

## **Interreg IPA Cross-border Cooperation Programme Croatia – Serbia 2014-2020**

### **Annex 8: SWOT ANALYSIS**

This document contains the final SWOT analysis for the Interreg IPA Cross-border Cooperation Programme Croatia-Serbia 2014-2020 as it has been discussed and agreed by the Task Force at the Task Force meetings and workshops, discussed with the stakeholders on basis of statistical data from the programme area and on public consultations held in the consultative workshops with stakeholders in Sombor and Osijek in April 2014 and in Novi Sad in September 2014 and commented by the stakeholders during online consultations from 1 August 2014 to 1 September 2014.

Programme area consists of the following NUTS III regions:

- 4 counties on the north-east of Croatia: Osječko-baranjska, Vukovarsko-srijemska, Brodsko-posavska and Požeško-slavonska county.
- 5 districts on the north-west of Serbia: North Bačka, West Bačka, South Bačka, Srem and Mačva district.

<b>THEMATIC PRIORITY 1: EMPLOYMENT, LABOUR MOBILITY, SOCIAL INCLUSION, HEALTH AND SOCIAL CARE</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Two strong university centres in the programme area – Osijek and Novi Sad</li> <li>• Industrial and artisans tradition.</li> <li>• Existing network of health institutions on regional level.</li> <li>• Two strong health care centres in Osijek and Novi Sad.</li> </ul>	<ul style="list-style-type: none"> <li>• Unemployment rate alarmingly high on both sides of the border, compared to national averages</li> <li>• High rate of youth unemployment in the programme area, especially of group 20-29.</li> <li>• The educational programmes do not match the labour market needs.</li> <li>• Misbalance between supply and demand on labour market.</li> <li>• Lack of effective measures for the promotion of self-employment and entrepreneurship.</li> <li>• Inadequate health and social care system in terms of inappropriate services when compared to the real needs, especially in rural areas</li> <li>• 5% of the population in the programme area is receiving social care which is higher than the national average.</li> <li>• Insufficient number of health care workers (also due to their negative migration from programme area)</li> <li>• Aging population and trend of depopulation.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• National strategies envisage to strengthen non-institutional models of care, in particular the development of social services in local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Limited employment possibilities due to recession and difficult economic situation.</li> <li>• High unemployment and raising costs of living, increase the share of population living at risk of poverty or social exclusion</li> <li>• The imminent retirement of the “baby boomers” (babies born between 1946-1964) resulting in increased demand for social and health care services.</li> </ul>

<b>THEMATIC PRIORITY 2: ENVIRONMENT, CLIMATE CHANGE ADAPTATION, RISK REVENTION, SUSTAINABLE ENERGY AND ENERGY EFFICIENCY</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Water &amp; natural richness in the programme area (rivers Danube, Drava, Sava and Tisa)</li> <li>• 7% of the programme area has status of protected nature</li> <li>• Protected area preserved and well monitored on both sides of the border.</li> <li>• Existing successful cooperation between partners in environment related projects established through IPA CBC programme 2007 – 2013</li> <li>• Existing potential for increasing production of renewable energy – especially from agricultural waste (biomass) and thermal waters.</li> </ul>	<ul style="list-style-type: none"> <li>• Existing environmental hot-spots, especially in the Serbian part of the programme area.</li> <li>• Eutrophication and heavy metals accumulation in aquatic ecosystems</li> <li>• Existing mine-suspected areas in the programme area.</li> <li>• Inadequate floods management system</li> <li>• Vulnerability of the programme area due to high risk of natural disasters and lack of monitoring and managing of risk prevention systems.</li> <li>• Lack of communication (e.g. systematic exchange of data) between relevant authorities on monitoring water quality and emission reduction activities in the water.</li> <li>• Lack of investment in solid waste, water and air quality management.</li> <li>• Programme area is still not fully aligned with European standards in waste-water and waste treatment</li> <li>• Lack of systematic monitoring of biodiversity data in the programme area</li> <li>• Highly energy inefficient public infrastructures</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Increased awareness demand for management and prevention of natural disasters as floods and droughts.</li> <li>• Relevant national strategic documents require increase of energy efficiency of the public buildings.</li> </ul>	<ul style="list-style-type: none"> <li>• Environment pollution, pollution from agriculture, spatial urbanization, global climate changes and certain flood prevention actions are a potential threat for biodiversity protection.</li> <li>• Heavy administrative burden anticipated for introducing new plans in renewable energy sector.</li> </ul>

<b>THEMATIC PRIORITY 3: SUSTAINABLE TRANSPORT AND PUBLIC INFRASTRUCTURE</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• River Danube and river Drava present a great potential for inland water transport and connection with western and central Europe.</li> <li>• 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.</li> <li>• Regional airports in Osijek and Novi Sad have potential for development – especially for low-cost airlines and cargo transportation (agri-food exports).</li> </ul>	<ul style="list-style-type: none"> <li>• Railway infrastructure needs restructuring and modernization in order to meet international standards.</li> <li>• Water and railway transport systems are underused.</li> <li>• Inland waterways are insufficiently interconnected</li> <li>• Lack of investments in transport infrastructure in the areas of railways and inland waterways</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Ports have potential of becoming multimodal logistics centres with appropriate level of investment in infrastructure.</li> <li>• Intermodal transport combining air, rail, road and water networks represent major opportunity for economic development.</li> </ul>	<ul style="list-style-type: none"> <li>• Croatia's entry to Schengen regime might have negative impact on border propulsion.</li> <li>• Lack of investments into transport networks in general due to global economic crisis.</li> </ul>

<b>THEMATIC PRIORITY 4: TOURISM AND CULTURAL AND NATURAL HERITAGE</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Wide range of buildings and sites of historical, archaeological and artistic importance.</li> <li>• Rich cultural heritage and unique natural resources (diversity of natural landscapes).</li> <li>• Traditional hospitality of local population and positive attitude of local communities toward tourism;</li> <li>• Authenticity of a multicultural rural society</li> <li>• Programme area proximity to large generating markets;</li> <li>• Richness of ethnicities on both sides of the border</li> <li>• Important wine growing regions in the programme area;</li> <li>• Established tourism board system.</li> <li>• Continental tourism has developed significantly in the last 10 years in the programme area.</li> <li>• Existing successful cooperation between partners in tourism and culture related projects established through IPA CBC programme 2007 – 2013</li> <li>• Increasing number of tourism and culture related events;</li> <li>• Increasing trend in diversification of accommodation type</li> <li>• High number of tourism related enterprises in the programme area</li> <li>• Existing network of local food and wine producers and culture related organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of stronger national support and promotion of continental tourism in the programme area.</li> <li>• Lack of joint touristic offer / capacity / quality (accommodation, info offices, etc).</li> <li>• Lack of know-how and experience in tourism sector.</li> <li>• Insufficient cooperation between stakeholders in tourism sector.</li> <li>• Lack of destination management.</li> <li>• Insufficiency of market ready attractions</li> <li>• Lack of financing for tourism.</li> <li>• Insufficient number of incoming tourist agencies in the programme area.</li> <li>• Lack of entrepreneurial spirit and skills for tourism</li> <li>• Poor and insufficient accommodation capacities</li> <li>• Low service quality standards affect the development of tourism in the programme area.</li> <li>• Lack of cooperation between agricultural, health and culture sectors in order to provide integral touristic offer.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Global trend in tourism related to eco-tourism, agro-tourism, adventure tourism, health tourism, etc.</li> <li>• National strategies envisage the development of continental tourism;</li> <li>• Danube and other nature areas present a great potential for tourism development.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential distortion of natural heritage due to fast growth of tourism sector without sustainable strategy.</li> </ul>

<b>THEMATIC PRIORITY 5: YOUTH AND EDUCATION</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Good educational infrastructure in the programme area, including two strong university centres – Novi Sad and Osijek.</li> <li>• Existing platform for the use of life-long learning programmes.</li> <li>• Increasing demand for the life-long learning programmes in various fields: capacity building in the tourism sector, innovation, R&amp;D.</li> <li>• Existing opportunity for unemployed youth to work in seasonal jobs, e.g. tourism.</li> </ul>	<ul style="list-style-type: none"> <li>• Vocational education is not in line with the labour market needs.</li> <li>• Lack of sufficient application of advanced technologies in primary and secondary schools.</li> <li>• High youth unemployment (20 – 29) in the programme area.</li> <li>• People with primary education are the most represented group of unemployed people.</li> <li>• Lack of opportunities for the employment.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Growing awareness for ensuring entrepreneurial skills among young persons entering the labour market</li> <li>• Increased demand among youth for various exchange programmes and networking.</li> </ul>	<ul style="list-style-type: none"> <li>• Continued emigration of youth and increase of brain drain from the programme area.</li> <li>• Mismatch of programmes for life-long learning and prequalification with labour market needs might lead to increase of disparities between labour market supply and demand</li> <li>• The primary and secondary education system in constant reform process</li> <li>• Negative trend in birth in the programme area.</li> </ul>

<b>THEMATIC PRIORITY 6: LOCAL AND REGIONAL GOVERNANCE, PLANNING AND ADMINISTRATIVE CAPACITY BUILDING</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Existing successful cooperation established through IPA CBC programme 2007 – 2013.</li> <li>• Best practice models available in the programme area.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of strategic long-term planning for the development of the regions and towns/cities.</li> <li>• 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.</li> <li>• Lack of dissemination of good practice examples in inter-municipality and inter-county/districts relations.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Projects of regional importance requiring wider platform of cooperation are supported by the EU funding.</li> <li>• Increased financing through Interreg IPA CBC 2014 – 2020 will enable stronger cooperation of institutions.</li> <li>• Institutional reforms in the public administration of both countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Slow progress in fight against corruption.</li> <li>• Low awareness among citizens/public on corruptive methods and behaviours.</li> <li>• Possible changes in the accession processes for Serbia putting additional pressure for reforms and actions on local and regional level.</li> </ul>

<b>THEMATIC PRIORITY 7: COMPETITIVENESS AND SME DEVELOPMENT</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Existing business support institutions.</li> <li>• Increasing percentage of SMEs operating the field of IT and creative industries.</li> <li>• High number of cluster initiatives and clusters operating in the programme area.</li> <li>• Steady growth of SME's in the programme area within the last five years.</li> <li>• Existing successful cooperation between partners in economic development related projects established through IPA CBC programme 2007 – 2013</li> <li>• R&amp;D infrastructure (university centres, centres for technological development, business incubators, and business zones) exists in the programme area.</li> <li>• Potential in 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.</li> <li>• Programme area has the potential for agricultural diversification, strengthening of food processing and valorisation of local products through initiating EU protection procedure</li> <li>• Increasing demand for cross-border networking / clustering in order to increase the productivity of SMEs.</li> </ul>	<ul style="list-style-type: none"> <li>• Business support institutions do not respond to needs of entrepreneurs.</li> <li>• Programme area is significantly lagging behind EU in terms of economic performance being at 20.5% of EU 27 GDP per capita.</li> <li>• Lack of R&amp;D and innovation in SME's in the programme area.</li> <li>• Lack of local products branding.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Growing international demand for organic agriculture and traditional domestic products.</li> </ul>	<ul style="list-style-type: none"> <li>• Inability to satisfy market request in terms of quality and quantity of products.</li> <li>• Lack of diversified financing for SME sector has negative impact on entrepreneurship start-ups and entrepreneurial spirit in general.</li> </ul>

<b>THEMATIC PRIORITY 8: REASERCH, TECHNOLOGICAL DEVELOPMENT, INNOVATION AND ICT</b>	
<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• R&amp;D infrastructure (university centres, centres for technological development, business incubators, and business zones) exists in the programme area.</li> <li>• Tradition and knowledge in agriculture and food production.</li> <li>• Two strong University centres in Osijek and Novi Sad.</li> <li>• Network of open and polytechnic institutes in the programme area.</li> <li>• Programme area has number of business support institutions and universities that could have more active role in promotion of R&amp;D and innovation</li> <li>• Increased demand of use of triple helix approach by strengthening cooperation between academic institutions and business sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Spending of GDP on R&amp;D is in both countries is significantly below EU average.</li> <li>• Most of the R&amp;D spending comes from public funding whilst there is lack of R&amp;D investment in the private sector.</li> <li>• Both countries are lacking specialization strategies for the development of smart industries on regional level.</li> <li>• Lack of commercialization of R&amp;D innovative products.</li> <li>• Lack of decentralized funding for R&amp;D.</li> <li>• Lack of cooperation between scientific and private sector leads to insufficient technology transfer and lack in the access to R&amp;D-results especially for SMEs.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• The potential of R&amp;D and ICT in rural development and agriculture.</li> </ul>	<ul style="list-style-type: none"> <li>• Economic crisis results in lack of investments in R&amp;D.</li> </ul>