

SOME FACTORS OF DEVELOPMENT OF THE UNDERDEVELOPED BORDER COMMUNITIES IN VOIVODINA (SERBIA)

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Introduction

The regional policy of the European Union strives, in principle, to direct its activities onto the elimination of differences in development between the Member States and regions in Europe. Having in mind financial solidarity, it directs the contributions of the Member States into the least prosperous regions in order to provide support aimed at the elimination of economic and social differences between regions and the approximation of GDPs per capita in regions that are lagging behind the European Union average.

A significant item within this policy is the assistance provided to the border regions within the EU, as well as on the periphery of the EU, which means that border regions of the EU neighbouring countries also enter the circle of regions eligible for funding. This financing is justified with the fact that border regions are often in a poor economic position, distanced from economic centres, with poor infrastructure, deprived in the economic sense, and also that national borders are the obstacle for balanced and integrated development of Europe (via language barriers, legal and cultural differences). That is why the realisation of economic and social cohesion, the balanced and sustainable development of the territory of Europe as well as territorial integration with the neighbouring countries is indisputable.

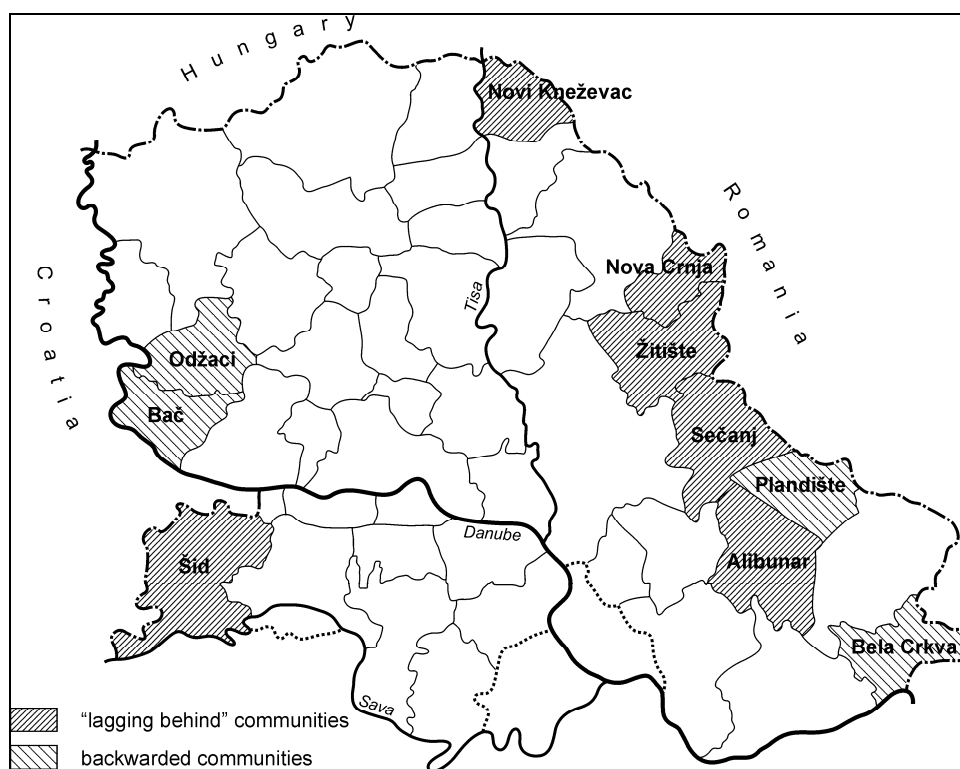
Underdeveloped and insufficiently developed municipalities in Voivodina/Serbia

According to the criteria of economic development, underdeveloped municipalities in the Autonomous Province of Voivodina in 2009 are: Bač and Odžaci toward Croatia, and Plandište and Bela Crkva toward Romania. According to the criteria and measured by indicators, insufficiently developed municipalities in border areas of the Province in 2009 are: towards the Croatian border – Šid, towards the Hungarian and Romanian border – Novi Kneževac, towards Romania – Nova Crnja, Žitište, Sečanj and Alibunar.

According to the criteria of employment, measured by indicators and conditions of the Decision on Criteria, undeveloped municipalities in the Province, in 2009, are: towards the Romanian border – Nova Crnja. On the other hand, undeveloped municipalities are: towards Croatia – Odžaci, and towards Romania – Mali Idos, Žitište and Bela Crkva (Figure 1).

Figure 1

Underdeveloped (backwards) and insufficiently developed (“lagging behind”) communities in Voivodina Province



Source: Statistical Yearbook of Serbia. Municipal Review, 1997–2007.

INTERREG IIIA (CARDS, PHARE) experiences in cross-border cooperation, with special regard to underdeveloped border villages of the Voivodina region

In the 2004–2006 period, in the framework of the EU-supported neighbourhood programmes, the underdeveloped villages in the Hungarian-Serbian and the Hungarian-Romanian border regions were eligible for support. With regards to the fact that the whole territory of Voivodina was eligible in the framework of the Hungary–Serbia Neighbourhood Programme as it was the only administrative territorial unit between the local (municipality) and national level, all backwards regions were eligible for this support. The eligible areas of the Neighbourhood Programme of Romania with Serbia (-Montenegro) were communities (opština) of the following districts in Voivodina and Central Serbia: Severno-Banatski (Northern Banat), Srednje-Banatski (Central Banat), Južno-Banatski (South Banat), Braničevski and Borski.

Neighbourhood Programme Hungary-Serbia (Montenegro) 2004–2006

The comparison of the two Calls of the Neighbourhood Programme (February 2005, August 2006) indicates in general that the circle of potential and actual applicants did not change significantly for the 2nd Call. A higher number of selected proposals (almost one-third of the supported projects) were joint ones showing that the level of co-operation between the two sides was increasing. Unfortunately there were only two underdeveloped borders villages that were awarded support in the two turns of the tender: Novi Kneževac and Odžaci (2–3 projects).

Neighbourhood Programme Romania-Serbia 2004–2006 – Examples for tourism co-operations in the symmetric border region of Romania and Serbia

Cooperation in the field of tourism, the organised development of which started in the framework of the Danube–Cris–Maros–Tisa Euroregion, has substantially expanded both in content and in space since 2004.

A tourism project covering the whole of the Banat region was launched, titled “The development of cultural tourism in the Banat – a cross-border challenge”. The almost one-year project, whose objective was the management and tourism utilisation of the cultural heritage in the historical Banat region, was financed by the European Union. Bilateral participants were, in the framework of the Romania–Serbia Neighbourhood Programme, the Intercultural Institute of Timișoara, the CulTours and the Banat.eu associations from Romania, from the Serb side the Civil Parliament of Vršac and the European Movement from Zrenjanin (ERIC). A similar cooperation was established between the twin municipalities of Lugoj (Romania)

and Vršac, in the framework of which the objective to utilise the local and regional tourism potential was set. The concrete goal of the cooperation is the issuing of multi-lingual tourism publications, the creation of a tourism website, the placement of tourism information signs directing the visitors to the tourism attractions, but an essential part of the cooperation is the collaboration of the representatives of the offices as well.

In the project called Banat-22, the partner of the Timișoara institute is the city management of Pančevo (Serbia), its financing background is provided by the European Union, in the framework of the Phare CBC 2005 Romania-Serbia Neighbourhood Programme. The project has identified a total of 22 tourism objects and events in the Romanian and the Serbian Banat area, and features them as the distinctive units of the tourism sector of the Banat region. The objective of the project is to increase the main economic indices of the tourism industry of the Banat region by 5% (ERIC).

The “Support of rural tourism in the poorly developed border regions of Romania and Serbia” is the title of the project in the framework of which a tourism development centre is established in the Traian Vuia micro-region in Timiș county. The project was launched by two municipalities, Dumbrava in Timiș county and Totovo Selo in Voivodina, in cooperation with the municipalities around Făget in Romania, the development association of the Traian Vuia micro-region, the Padis Society in Făget, the tourism association of Kanjiža (Serbia) and the Iringó Environmental Association. The joint meeting was an occasion for the introduction of the analysis of the tourism potential and the tourism development and cross-border cooperation strategy of the Traian Vuia micro-region.

A broad cooperation has been created among the physicians of the baths of Băile Herculane (Romania) and the Rusanda medicinal spa in Melenci (Serbia). Also, the development of bilateral student and cultural tourism is planned in the framework of the further co-operations.

Future support possibilities of the underdeveloped border villages

National Funds incentives for underdeveloped municipalities

The funding of regional development and support system for underdeveloped municipalities in the present period is conducted by means of direct or indirect incentives realised by ministries and national funds. Since 2000, the most significant direct measures of government incentives have been realised through funds provided by the following institutions:

- Fund for the Development of the Republic of Serbia,
- Specialised Budget Funds,
- The Development Fund of the Autonomous Province of Vojvodina,
- Guarantee Fund,
- National Employment Bureau,

- Republic Agency for Small and Medium-Sized Enterprises and Entrepreneurship,
- Ministry of Agriculture, Forestry and Water Management,
- National Investment Plan,
- Local Funds
- Fund for the Development of the Republic of Serbia.

The Law on the Fund for the Development of the Republic of Serbia was enacted in 1992 with the amendments of economic, systematic and functional solutions, continuing the policy of material support with the aim of achieving steady regional development.

During the period 1994–2006, the Fund for the Development of the Republic of Serbia was giving financial support to 6,198 programmes in the area of economic and regional development.

The investments into underdeveloped areas doubled in 2006 compared to 2001 (2.9 million Euros was granted for 26 new programmes in 2001, and 5.2 million Euros for 106 new programmes in 2006). However, the activities of the Fund for the Development of the Republic of Serbia failed to accomplish one of its principal purposes, i.e. to grant the majority of support to the underdeveloped areas compared to other areas. Nonlinearity within the scope of funds utilisation is reflected in low participation of the underdeveloped in the total funding, which totalled 13.6% in 2001, and 14.2% in 2006. The outset for funding distribution of the Fund for the Development of the Republic of Serbia depended upon the number and quality of submitted investment programmes.

Compared to the period up to 1990, when the Fund for the Development of the Republic of Serbia granted 66% of the total sum for the underdeveloped municipalities, the period 2001–2006 reduced the funding to 20.1%. The reasons lie in the fact that up to the 1990s the incentives were awarded to the special programmes for underdeveloped areas (feasibility study, programmes, projects, investment and technical documentation, staff, etc.). However, since 2001 the programme readiness of the underdeveloped municipality has been imposed among the credit requirements. Therefore, the underdeveloped municipalities could not submit quality programmes due to the lack of professionals.

Fiscal politics has not valued the regional component especially with respect to the difficulties of regional development programmes. Nowadays, there are few regionally determined fiscal stimuli, whereas the process of fiscal decentralisation was conducted slowly for the five years following democratic changes. It was intensified only in 2006.

In order to fulfil the aim regarding the improvement of the circumstances for the attraction of investments and reduction of unemployment in regionally underdeveloped areas, the activities should be moving in two directions. The first direction

implies modification and improvement of the existing instruments, whereas the second direction implies the introduction of new instruments in fiscal policy highlighting the regional component. The following fiscal stimulus packages for acceleration of development in underdeveloped areas are available: production tax stimulus, employment fiscal stimulus package, profit fiscal stimulus package and investment fiscal stimulus package.

Credit Policy for regional development purposes has been conducted mainly through the Fund for the Development of the Republic of Serbia. It implied the funding of small and medium-sized enterprises and activities under conditions more favourable than the market ones, as well as the approval of micro-credits and credits for the unemployed who start new businesses. Incentives in this sector were highly important due to its restrictive access to bank credits.

The funds of the republic budget, local government budget and funds obtained from the international aid would be coordinated and directed for programmes of regional development. The funds intended for a steady regional development should be directed towards programmes and projects in the following areas: employment incentives, industrial infrastructure development (energy, telecommunications, transport), the development of social infrastructure (health and education), economic development (industrial zones, business parks, business incubators, innovative centres, information and consulting centres), environment protection and tourism development. Moreover, this strategy anticipates support to balanced development support for villages through the introduction of LFA (Less Favourite Areas) criteria.

Alongside the building of regional development institutions, it is necessary to continually direct financial support to underdeveloped areas, assuming favourable conditions. Apart from the support to the Fund for the Development of the Republic of Serbia, the support is necessary for the institutions indirectly supporting regional development, primarily the National Employment Bureau, the Guarantee Fund and the Agency for Development of Small and Medium-Sized Enterprises and Entrepreneurship.

Financial and technical support is necessary in the preparation of regional development plans as well as in building business incubators in cooperation with local governments.

International funding would be directed largely to underdeveloped areas in the following period. The highest importance would be assigned to the utilisation of donations for the approval of micro-credits, through banks and non-commercial institutions, for enterprises in underdeveloped areas.

Considering the fact that the countries in Central and Eastern Europe have achieved a low realisation of the total support of the European Union, it is necessary to enlarge institutional capacities of the ministries in charge and regional development agencies for the utilisation of IPA Funds. Thus, the Republic of Serbia

would have sufficient absorption capacity for the utilisation of the regional component within IPA Funds when it acquires a candidate country status.

EU support schemes

The catching up of the underdeveloped border regions in the future and the relationship building with the border regions of the neighbour states are supported recently by the IPA Funds (2007–2013). This means that, in addition to the already mentioned Hungary–Romania and Hungary–Serbia neighbourhood programme a new border area is eligible for support: the border region of Serbia and Croatia.

Croatia–Serbia IPA support framework

The possibility of relationships building and cooperation of the two border regions is of outstanding importance, as there were serious conflicts in this region whose negative consequences can be considerably lessened by the support of this cooperation. The focus – first priority – of the support is on Sustainable Socio-Economic Development, whose tasks are as follows:

- to promote business cooperation, increase cross-border trade, develop labour market mobility, cross-border RDI and joint economic planning;
- to stimulate tourism development based on the cross-border regional identity and the natural and cultural assets of the cross-border region;
- to protect and safeguard the natural assets of the cross-border region by taking joint actions and by increasing public awareness;
- to promote good neighbourly relations across the border between local communities.

The measure within the priority (measure 1.2.) is Environmental protection, which will support awareness raising activities on environmental issues and joint actions to ensure that sites of high environmental and landscape value are managed (Fruška Gora, Danube river area, Bosut river area), so that they can sustain the pressures of tourism development without losing their value. In addition, the measure will support the development of more effective systems and approaches to emergency preparedness in relation to flood prevention and control; cross-border pollution, food safety and health issues. The measure will also support the development of joint waste management and minimisation strategies (*Figure 2*).

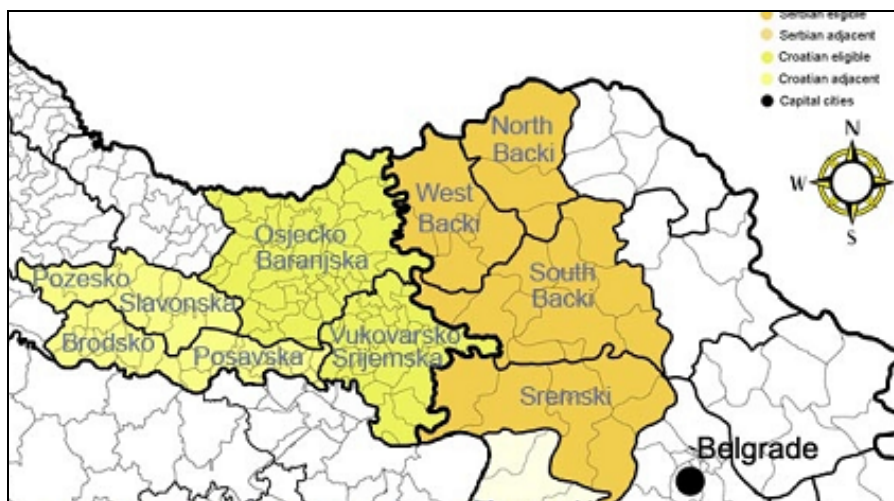
The role of the “People to People” measure of this priority is indisputable, as it will encourage contacts, communication and cooperation between local communities and local community organisations/agencies within the cross-border region, particularly in support, local democracy and the development of civil society.

Romania–Serbia IPA support framework

The first selected support scheme that is very important for the underdeveloped villages is the priority called Economic and social development, which will address issues related to connectedness, competitiveness and rural development. Its aims are support for local/regional economic and social infrastructures (regional initiatives will focus on economic/social infrastructures, including public utilities and socio/educational facilities, integrated and environmentally compatible local transport connections and inter-modal facilities), develop tourism, including the strengthening of the border region's actual identity as a tourist destination. The programme also promotes SME development, support schemes will facilitate improved marketing and business development, including in agriculture. SMEs will devise common cross-border products and services with a clear cross-border identity. In the frame of the 2nd priority (Environment and emergency prevention) the programme improves systems of cross-border environmental challenges, protection and management; implements effective strategies for waste and waste water management and effective systems and approaches to emergency preparedness. The 3rd priority will promote "people to people" exchanges like in the programme Croatia–Serbia.

Figure 2

The programming area in Cross-Border Programme Croatia–Serbia



Source: Instrument for Pre-Accession Assistance (IPA) Cross-Border Programme Croatia – Serbia 2007–2013.

Hungary–Serbia IPA support framework

This programme, whose strategic goal is the creation of a harmonic and cooperating region with a sustainable and safe environment concentrates on priorities and offers support for the eligible underdeveloped villages:

- Infrastructure and Environment, strengthening physical connections and taking common responsibility on environment;
- Economy, education and culture: stimulating a synergic economy, tourism and R&D and developing education and culture for a common mind.

It means that the main objectives for the period of 2007–2013 in this border region are the establishment of appropriate transport infrastructure for crossing the border and for reducing the isolation of border settlements, co-operation between SMEs which provides added value and enables the transfer of individual and organisational knowledge and experience which can be fruitful even if the partners are located in different countries. Joint products, learning from each other, information transfer, joint marketing etc. should be the main elements of a more cooperative economy in the symmetrical border region of Hungary and Serbia.

Tourism attractions and tourism development possibilities in border region villages, in the enhancement of the tourism attraction of the underdeveloped villages in the border regions, both internal and external factors can play a part. These potential factors can only be created by a long-term economic development.

Of the villages mentioned above, the communities of Odžaci and Bač are located in the neighbourhood of the protected border zone of the Serbian Upper Danube Area bordering Croatia, while the communes of Nova Crnja, Sečanj, Plandište and Bela Crkva are situated along the border of Serbia to Romania. Tourism can play a part in their development and improvement if the borders are made more permeable and, in addition to the possibilities offered by transit tourism, local tourism resources are appreciated too.

With regards to the external factors, the following advantages can be utilised in the tourism sector of the villages neighbour to Croatia, a country in the process of EU accession talks: the filtering down of the effects of the new tourism activities pursued in the villages of the nearby Croatian counties (Vukovarsko-Sremska županija, Osiječko-Baranjska županija), the use of the comparative advantages present in the tourism sector of the counties in the border region, and the conscious utilisation of the cross-border cooperations.

The Croatian Vukovarsko-sremska županija and the Romanian Caraş-Severin county (both being in the respective border regions) have initiated cooperation with the Voivodina government, which includes the development of the tourism sector as well.

Novi Kneževac has some chances too, although it is difficult to compete with the tourism sector of Kanjiža municipality. By the development of the tourism on the Tisa River and the expected transit tourism from Romania, the tourism sector of this village could be launched too.

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