. On the other hand, regional centres of mining and traditional industry, especially cities with large factories are most badly hit. This widening gap has also been registered in Serbia contributing to economic, social and political issues. It could be considered a great success if these regional differences were to be kept at the present level until the completion of the process of privatisation and restructuring state enterprises, namely until 2007/2008. Serbia has already had policies focused on decreasing regional differences and encouraging employment⁷.

Despite the numerous methodological restrictions the employment and unemployment rates according to the districts in Serbia tend to follow a pattern. Namely, a greater rural employment rate in relation to the urban employment rate was registered in regions having a more intensive agricultural production and a devastated sector of industry (the regions of Banat, Niš, Pirot, the Kolubar region). On the other hand a comparatively lower rural employment rate in relation to the urban employment rate was noted in the economically most developed regions (Backa, Branicevo) including regions with a prominent negative demographic trend (the region of Pcinj) and unfavourable environmental conditions (Bor).

- In Serbia, both professional and geographic mobility of manpower are poor. This is especially true for rural labour. The low mobility of rural labour may be attributed to the unfavourable education structure restricting the possibilities of employment and social and economic insecurity due to the high expenses of mobility and accommodation in cities.
- The position of the young population on the labour market in Serbia is characterised by the substantially higher unemployment rates and comparatively lower employment rates in relation to the total population of the active working age. The unemployment rates of those up to 25 years of age are nearly three-fold higher in comparison with the average. On the other hand, the employment rates and the share are 2.5-fold lower than the average for all the age groups. These results are unfavourable in comparison with both developed countries and those in transition. On the other hand, being more adaptable and ready to accept jobs offering lower wages the young population has equal chances in relation to other age categories in finding a temporary or informal employment. In the rural regions the position of young persons on the labour market is unfavourable as well considering the two-fold higher unemployment rates of those up to 25 years of age in relation to the average but also the 2-fold lower employment rate in comparison with the average of the total population 15 to 64 years of age.

⁷ Tax-free profits for a ten-year period for companies investing in the employment and employing at least 5 workers comprise the regional policy for the promotion of economic development in regions insufficiently developed (according to the Law on Insufficiently Developed Regions). The national service for employment allocates resources intended for active labour market policy in proportion to the number of unemployed according to regions. The Development Fund has financially supported stable companies in some regions, although it did not focus on insufficiently developed regions.

3. Specific rural employment issues

4.1. The nature of under-employment

Unemployment and hidden unemployment are the major characteristics of the labour market in Serbia especially in the rural regions. The reasons for this are well-known, i.e. insufficiently diversified production structure of the agricultural production and rural economy in general. In addition, in Serbia the uncompleted process of privatisation needs to be taken into account as well, whereby a significant number of employees is practically only formally employed. The Law on Privatisation (2001) predicted 2 models of enterprise sale, tender bid and auction sale. Social programmes for unemployed in enterprises accepting tender bid sale model have been in effect for four years whereas for the model of auction sale only 1 year (rarely 2 years). In this way workers can prolong their insecure working status for some time and even engage in the grey economy in order to compensate for the modest social wages. For this reason has the formal and informal, i.e. grey labour market classification of the labour market been an important characteristic in Serbia. The relative inertness of the formal labour market, former rigid legislation of the labour relationships, low wages, and comparatively high taxes and fees have been the key factor encouraging the functioning and spreading of the informal labour market.

Based on the data of a Survey of living standard it has been established that in 2002 about 1 million people in Serbia were involved in the grey economy. This represents less than a third (30.6%) of the active market labour. In addition, 10.8% of those having had their basic job (either in regular or grey economy) have had an additional job. Depending on the type of the settlement grey economy was substantially less represented in cities (38%) in comparison to the rural regions (62%) whereby it was most represented in agriculture (49%), trade (13%), handicrafts and services (10%). The grey economy was substantially spread among those with lower profiles of education in relation to the formal sector; in the grey economy, 48% of individuals had a low education level whereas in the formal sector the percentage was more than 2-fold lower (22%).

The unemployed rural population makes about 10% of the total rural population of Serbia over 15 years of age. Of the total unemployed persons over 15 years of age, 40% are those living in rural regions. Unemployment rates of the rural population over 15 years including those from 15-65 years are somewhat lower in relation to average unemployment rates (total population). In addition, unemployment rates of the male rural population are lower in relation to the unemployed rates of women who are traditionally tied to household activities.

The high rates of unemployed youngsters up to 25 years (2-fold greater than the average) point to the unfavourable status of young people in rural regions. Over the age range from 15 to 64 years of age, older people are more likely to be employed.

The unemployed rural population is characterized by the favourable education structure in relation to those employed. This is the general characteristic of the population in Serbia on the whole. In the total unemployed rural population of Serbia the share of those with secondary school is the greatest (67.1%) which makes it more than two thirds of the total number of unemployed (67.1%). On the other hand, the share of those not having completed primary school accounts for 5.6%. The low share of unemployed with the lowest education level may be explained by the fact that non-qualified persons are forced to accept less attractive, physical jobs but also by the fact that their share in those older than 50 years having a lower unemployment rate is greater. The female rural unemployed population is characterized by an unfavourable education structure in relation to the male rural population. The number of illiterate women or those with uncompleted primary school is the greatest, followed by women with secondary school, advanced and high education.

The share of persons with secondary school education is the greatest in the total unemployed rural population in Serbia comprising more than 2/3 of the total number of the unemployed (67.1%). On the other hand, the share of persons with uncompleted primary school accounts for only 5.6%. The low share of the unemployed with the lowest level of education may be attributed to persons without any qualifications who are forced to accept less attractive physical jobs but also to those over 50 years of age who were also noted to have a lower unemployment rate.

Flexible labour contracts regarding working hours, the possibility of having a number of employers at the same time, adaptation of working hours, etc. may be used in order to overcome under-employment and unemployment issues of the rural population. This might be a way of solving the problem in remote regions lacking labour but also raising the activity rate of the young population, women, handicapped, those with specific knowledge and skills who are more tied to household duties. The wide spread practice of part-time jobs is the only, although the least desirable way of flexible employment of the population in Serbia.

4.2. The scale of semi-subsistence farming

Even with optimistic predictions of growth in agriculture, the agricultural sector is unable to absorb rural excess labour, which clearly points to the need for exploring the potentials of rural non-farm economies (RNFE). The development of the RNFE not only increases employment opportunities for rural populations, but also has knock-on effects that impact on the quality of life in Serbian villages. In Serbia, the RNFE could play a crucial role in the restoration of the rural economy (thus in the process of reducing poverty in rural settings) and in promoting livelihood diversification for the rural areas where so far remittances account for a significant percentage of the average household income.

Heterogeneity of the rural regions of Serbia and available potentials, offer opportunities for diversification of the rural economy and along with it employment. These opportunities have still not been fully used due to numerous development restrictions. A decrease in unemployment and hidden unemployment of the semi-subsistence farm members may be achieved by diversifying activities and income on farms which have vital labour in addition to other resources. In Serbia there is no definition of a semi-subsistence farm, there are no systems for monitoring farmer income and therefore only farm size structure may be used in order to define this type of farm.

According to the 2002 Census in Serbia the number of 1-3 ha family farms declined by 21% in relation to 1991 and was 32.7% of the total number of farms in Serbia. According to the sources of income, most of these farms (68%) were non-agricultural, followed by agricultural (14.4%) whereas 13.8% of these small farms had a mixed income.

During the past 10 years the demographic vitality of 1-3 ha farms was noted to decline due to the fact that the share of these farms without individual farmers (defined as active farmers) was noted to increase from 55.8% in 1991 to 73% in 2002. These changes might be considered positive reflecting income diversification if the demographic parameters of the semi-subsistence farm members were not so extremely poor. Namely, the age structure of the semi-subsistence farm members was noted to have aged over the period between the two polls. In 2002, members younger than 14 years were represented with only 12.7%, whereas the oldest members (over 60 and 65 years of age) were represented by 23.2% of the total number.

The strategy of the development of agriculture of Serbia (2005) has focused on commercial farms with the aim of ensuring income stability to small farms by offering a social programme in cooperation with other Ministries. In 2006 the Ministry for Agriculture, Forestry and Water Management introduced financial supports for rural development with special programmes for rural development in marginal and protected regions. The support was intended

for the owners of farms not excluding those returning to marginal rural regions. Supports intended for rural development in 2006 focus on:

- Enhancing agricultural production on family farms,
- Diversification of activities on farms or their surrounding in order to ensure alternative sources of income,
- Enhancing the marketing of products and promotion of countryside
- Restoration and improvement of the rural infrastructure
- Building the capacities needed for various activities aimed at rural development and support in order to organise the rural population on activities of common interest.

Support for the development of marginal and protected regions basically gives preference to regions with unstable rural economies because of the specific factors limiting the development of agriculture, followed by regions where social interest for the protection of natural resources limits the intensification of agriculture but also regions having profound social problems due to unfavourable demographic changes, territories with extremely high unemployment rates and poverty etc. In addition, the financial support of the Ministry in 2006 amounting to 40 thousand dinars was also focused on non-commercial farms with household members over 55 years of age involved in agriculture for more than 10 years.

However, due to the lack of knowledge and of readiness among farm members to apply for such projects, the aid programme for the diversification of activities and to add value to specific local products was unfortunately left without any interest from those for whom it was intended.

4.3. The implications of the ‘Lisbon Strategy’

The integral strategy for employment combating unemployment incorporated in The National Strategy for Employment in Serbia for the period 2005-2010 represents the precondition for European integrations. The three overall goals of the Lisbon Strategy 2000 accepted are:

- Full employment,
- Labour quality and productivity, and
- Social cohesion and labour market inclusion.

However, the implementation of the goals needs to take into consideration the current conditions of our labour market. Evidently, one cannot expect full employment and a more favourable position in relation to other countries with regard to labour quality and productivity until 2010 as specified by the European Union goals. In accordance with the above, the National strategy for employment has 10 priorities as defined by the directives of the European Union in April 2003:

- Aid in seeking a job and prevention of long-term unemployment,
- Supporting entrepreneurship and enhancing conditions for business initiatives,
- Promoting worker and enterprise adaptability to changes,
- Ensuring sufficient and qualitative investments in human resources,
- Increasing labour supply and supporting active ageing,
- Supporting equality among sexes with regard to employment and wages,
- Combating discrimination of affected groups,
- Enhancing financial support in order to make work more profitable,
- Decreasing significantly non-formal labour,
- Supporting professional and geographic mobility.

Considering the needs of the Serbian labour market the following two priorities had to be additionally included:

- Supporting foreign investments and activating domestic saving measures focused on maintaining and creating employment, and
- Decreasing differences between regional labour markets.

The adopted strategic document of the Republic of Serbia represents another important source of the Strategy, including regulative and institutional frameworks which are of major importance for the labour market. The National strategy for employment is complementary to the Strategy for decreasing poverty and the Strategy of support to small- and medium-sized enterprises but also to other strategic documents linked to the sector and regional development and taking transitional steps to a more developed market economy. In addition, this Strategy takes into consideration the current regulations on the labour market, primarily the Act on Labour and the Act on Employment and Insurance in Case of Unemployment.

However, the aim of the National strategy for employment was not just the synthesis of European (and other) experiences and the use of elements of current domestic strategic documents in order to encourage employment. Its key objective was to point to specific directions for solving the problem of unemployment in the most vulnerable phase of transition in our country, and offer solutions that would correspond with the current available human and financial resources which will be more precisely defined in the future employment action programmes.

5. Overview and prospects

The increase of rural population employment and decrease of hidden unemployment are primarily restricted by:

- Discouraging capital market, insufficiently stimulating for investments,
- Potential investors are discouraged by underdeveloped municipality, economic and social infrastructure as well,
- Inappropriate involvement of local self-government institutions in solving issues with regard to employment,
- The extremely spread grey economy degrading the market and its principles,
- High tax and fee rates discourage new and legal employment,
- The lagging behind of the reform of the system of education unable to meet labour market requirements,
- Lack of novel and harmonised development programmes of the Republic and its regions.

Factors expected to impact future rural employment may be classified as:

- Factors affecting total employment,
- Factors having a direct impact on rural manpower.

1. The implementation of the Strategy for decreasing unemployment and Strategy for decreasing poverty is expected to involve all the institutions and partners at the national, regional and local level (the government, Ministry of labour, employment and social policy, National service for employment and other governmental agencies, social

partners, NGO and other factors of relevance). Programmes accompanying this Strategy take into consideration regional inequalities and local specific properties on the labour market (Fig. 1 in Annex).

2. Factors expected to have a future impact on the changes of the rural labour market and changes of the current structure are:
 - Establishment of the functional land market and further classification of farms according to size,
 - Changes in the production structure of farms,
 - Organisation of the market and establishment of the production chain,
 - Completion of the process of privatisation (including social programmes intended for enterprise workers),
 - Building up local capacities and strengthening local partnership with the aim of diversifying rural economy,
 - Investment encouragements in rural regions.

However, the active labour market policy lacks its own additional means to increase available resources, and it needs to be implemented in co-ordination with local institutions in order to meet the requirements of expected changes in the sector and in the regional economic structure.

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ANNEX

Note: The source for figures in tables 1-8 is The Survey on Labour Force, Statistical office of Republic of Serbia, 2004

Table 1. Main parameters on rural population over 15 years

	Rural population over 15 years								
	Activity rate			Employment rate			Unemployment rate		
	<i>Tot al</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Mal e</i>	<i>Fema le</i>	<i>Tota l</i>	<i>Mal e</i>	<i>Fema le</i>
Total	55.4	67.2	44.0	45.1	57.3	33.2	18.7	14.7	24.5
15-19 years	24.9	30.9	18.4	12.4	16.9	7.5	50.2	45.4	58.9
20-24	62.3	73.2	50.4	37.5	47.9	26.2	39.8	34.6	48.0
25-29	79.5	91.3	66.3	52.6	70.2	32.9	33.8	23.1	50.4
30-34	86.4	97.3	75.0	68.0	84.5	50.7	21.4	13.2	32.5
35-39	85.7	93.4	78.4	68.3	81.2	56.4	20.2	13.1	28.1
40-44	84.6	95.6	72.5	71.3	84.2	57.1	15.7	12.0	21.2
45-49	80.2	91.5	67.5	67.8	81.1	52.6	15.6	11.3	22.2
50-54	70.7	84.3	56.0	62.5	75.4	48.4	11.6	10.5	13.5
55-59	52.7	70.3	36.7	48.0	62.2	35.1	8.9	11.5	4.4
60-64	33.2	43.7	23.3	31.6	40.3	23.3	4.9	7.7	0.0
65-69	26.9	33.8	21.5	26.8	33.4	21.5	0.6	1.1	0.0
70-74	22.4	29.0	16.5	22.4	29.0	16.5	0.0	0.0	0.0
75 and over 75	15.0	21.9	10.5	15.0	21.9	10.5	0.0	0.0	0.0
Persons in active age (15-64)	66.7	78.1	54.8	53.0	65.5	39.9	20.6	16.1	27.2

Table 2. Education structure of rural population over 15 years

	<i>Rural population over 15 years</i>		
	Total	Employed	Unemployed
Total	100	100	100
Without education	7.4	3.2	0.9
Non finished elementary school	21.4	16.3	4.7
Elementary school	27.7	25.6	21.6
Secondary school	39.1	48.7	67.1
Faculty	4.2	6.3	5.7
Males			
Total	100	100	100
Without education	3.0	1.7	0.6
Non finished elementary school	18.5	14.3	4.3
Elementary school	26.8	26.2	19.4
Secondary school	47.0	52.2	70.6
Faculty	4.6	5.6	5.1
Females			
Total	100	100	100
Without education	11.7	5.7	1.1
Non finished elementary school	24.3	19.6	5.0
Elementary school	28.6	24.6	23.6
Secondary school	31.5	42.8	64.1
Faculty	3.9	7.3	6.3

Table 3. Activity of rural population per districts

	<i>Rural population over 15 years</i>					Comparison with urban areas (Rural –Urban)	
	Total	Active population			Inactive	Activity rate	Unemployment rate
		Total	Employed	Unemployed			
Republic of Serbia	2775514	1537544	1250660	286884	1237971	3.3	-3.9
Central Srbija	2018718	1122986	917289	205697	895731	3.9	-5.2
Vojvodina	756796	414557	333370	81187	342239	1.9	-0.5
Belgrade	267492	144558	111522	33036	122934	4.7	3.4
Severno-backi district	64988	30903	22690	8213	34086	-1.3	-1.2
Srednje-banatski district	96746	55350	46035	9314	41397	2.5	-7.3
Severno-banatski district	52106	25565	21822	3742	26542	3.9	6.1
Južno-banatski district	123021	71684	59685	11999	51337	6.1	-1.9
Zapadno-backi district	86375	43818	32054	11763	42557	-0.2	7.0
Južno-backi district	170030	93733	76252	17481	76297	-0.5	0.5
Sremski district	163529	93506	74831	18674	70024	1.5	-5.3
Macvanski district	201667	120625	98823	21802	81042	5.1	-17.5
Kolubarski district	94719	65901	64448	1453	28818	14.1	-13.0
Podunavski district	82830	44115	33813	10302	38715	0.9	1.6
Branicevski district	101392	38088	32947	5141	63304	-22.5	-2.9
Šumadijski district	109774	52444	42447	9998	57329	-5.8	-9.6
Pomoravski district	123768	64017	50281	13736	59750	-3.2	-6.9
Borski district	59045	22905	19313	3592	36139	-21.5	-6.9
Zajecarski district	47849	27006	24380	2626	20843	9.0	-14.6
Zlatiborski district	128515	74543	61755	12788	53972	7.5	-12.8
Moravicki district	92336	54532	47985	6546	37804	6.5	-6.5
Raški district	120533	66993	44434	22558	53540	5.9	13.6
Rasinski district	143673	78734	67486	11248	64940	-2.6	-10.6
Nišavski district	155888	99771	85770	14001	56117	15.3	-19.6
Toplicki district	46226	22870	13589	9280	23356	7.0	18.0
Pirotski district	36897	24389	21390	2999	12508	10.9	-7.3
Jablanicki district	121710	79801	67387	12414	41909	7.2	-16.7
Pcinjski district	84405	41694	29518	12176	42711	-10.5	-3.2

Table 4. Age structure of employed rural population

	<i>Employed Rural population</i>		
	Total	Male	Female
Total	1250660	781503	469157
15-19 years	25244	17905	7339
20-24	69278	46048	23230
25-29	96603	68236	28367
30-34	136216	86603	49613
35-39	149043	85319	63724
40-44	152250	94025	58225
45-49	152431	96991	55440
50-54	159807	100639	59168
55-59	109729	67709	42020
60-64	55073	34228	20845
65-69	57958	31921	26037
70-74	49452	30294	19158
75 and over			
75	37574	21583	15991
Persons in working age (15-64)	1105676	697704	407972

Table 5. Educational structure of employed rural population

	<i>Employed Rural population</i>		
	Total	Male	Female
Total	1250660	781503	469157
Without education	39912	12949	26963
Non finished elementary school	203703	111889	91814
Elementary school	320038	204694	115344
Secondary school	608764	407767	200997
College	42263	25116	17148
Faculty	35979	19086	16891

Table 6. Employed rural population per sector of activity

	Employed Rural population	
	Serbia	Rural areas
Total	2733412	1250660
Agriculture, forestry and water works supply	635363	561302
Fishing	2091	1075
Mining and quarrying	32965	16263
Manufacturing	497436	203847
Electricity, gas and water supply	57000	19474
Construction	166534	72512
Wholesale and retail trade, repair	406705	128059
Hotels and restaurants	80010	23574
Transport, storage and communications	152820	49930
Financial intermediation	43504	5386
Real estate, renting activities	69826	10471
Public administration and social insurance	159430	39550
Education	143416	39064
Health and social work	158571	43401
Other community, social and personal service activities	120761	35321
Households with employed persons	5356	1432
Extra- territorial organizations and bodies	1624	0

Table 7. Rural population in active age (15-64)

	Rural population in active age (15-64)			
	Total population	Employed	Unemployed	Inactive
Total	2087230	1105676	286519	695035
15-19 years	203347	25244	25437	152666
20-24	184785	69278	45792	69715
25-29	183527	96603	49347	37576
30-34	200418	136216	37037	27165
35-39	218164	149043	37838	31283
40-44	213546	152250	28403	32892
45-49	224988	152431	28119	44437
50-54	255585	159807	20995	74782
55-59	228434	109729	10685	108019
60-64	174436	55073	2864	116500

Table 8. Employed rural population in active age per sector of activity

	<i>Rural population in active age (15-64)</i>				
	Total rural population in active age	Self employed with employees	Self employed without employees	Employees	Family workers
Total	1105676	36514	226436	685431	157296
Agriculture, forestry and water works supply	419271	10259	171426	84566	153020
Fishing	1075	0	379	696	0
Mining and quarrying	16263	0	0	16263	0
Manufacturing	202379	4871	7975	188451	1082
Electricity, gas and water supply	19474	350	0	19124	0
Construction	71762	1143	12090	58528	0
Wholesale and retail trade, repair	127324	14169	16293	94280	2582
Hotels and restaurants	23574	1824	728	21021	0
Transport, storage and communications	49930	374	8754	40507	294
Financial intermediation	5386	0	0	5386	0
Real estate, renting activities	10470	1706	624	8140	0
Public administration and social insurance	39550	0	0	39550	0
Education	39064	0	0	39064	0
Health and social work	43401	0	429	42972	0
Other community, social and personal service activities	35321	1816	7340	25849	317
Households with employed persons	1432	0	398	1034	0
Extra- territorial organizations and bodies	0	0	0	0	0

Table 9: Farm structure, according to Censuses 1991 and 2002

Farms	1991		2002		Index 2002/1991
	Number of farms	%	Number of farms	%	
Total	997,235	100.0%	778,891	100.0%	78.1%
without individual farmers	503,598	50.5%	522,103	67.0%	103.7%
Farms with 1 individual farmer	270,385	27.1%	119,216	15.3%	44.1%
. total number of farms	144,727	53.5%	72,678	61.0%	50.2%
. below 60 years of age	125,658	46.5%	46,538	39.0%	37.0%
. aged 60 and more years					
Farms with 2 individual farmers	154,132	15.5%	94,795	12.2%	61.5%
. total number of farms	69,393	45.0%	50,738	53.5%	73.1%
. both below 60 years of age	42,628	27.7%	18,738	19.8%	44.0%
. 1 below, 1 aged 60 or more years	42,111	27.3%	25,319	26.7%	60.1%
. both aged 60 and more years					
Farms with 4 individual farmers	45,577	4.6%	29,030	3.7%	63.7%
. total number of farms	16,788	36.8%	15,360	52.9%	91.5%
. all below 60 years of age	18,349	40.3%	8,196	28.2%	44.7%
. 2 below, 1 aged 60 or more years	9,456	20.7%	5,154	17.8%	54.5%
. 1 below, 2 aged 60 or more years	984	2.2%	320	1.1%	32.5%
. all aged 60 and more years					
Farms with 4 and more individual farmers	23,543	2.4%	13,747	1.8%	58.4%
. total number of farms	116	0.5%	25	0.2%	21.5%
. of whom all aged 60 of more years					

Source: Bogdanov N, Bozic D. (2005)

Table 10. Household members according to activities ^{*)} in Serbia

Year	Total household members	Individual farmers		Active off-farm		Members with personal income		Supported	
		No.	%	No.	%	No.	%	No.	%
Republic of Serbia									
1991	3557867	816200	22.9	799926	22.5	354484	10.0	1289369	36.2
2002	2536378	454732	17.9	705070	27.8	526232	20.7	845238	33.3
Index 1991=100	71.3	55.7		88.1		148.5		65.6	
Central Serbia									
1991	2586118	689630	26.7	552624	21.4	234486	9.1	880844	34.1
2002	1915757	365914	19.1	505455	26.4	411198	21.5	628848	32.8
Index 1991=100	74.1	53.1		91.5		175.4		71.4	
Vojvodina									
1991	803392	116763	14.5	206508	25.7	107662	13.4	318355	39.6
2002	620621	88818	14.3	199615	32.2	115034	18.5	216390	34.9
Index 1991=100	77.2	76.1		96.7		106.8		68.0	

^{*)} *Note:* The difference up to 100.0% of the total number of household members for some regions presents the share of the household members abroad up to a year.

Individual farmers: active agricultural population involved in agriculture on its own farm or the farm of its family.

Active off-farm household members: all active persons involved in activities off-farm including active persons who are farmers but employed off-farm or off-family farm.

Household members with personal income: persons who earn their own wages having regular incomes: pension, income from the estate, social aid and other permanent incomes.

Supported household members: persons without personal income including persons with insufficient incomes supported by parents and other persons or legal persons. Persons financially supported by persons abroad at the time of the poll conducted are included.

Household members temporarily working abroad: citizens of Yugoslavia, Serbia and Montenegro, working at the time of the poll temporarily abroad having foreign employers or as private entrepreneurs.

Table 11. Household members 15 years of age and older according to education and income sources in Serbia (and regions), polls conducted in 1991 and 2002

Farms according to sources of income	1991.					2002.				
	ed primary school	Primary school	Secondary	Advanced	High education	Incomplete primary	Primary	Secondary	Advanced	High education
Republic of Serbia										
Total	49.4	24.0	22.0	2.2	2.1	37.4	26.9	29.3	2.4	2.3
Agricultural	73.1	19.3	6.5	0.4	0.3	50.6	32.5	15.1	0.4	0.2
Mixed	35.0	25.0	31.9	3.7	3.8	31.8	24.0	35.5	3.5	3.4
Non-agricultural	52.3	25.8	19.2	1.3	1.0	40.4	31.2	24.5	1.2	0.9
Without income	78.1	10.8	7.6	0.6	0.5	60.0	19.9	17.5	0.9	0.5
Central Serbia										
Total	51.7	23.4	20.4	2.1	2.0	40.4	26.8	26.6	2.2	2.1
Agricultural	75.2	17.9	5.8	0.4	0.5	53.8	31.5	12.9	0.4	0.2
Mixed	35.4	24.5	31.6	3.9	4.2	34.8	23.8	32.7	3.2	3.2
Non-agricultural	53.6	25.6	18.3	1.2	0.9	42.7	31.1	22.5	1.0	0.8
Without income	82.0	8.4	6.5	0.6	0.5	64.1	18.6	14.6	0.7	0.5
Vojvodina										
Total	43.6	24.7	26.6	2.5	2.3	28.1	27.4	37.6	3.1	2.9
Agricultural	66.6	23.7	8.7	0.4	0.3	41.6	35.3	21.4	0.7	0.4
Mixed	34.3	24.8	33.6	3.6	3.4	23.8	24.3	43.0	4.1	4.0
Non-agricultural	45.4	25.9	25.3	1.6	1.4	28.8	32.1	34.4	2.1	1.7
Without income	74.0	12.8	9.6	0.8	0.4	46.2	23.9	27.0	1.3	0.7

Note: The difference up to 100 % of the total number of household members 15 years of age and over are persons with unknown data regarding education.

Source: Author's evaluation based on the data of the Census conducted in 1991 and 2002 on population, households, apartments, agricultural farms, Serbia, Belgrade

Chart 1. Adaptation of the employment policy and active market labour programmes to the objectives in the regional perspective using classification of regions developed IN MTRS

Objective	Symptoms	Solutions (combination of measures)	Typical districts
Support to the regions most badly hit by transition recession	Regions of 2 nd cluster: a negative and below average increase of the gross social product in combination with the above the average level of unemployment increase	<ul style="list-style-type: none"> • Improve social services • Improve employment aid • Support self-employment programmes and aid to small and medium enterprises • Transform severance pay and encourage new employment • Subventions for wages • Programmes for gaining new skills and qualifications • Public works • Temporary mobility programmes 	Macva Raška Srem Šumadija
Support to the regions lagging behind in economic restructuring	Regions of the 4 th cluster: position provoked by the low flow of FDI, high share of social ownership, below average increase of wages and insufficient diversification of economic structure	<ul style="list-style-type: none"> • Priorities regarding the completion of restructuring and privatisation • Self-employment and support programmes for small and medium enterprises • Transform severance pay and improve employment • Improve employment services • Programmes for gaining new skills and qualification • Improve education network 	Zajecar Piroć Južni Banat Bor
Support to the traditionally underdeveloped regions	Regions of the 3 rd cluster: Low gross social product, high	<ul style="list-style-type: none"> • Investment in physical infrastructure • Building industrial parks • Supporting the 	Toplica Pcinj

	unemployment, low basic education level and unfavourable demographic situation	development of tourism, handicraft and production of organic food <ul style="list-style-type: none">• Improving education, introducing new programmes• Training programmes• Programmes for teaching illiterate adults how to read and write• Public works	Jablanica Rasina Region
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Source: Jovicic M., Arandarenko M (2006).: Assessment of regional labour market differences in Serbia: Methodology and results, Paper Presented at the European Association for Comparative Economics Studies (EACES) 9th Bi-Annual Conference: Development Strategies – A Comparative View, Brighton