

IPA CBC PROGRAMME CROATIA – BOSNIA AND HERZEGOVINA – MONTENEGRO 2014 – 2020

Draft SWOT ANALYSIS

This document contains the draft SWOT analysis for the IPA cross—border cooperation programme Croatia-Bosnia and Herzegovina-Montenegro 2014-2020 as it has been developed by the Task Force and on basis of the situation analysis for the programme area.

Eligible regions in the programme area are:

On the Croatian side 12 counties: Zagrebačka county, Sisačko-moslavačka county, Karlovačka county, Bjelovarsko-bilogorska county, Ličko-senjska county, Požeško-slavonska county, Brodsko-posavska county, Zadarska county, Šibensko-kninska county, Vukovarsko-srijemska county, Splitsko-dalmatinska county, Dubrovačko-neretvanska county.

On the Bosnian and Herzegovinian side 95 municipalities in North-East, North-West, Herzegovina, and Central BiH:

North-East : Bijeljina, Teočak, Ugljevik, Lopare, Tuzla, Lukavac, Čelić, Brčko Distrikt BA, Srebrenik, Petrovo, Gračanica, Doboj Istok, Gradačac, Pelagićevo, Donji Žabar, Orašje, Domaljevac-Šamac, Šamac, Modriča, Vukosavlje, Odžak, Bosanski Brod, Srebrenica, Bratunac, Milići, Han-Pijesak, Vlasenica, Kladanj, Šekovići, Kalesija, Osmaci, Zvornik, Banovići, Živinice, Sapna.

North-West: Prnjavor, Srbac, Laktaši, Čelinac, Kotor Varoš, Kneževo, Dobretići, Šipovo, Jajce, Jezero, Mrkonjić Grad, Banja Luka, Gradiška, Kozarska Dubica, Prijedor, Oštra Luka, Sanski Most, Ključ, Ribnik, Glamoč, Bosansko Grahovo, Drvar, Istočni Drvar, Petrovac, Bosanski Petrovac, Bosanska Krupa, Krupa na Uni, Novi Grad, Kostajnica, Bužim, Velika Kladuša, Cazin, Bihać, Doboj, Derventa
Herzegovina: Prozor/Rama, Konjic, Nevesinje, Gacko, Bileća, Trebinje, Ravno, Ljubinje, Berkovići, Mostar, Jablanica, Kupres, Kupres (RS), Tomislavgrad, Posušje, Široki Brijeg, Čitluk, Stolac, Neum, Čapljina, Ljubuški, Grude, Livno, Istočni Mostar.

Central BiH: Doboj Jug, Kakanj, Maglaj, Tešanj, Usora, Zavidovići, Zenica, Žepče, Bugojno, Busovača, Donji Vakuf, Gornji Vakuf-Uskoplje, Novi Travnik, Travnik, Vitez, Teslić.

On the Montenegrin side 10 municipalities: Herceg Novi, Kotor, Tivat, Budva, Bar, Ulcinj, Cetinje, Nikšić, Podgorica, Danilovgrad.

THEMATIC PRIORITY 1: EMPLOYMENT, LABOUR MARKET, SOCIAL INCLUSION, HEALTH	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - High number of local and regional vocational and high schools in the programme area. - Strong university centers in Split, Zadar, Dubrovnik, Banja Luka, Tuzla, Mostar and Podgorica. - Ethnic richness in the programme area. - Population increase in the last 20 years in Montenegrin programme area. - Existing infrastructure in terms of hospitals and territorial distribution of hospitals, ambulances and companies and organizations responsible for providing social services. 	<ul style="list-style-type: none"> - Population decrease in the last 20 years in Croatian and Bosnian and Herzegovinian programme area. - High rates of long-term unemployment and youth unemployment in the whole programme area. - Educational programmes not in line with market needs. - Low awareness on importance of life-long learning programmes.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - University centers and primary/secondary educational institutions in the programme area can play a stronger role in providing quality labour force. - Developed life-long learning programmes at the public opened colleges represents opportunity in providing quality labour force. - Developed tourism sector in the programme area represents employment opportunity (existing or new niches of tourism in order to extend tourism season through synergy with different sectors, e.g. agriculture, health, etc.). - Potential for reinforcement of e.g. agricultural and IT sector in order to create employment and to promote entrepreneurial opportunities. - Joint incentives of strengthening / supporting employability of disadvantaged groups and other vulnerable groups by promoting their participation in trainings and life-long learning programmes. - Joint initiatives for education of vulnerable groups (youth, women, elderly, minorities, disabled, etc.) through providing them with training in IT, foreign languages, help in reintegrating to labour market, etc. - Joint incentives of supporting to young entrepreneurs, including self-employment. - Joint incentives for enhancing accessibility to social services. - Need of modernization of public health institutions in order to improve their accessibility and effectiveness. 	<ul style="list-style-type: none"> - Misbalance between supply and demand on labour market. - Limited new employment possibilities due to recession and difficult economic situation. - Frequent changes of legislative framework in the area of education and employment policy. - Further decline in agricultural sector in the programme area due to the lack of sustainable rural development strategies in 3 countries (developing solution for challenges such as irrigation system, segmentation, etc.). - Health system in need for restructuring.

THEMATIC PRIORITY 2: ENVIRONMENT, CLIMATE CHANGE AND RISK PREVENTION	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> -Diverse environment, landscape richness and richness of natural resources in general. -Water richness in the programme area (rivers, lakes and sea). -Biodiversity in the programme area with many species and habitats where some world endangered species and habitats are very well preserved. -Protected areas preserved and well managed. -Existing wind farms in Croatian programme area. -A large part of the programme area is covered by forests. -Montenegrin significant potential in generating energy form renewable energy resources (up to 33,4% of total primary energy generation). 	<ul style="list-style-type: none"> -Programme area is not fully aligned with European standards in waste-water and waste treatment with somewhat better situation in Croatia as a Member State. -Management of existing environmental “hot-spots” in need for improvement in all 3 countries. -Existing mine-suspected areas in the programme area. -Insufficient investment in solid waste management.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> -The border region has a potential for increasing production of renewable energy – especially from agricultural waste and forest residues (biomass), geothermal, solar and wind energy (Mediterranean, Dinaric and Pannonia basin areas). -Programme area has a potential and need for joint management and prevention of natural disasters due to shared high risk in areas of flood, droughts, natural disasters and fire. -Programme area has a potential and need for joint management and initiatives in the areas of forestry and water management. -Energy efficiency awareness rising among public and relevant stakeholders in the programme area. -Awareness among public and relevant stakeholders on environmental protection and the need for organized waste management. -Sustainable agricultural and forestry production in accordance with the principles of sustainable soil management. 	<ul style="list-style-type: none"> -Increasing frequency of flood, droughts, fire and other natural disasters due to climate change. -Administrative burden for introducing new plans in renewable energy sector. -Sea and water pollution (sea accidents, ballast water from vessels). -Vulnerability of the programme area to both man-made and natural disasters.

THEMATIC PRIORITY 3: TRANSPORT AND PUBLIC INFRASTRUCTURE	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Programme area is at the junction of major European transport corridors. - High number of regional airports and (sea & inland) ports. - High % of the population is covered by an organized system of collection and disposal of municipal waste. 	<ul style="list-style-type: none"> - The roads are at some parts of the programme area in a poor condition, roads are primarily used for internal connections and almost all have bad transport-technical elements. - Railway transport system and infrastructure in whole programme area is mainly in a poor condition. - Underused capacities of ports, waterways and airports. - Lack of investments in transport infrastructure in the areas of railways and inland waterways infrastructure.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - River Sava and inland waters in general have potential to be used in combination with railway transport as an alternative to the currently dominant road transport network. - Great potential in developing multimodal transport centers with appropriate level of investment in infrastructure. - Regional airports are potential for development - especially for low-cost airlines and cargo transportation (agri-food exports). - Raising awareness on road safety. - Need for improvement and modernisation of road and railway network. - Construction of Adriatic – Ionian corridor which would open road communication between south-eastern Europe and middle Europe and connect south-west and south-eastern Europe. 	<ul style="list-style-type: none"> - Croatia's entry to Schengen regime might have negative impact on border propulsion. - Insufficient investment into transport networks restrains economic development.

THEMATIC PRIORITY 4: TOURISM AND CULTURAL AND NATURAL HERITAGE	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Number of attractions in the programme area. - Historical links and long tradition of cooperation and joint cultural and social space of programme area. - Favourable geo-position. - Long lasting tradition of tourism in the programme area. - Continually growing number of tourists in the programme area. - Rich cultural heritage and natural resources existing. - Long coastal area in the southern part of the 	<ul style="list-style-type: none"> - Under-utilized potential for tourism in some parts of the programme area (e.g. old towns and historically important sites in Bosnia and Herzegovina, Adriatic hinterland, etc.) as well as continental tourism in general in northern and eastern Croatia and continental tourism in Montenegro. - Insufficient number of globally branded destination. - Short touristic summer season. - Lack of financing for tourism in some parts of the programme area. - High pressure on public infrastructure in tourist

<p>programme area.</p> <ul style="list-style-type: none"> - High number of UNESCO protected sites. - High number of nature protected sites. - Existing tourism potential for wide range of tourism niches. - Coastal and marine tourism is well developed. - Programme area natural environment is ecologically clean. 	<p>areas during the summer season.</p> <ul style="list-style-type: none"> - Under-utilised capacity of public institutions managing protected areas. - Lack of standardisation in tourism service sector. - Tourist infrastructure in need for improvement (lack of different types of accommodation and services, insufficient road and railway connections to some areas, lack of tourist info points and other related facilities). - Insufficient capacity and resources for protection and preservation of natural resources. - The lack of resources for preserving cultural heritage.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Creation of new touristic attractions. - Creation of joint regional touristic offer. - Huge potential for further improvement of touristic offer. - Recognized need for raising awareness and skills in (further) development of investments/interventions of combining agricultural and food production with tourism sector services especially those targeting geographical origin of the products. - Increase in offer and demand for agro and eco-tourism. - Programme area has a huge potential for the diversification of tourist offer and further development of different tourism niches such as cultural tourism, cycle-tourism, memorial tourism, active tourism, city breaks, rural tourism, eco-tourism, gastronomy tourism, religious tourism, hunting, bird watching, adventure, wine, winter tourism, etc. - There is a potential for development of continental tourism (wine tourism, agro tourism, rural, etc.). - The wide range of buildings and sites of historical, archaeological and artistic interest in the programme area offers opportunities for cultural exchanges and joint activities. - Existing coastal & marine, continental and rural tourism offer an opportunity for connection in order to strengthen local and regional economy. 	<ul style="list-style-type: none"> - Lack of entrepreneurial spirit and skills for tourism in some parts of the programme area leading to decreased quality of tourist offer. - Lack of cooperation between different tourism stakeholders but also between different tourism niches (e.g. agricultural, health, culture sectors, etc.) in order to provide integral touristic offer. - Potential distortion of natural heritage due to fast growth of tourism sector without sustainable strategy.

THEMATIC PRIORITY 5: EDUCATION AND YOUTH	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> -Life-long learning programmes available in the programme area. -Programme area has strong University centers. -Increase in number of highly educated persons completing their studies each year. -Relatively high rates of secondary education in the programme area. 	<ul style="list-style-type: none"> -Vocational education is not in line with the labour market needs. -Lack of initiative among individuals for further education and life-long learning. -Low rates of persons completing higher education. -The seasonal jobs do not provide financial stability.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> -Existing university centers in the programme area can have stronger role in providing quality labour force. -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. -Increase need for entrepreneurial skills among young people as a potential for self-employment. -Opportunity for unemployed youth to work in seasonal jobs, e.g. tourism. -Joint incentives of 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. 	<ul style="list-style-type: none"> -Difficult economic situation in all three countries leads to lack of opportunities for employment. -Lack of opportunities for the employment.results in emigration of youth. -Increasing brain drain from all 3 countries.

THEMATIC PRIORITY 6: LOCAL AND REGIONAL GOVERNANCE, PLANNING AND CAPACITY BUILDING	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Existing cooperation established through CBC programmes 2007 – 2013. - Best practice models available in the programme area. 	<ul style="list-style-type: none"> - The delivery of public services is not in full compliance with the needs of the users in the programme area. - Lack of joint strategic planning for development in the programme area. - Difficult coordination between local and regional stakeholders due to the fragmentation of the programme area. - Lack of dissemination of good practice examples in inter-municipality and inter-county/districts relations. - Lack of a professional human resource management system for civil servants in local and regional governments.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Recognized need for increase of capacities among civil servants in the 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 in the area of anti-corruption in public service. - Increased financing through CBC programme 2014 – 2020 will enable stronger cooperation of institutions. - New initiatives through CBC programme 2014 – 2020 in a field of tourism, cultural exchange, SME development, strengthening of education, etc. - 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. 	<ul style="list-style-type: none"> - Slow progress in fight against corruption. - Low awareness among citizens/public on corruptive methods and behaviours. - Possible changes in the accession processes are 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.

THEMATIC PRIORITY 7: COMPETITIVENESS AND SME DEVELOPMENT	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - SMEs in tourism sector well developed in the coastal area. - Existing infrastructure (business zones, centres for technological development, business incubators) in the programme area. - Existing cooperatives in agriculture sector. - SME sector employs the highest number of persons out of total labour force. - SME sector has significant role in export in the programme area. 	<ul style="list-style-type: none"> - Lack of local products branding. - Lack of joint breakthrough in the regional and international markets. - Programme area is significantly lagging behind EU in terms of economic performance. - Lack of R&D and innovation in SMEs in the programme area. - GDP lagging behind EU average. - Entrepreneurial skills and spirit are in general low. - Lack of foreign direct investments in the programme area. - Lack of capacity of entrepreneurs. - Business support institutions do not respond completely to needs of entrepreneurs.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - SME sector presents an opportunity for strengthening of local and regional economies. - Good potential for organic/eco production due to low pollution level and quality of soil (lack of big industries and polluters in past 23 years) and growing trend in organic/eco agriculture in all 3 countries. - Existing and potential transport system and services (e.g. airports and sea/river ports) can create opportunity for SMEs development. - Strong potential for SMEs clustering in the programme area (e.g. olive oil production, wine or honey routes, IT) as an opportunity for joint breakthrough in the regional and international markets. - Recognized need for further capacity building in SMEs in dealing with business barriers; using different sources of financing, using services of existing business support institutions, etc. - Existing business support institutions have great potential to increase their impact on SME/economy development through increasing quality of their service. 	<ul style="list-style-type: none"> - Frequent changes of legislative framework which influences ability to plan long-term. - Existing customs regime between the countries. - Possible restrictions in movement of persons and goods with partner countries once Croatia joins the Schengen Area. Lack of diversified financing for SME sector has negative impact on entrepreneurship.

THEMATIC PRIORITY 8: RESEARCH, TECHNOLOGICAL DEVELOPMENT, INNOVATION AND ICT	
STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Existing infrastructure (business zones, centres for technological development, business incubators) in the programme area. - University centres in the programme area. - Set of competitiveness clusters based on triple helix principle already established in food and processing industry, wood industry, pharmaceutical and health industry, shipbuilding and energy. 	<ul style="list-style-type: none"> - Spending of GDP on R&D in all three 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 private sector. - The three countries are lacking specialization strategies for development of smart industries. - Collaborations between the private and public sector and R&D actors are few and insufficient. - The private sector is technologically weak, resulting mainly from the low volume and low investments into R&D of the private businesses. - The three countries are lacking commercialization of R&D innovative products.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - Programme area has number of business support institutions and universities that have potential for more active role in promotion of R&D and innovation. - Potential for implementation of innovation strategies. - Recognized need for raising awareness and building capacities among youth on innovation. - The potential of R&D in rural development and agriculture. - The potential of ICT in the rural and remote areas of the programme area. - Growing need for commercialisation in the innovative products in the programme area and share of best practice. 	<ul style="list-style-type: none"> - Lack of cooperation between scientific and private sector. - Trend of decrease in the number of total researchers. - Global market and strong competitive world players leaving behind countries with low level of investment in R&D and innovation sector.