**IPA CROSS-BORDER PROGRAMME CROATIA – SERBIA 2014 – 2020**

SWOT ANALYSIS of the IPA CBC programme area Croatia – Serbia

This document contains the proposal of final SWOT analysis for the IPA cross border cooperation programme Croatia-Serbia 2014-2020 as it has been proposed by the Task Force, discussed with the stakeholders on basis of statistical data from the programme area and public consultations held in the first round of consultative workshops with stakeholders in Sombor and Osijek in April 2014 and finally agreed with the Task Force at 7th task Force workshop.

Eligible regions in the programme area are:

On the Croatian side 4 counties on the north-east of Croatia (NUTS III regions): Osječko-baranjska, Vukovarsko-srijemska, Brodsko-posavska and Požeško-slavonska county.

On the Serbian side 5 districts on the north-west of Serbia (NUTS III regions): North Bačka, West Bačka, South Bačka, Srem and Mačva district.

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| **THEMATIC PRIORITY 1: EMPLOYMENT, LABOUR MARKET, SOCIAL INCLUSION, HEALTH** |
| **STRENGTHS** | **WEAKNESSES** |
| * Industrial and artisans tradition.
* Good network of health institutions on regional level.
* Two strong university centers in the programme area – Osijek and Novi Sad
 | * Unemployment rate alarmingly high on both sides of the border, compared to national averages
* High rate of youth unemployment in the programme area, especially of group 20-29. The educational programmes are not matching the labour market needs.
* The programme area has a high number of elderly persons.
* Inadequate health and social care system
* Insufficient number of health care workers
* Aging population and trend of depopulation.
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| **OPPORTUNITIES** | **THREATS** |
| * Joint incentives for social inclusion of vulnerable groups and minorities through persons-to-persons measures.
* Joint incentives for education of vulnerable groups (youth, women, elderly, minorities, disabled, etc) through providing them with training in IT, foreign languages, help in reintegration to labour market.
* Strengthened care for elderly through joint incentives in the area of palliative care, elderly homes
* Educational system in the programme area (network of university and primary/secondary schools) playing strong role in matching educational programmes with market needs (up-date and up-grade of programmes), thus providing quality labour force.
* Employment possibilities in agriculture, food sector, IT and tourism.
* Joint incentives for encouraging youth employment initiatives.
* Joint initiatives for supporting young entrepreneurs, including self-employment.
* Joint initiatives for more local services available to citizens: legal counselling for vulnerable groups, assistance for elderly, improved services for disabled persons and children with disabilities.
* Joint incentives for restructuring and modernization of health and social care system.
 | * Misbalance between supply and demand on labour market.
* Limited employment possibilities due to recession and difficult economic situation*.*
* Risk of long term unemployment of young people due to lack of initial work experience
* Lack of motivation after a long term absence from labour market.
* Lack of effective measures for the promotion of self-employment and entrepreneurship.
* Difficult economic situation in the countries results in emigration of healthcare workers from programme area
* High unemployment and raising costs of living, increase the share of population living at risk of poverty or social exclusion
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| **THEMATIC PRIORITY 2: ENVIRONMENT, CLIMATE CHANGE AND RISK PREVENTION** |
| **STRENGTHS** | **WEAKNESSES** |
| * Water & natural richness in the programme area: Danube, Drava, Sava, Tisa & protected areas in both Croatian and Serbian programme area.
* Protected area preserved and well monitored on both sides of the border.
 | * Programme area is still not fully aligned with European standards in waste-water and waste treatment
* Existing environmental hot-spots, especially on the Serbian side.
* Existing mine-suspected areas in the programme area.
* Inadequate floods management system
* Eutrophication and heavy metals accumulation in aquatic ecosystems
* Lack of communication between relevant authorities on monitoring water quality and emission reduction activities in the water.
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| **OPPORTUNITIES** | **THREATS** |
| * Programme area has a potential for increasing production of renewable energy – especially from agricultural waste (biomass) and thermal waters.
* Energy efficiency awareness raising among public and relevant stakeholders in the programme area
* Joint incentives in aligning standard of programme area with EU standards in waste-water and waste treatment.
* Joint incentives in the areas of water management, prevention of flood and other disasters.
* Joint incentives in the area of biodiversity protection with focus on endangered species and habitats.
* Joint incentives in the area of monitoring water, soil and air quality.
* Joint incentives in managing mined-areas and hot-spots.
* Need for joint management and prevention of natural disasters due to high risk in the areas of floods and droughts in the programme area
* Potential for building institutional capacity for water supply and sewage system.
 | * Lack of investment in solid waste water and air quality management.
* Pollution from agriculture.
* Administrative burden for introducing new plans in renewable energy sector.
* Vulnerability of the programme area due to high risk of natural disasters and lack of monitoring and managing of risk prevention systems.
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| **THEMATIC PRIORITY 3: TRANSPORT** |
| **STRENGTHS** | **WEAKNESSES** |
| * River Danube and river Drava present a great potential for inland water transport and connection with western and central Europe.
* The programme area is at the junction of the main rail and road traffic routes connecting Western and Central Europe with South-East Europe crossed by major Pan-European corridors and is part of the TEN-T networks.
 | * Railway infrastructure needs restructuring and modernization in order to meet international standards.
* Water and railway transport systems are underused.
* Inland waterways are insufficiently interconnected
* Lack of investments in transport infrastructure in the areas of railways and inland waterways
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| **OPPORTUNITIES** | **THREATS** |
| * Potential for Danube ports and waterways to optimise inland water transport and connection with Western and Central Europe.
* Major investment into transport networks is necessary to ensure economic development, for example, multi-functional canal Danube-Sava, as part of the transport networks of Croatian Danube Basin
* The major waterways crossings in the programme area offer a great potential for inland water transport and connection between central and south-eastern Europe.
* Waterway development has potential and should be interlinked with TEN-T.
* Intermodal transport combining air, rail, road and water networks represent a major opportunity for economic development.
* Ports have potential of becoming multimodal logistics centers with appropriate level of investment in infrastructure.
* Regional airports in Osijek and Novi Sad have potential for development – especially for low-cost airlines ad cargo transportation (agri-food exports).
* Potential for stimulation economic growth by better connectivity of urban and rural transport networks of the programme area internally and to major highways
 | * Croatia’s entry to Schengen regime might have negative impact on border propulsion.
* Lack of investments into transport networks in general due to global economic crisis.
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| **THEMATIC PRIORITY 4: TOURISM AND CULTURAL AND NATURAL HERITAGE** |
| **STRENGTHS** | **WEAKNESSES** |
| * Wide range of buildings and sites of historical, archeological and artistic importance.
* Rich cultural heritage and unique natural resources.
* Diversity of natural landscapes; recognized for traditional hospitality of local population; authencity of a multicultural rural society; proximity to large generating markets; increasing number of events; increasing diversity of accommodation.
* Richness of ethnicities on both sides of the border
* Important wine growing regions; positive attitude of local communities toward tourism; established tourism board system.
* Continental tourism has developed significantly in the last 10 years in the programme area.
 | * Lack of stronger national support and promotion of continental tourism in the programme area.
* Lack of joint touristic offer / capacity / quality (accommodation, info offices, etc).
* Lack of know-how and experience in tourism sector.
* Insufficient cooperation between stakeholders in tourism sector.
* Lack of destination management.
* Under-utilized potential for tourism.
* Insufficiency of market ready attractions
* Lack of financing for tourism.
* Insufficient number of incoming tourist agencies in the programme area.
* Lack of entrepreneurial spirit and skills for tourism
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| **OPPORTUNITIES** | **THREATS** |
| * Potential for improvement/broadening and diversification of the joint touristic offer.
* Need for optimization the potential for tourism by enabling basic tourism pre-conditions (accommodation, local tourism offices, etc)
* Potential for further development of certain tourism niches: hunting, bird-watching, cultural tourism, eno-gastro tourism, medical, cycle-tourism, memorial tourism, nautical tourism, religious tourism, etc.
* The wide range of buildings and sites of historical, archaeological and artistic interest in the programme area offers plenty of opportunities for cultural exchanges and joint activities.
* Joint incentives for stimulating the entrepreneurial spirit in the programme area.
* Joint incentives in the area of improving cooperation between agricultural, health and cultural sectors for an integral CBC touristic offer.
* Joint incentives for improvement of cooperation between tourism sector and local food and wine producers/associations and with cultural associations/institutions.
* Potential for using key nature and culture based attractions and customs in branding the area, such as Danube.
* Joint incentives in the area of spatial beautification.
* Joint incentives investing in joint promotional and sales capacities.
* Danube as a great potential for tourism development.
* Potential for the development of tourism offer throughout the year.
 | * Low service quality standards affects further development of tourism in the programme area.
* Lack of cooperation between agricultural, health and culture sectors in order to provide integral touristic offer.
* Tourism sector not in line with market trends which lowers the competitiveness of the programme area.
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| **THEMATIC PRIORITY 5: EDUCATION AND YOUTH** |
| **STRENGTHS** | **WEAKNESSES** |
| * Good educational infrastructure in the programme area, including two strong university centers – Novi Sad and Osijek.
* Existing platform for the use of life-long learning programmes.
 | * Vocational education is not in line with the labour market needs.
* Lack of sufficient application of advanced technologies in primary and secondary schools.
* High youth unemployment (20 – 29) in the programme area.
* People with primary education are the most represented group of unemployed people.
* Lack of opportunities for the employment.
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| **OPPORTUNITIES** | **THREATS** |
| * Two strong university centers – Novi Sad and Osijek can have stronger role in providing quality labour force.
* Need of training for entrepreneurship for young people.
* Potential of vocational training as an answer to the gap between labour market needs and existing offer.
* Potential of life-long learning programmes for building human resources in the tourism sector, innovation, R&D, etc.
* Potential for increasing the number of beneficiaries of the life-long learning programmes.
* Increased need for entrepreneurial skills among young persons as a potential for self-employment.
* Opportunity for unemployed youth to work in seasonal jobs, e.g. tourism.
* Joint incentives in supporting employment of youth as one of the disadvantaged groups in labour market due to lack of experience.
* Need among youth for different exchange programmes and networking.
 | * Lack of opportunities for the employment.results in emigration of youth..
* Increasing brain drain from the programme area.
* Increasing disparities between labour market supply and demand due to mismatch of programmes for life-long learning and prequalification with labour market needs.
* The primary and secondary education system in constant reform process
* Negative trend in birth in the programme area.
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| **THEMATIC PRIORITY 6: LOCAL AND REGIONAL GOVERNANCE, PLANNING AND CAPACITY BUILDING** |
| **STRENGTHS** | **WEAKNESSES** |
| * Existing successful cooperation established through IPA CBC programme 2007 – 2013.
* Best practice models available in the programme area.
 | * Lack of strategic long-term planning for the development of the regions and towns/cities.
* The delivery of public services is not in full compliance with the needs of the users in the programme area due to lack of efficiency in local and regional governance.
* Lack of dissemination of good practice examples in inter-municipality and inter-county/districts relations.
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| **OPPORTUNITIES** | **THREATS** |
| * Increased financing through IPA CBC 2014 – 2020 will enable stronger cooperation of institutions.
* Projects of regional importance which require wider platform of cooperation are supported by the EU funding.
* Lessons learned from previous IPA CBC programme to be built in new initiatives through 2014 – 2020 programme in the field of tourism, cultural exchange, SME development, strengthening of education, etc.
* Recognized need for increase of capacities among civil servants in programme area in building competencies for delivering qualitative and effective public services.
* Recognized need for improvement within the human resources management system (recruitment process, competency system for given jobs, methodology for validation of competence of civil servants, the system of assessment and monitoring of civil servants).
* Initiatives and actions the area of anti-corruption in public service.
* Need for stronger links between local/regional authorities and citizens that can contribute to delivery of qualitative and effective public services.
* Need for cooperation between local/regional authorities as public service providers and CSOs enabling compliance of delivery of services with the needs of the users.

Need for modernisation of public administration and more effective governance. | * Slow progress in fight against corruption.
* Low awareness among citizens/public on corruptive methods and behaviours.
* Possible changes in the accession processes for Serbia putting additional pressure for reforms and actions on local and regional level.
* Continuation of financial crisis/economic stagnation in the programme area can lead to further cuts in public sectors affecting capacities at local and regional level of governance.
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| **THEMATIC PRIORITY 7: COMPETITIVENESS AND SME DEVELOPMENT** |
| **STRENGTHS** | **WEAKNESSES** |
| * Existing business support institutions.
* Serbian part of programme area is the richest in Serbia with 20% of all Serbian SME’s.
* Croatian part of the programme area has a high percentage of small companies while in Serbian part medium companies are mostly represented.
* Increasing percentage of SMEs operating the field of IT and creative industries.
* High number of cluster initiatives and clusters operating in the programme area.
 | * Business support institutions do not respond to needs of entrepreneurs.
* Programme area is significantly lagging behind EU in terms of economic performance being at 20.5% of EU 27 GDP per capita.
* Lack of R&D and innovation in SME’s in the programme area.
* Lack of local products branding.
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| **OPPORTUNITIES** | **THREATS** |
| * SME sector presents an opportunity for strengthening of local and regional economies.
* Joint incentives for improving the quality of the business support institutions and developing new ones where they are not yet.
* Existing business support institutions have great potential to increase their impact on SME/economy development though increasing quality of their service.
* Potential in development of organic agriculture and branding traditional/typical products.
* Joint incentives in increasing the quality and quantity of products offered through the establishment and further development of sector business networks (clusters, cooperatives, joint ventures, etc.).
* Need for further support in developing agribusiness, IT and creative industries sector.
* Joint export initiatives.
* Interconnection between culture, tourism, different events, agriculture in order to develop SMEs sector.
* Production of added value products instead of primary and semi-processed products (expl. wood sector and furniture production) through the establishment and strengthening of product/service value chain.
* Application of innovative solutions resulting from an increased cooperation with R&D sector.
* Networking / clustering needed to increase the productivity of SMEs.
* Opportunity related to agriculture: valorisation of local products through initiating EU protection procedure (PDO as an example) could lead to an increase of product’s added value and standardized production systems.
 | * Inability to satisfy market request in terms of quality and quantity of products.
* Lack of diversified financing for SME sector has negative impact on entrepreneurship start-ups and entrepreneurial spirit in general.
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| **THEMATIC PRIORITY 8: RESEARCH, TECHNOLOGICAL DEVELOPMENT, INNOVATION AND ICT** |
| **STRENGTHS** | WEAKNESSES |
| * R&D infrastructure (university centres, centres for technological development, business incubators, and business zones) exists in the programme area.
* Tradition and knowledge in agriculture and food production.
* Two strong University centers in Osijek and Novi Sad.
* Network of open and polytechnic institutes in the programme area.
* Explosion of IT companies
 | * Spending of GDP on R&D is in both countries is significantly below EU average.
* Most of the R&D spending comes from public funding whilst there is lack of R&D investment in the private sector.
* Both countries are lacking specialization strategies for the development of smart industries on regional level.
* Lack of commercialization of R&D innovative products.
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| **OPPORTUNITIES** | **THREATS** |
| * Programme area has number of business support institutions and universities that could have more active role in promotion of R&D and innovation.
* Education and business infrastructure for further development of ICT sector.
* Use of triple helix approach.
* Increased cooperation between academic institutions and business sector.
* Joint incentives in implementation of innovation strategies.
* Recognized need for raising awareness and building capacities among youth on innovation.
* The potential of R&D and ICT in rural development and agriculture.
* Growing need for commercialisation in the innovative products in programming area and share of best practice.
 | * Lack of decentralized funding for R&D.
* Lack of cooperation between scientific and private sector leads to insufficient technology transfer and lack in the access to R&D-results especially for SMEs.
* Economic crisis results in lack of investments in R&D
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