



Brod – Posavina County



REGIONAL OPERATIONAL PROGRAMME 2005 – 2012



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The Environment of Brod-Posavina County



FORWARD TO ENGLISH VERSION: This document is based on the Croatian version, which was written by members of the County with assistance given by international and domestic consultants, and the appointed County Regional Partnership Committee. This document is not a precise translation of the Croatian version. It is faithful to strategic intent, structure, style and broad content of the Croatian version. This document differs from its Croatian version as (a) vernacular English is often used, (b) summary analyses and conclusions have been added to key sections, and (c) a range of statistics of interest to Croatian audiences, but not necessarily so to other audiences, have been condensed or excluded. It should be emphasized, however, that the County and the Regional Partnership Committee “own” and are responsible for both the Croatian and English versions of the *Regional Operational Programme* report.



ACKNOWLEDGEMENTS

The Brod-Posavina County wishes to thank all the participants that have made their contribution to the development of the Brod-Posavina County Regional Operative Programme for the period of 2005. – 2012.

We would especially like to express our gratitude to Ms. Branka Novosel, a consultant with the IMC Consulting, for her extraordinary effort and commitment - she had been visiting the Brod-Posavina County on an almost weekly basis during the development of the ROP. Her inexhaustible energy and desire to attain top results have been a source of inspiration for all the other stakeholders in the process. We would also like to express our gratitude to consultants Dr. Nicholas Miles, Christian Weltzien and Davor Ilijašić for their valuable contribution in the development of this document.

We extend our gratitude to the representatives of the European Commission Delegation in the Republic of Croatia, particularly to Task Manager, Mr. Florian Hauser.

A significant role in the development of the ROP had been played by the expert services of the Brod-Posavina County, which, led by their coordinator within the ROP development Workgroup, Mr. Marko Pavić, took on the greatest part of workload related to the organization of the entire endeavour. We would therefore like to thank all the heads of the county administrative bodies, as well as their deputies and the representatives of the county support institutions (Centre for technological development and LEDA) for their contribution.

We wish to thank the Regional Partnership Committee of the Brod-Posavina County, headed by their coordinator, Mrs. Anica Radman, for their role as advisors and their recommendations in all stages of ROP development. Their role and contribution were of immeasurable value as they have represented the entire population of the Brod-Posavina County.

Last, but not the least, we would like to thank all the companies, institutions, organizations, citizens' organizations, local self-government units and individuals for putting forward project ideas and proposals, the realization of which will hopefully bring to life the vision of the Brod-Posavina County in 2012.



PREFACE

Foreword by County Prefect

The Brod-Posavina County introduces its Regional Operational Programme (ROP) – a midterm development document for the period of 2005 to 2012.

The preparation of this programme lasted for 10 months, and it involved contribution from numerous Croatian experts from various fields, supported by domestic and foreign consultants. Innovative feature of this document is that it has been developed in cooperation between public and private sector. Experts from county's departments and supporting institutions were working in the Workgroup (public sector) and were supported by consultancy and supervision from civil and private sector representatives assembled in the Regional Partnership Committee. The document had been revised in all the phases of its elaboration and consensually accepted, whilst the methodology and respected principles were in line with procedures usually applied in the countries of the EU for documents of this type.

Upon detailed basic and SWOT analysis of the Brod-Posavina County, we have defined a vision of the county for the year 2012, as well as the goals, priorities and measures aimed at bringing this vision to life. The ROP strategy and the criteria for the selection of projects to be funded have been defined. We have received 250 project proposals from all domains of the society. The ROP implementation plan has also been prepared (institutions, implementation mechanisms and financing). Thus, everything has been prepared within the document, but the most important step is still ahead of us - the implementation of the ROP.

We do not wish for the ROP to be yet another document without any effects on the realization of the real benefits. We wish for it to be an efficient tool for attracting the investments from local and especially from foreign funds, funds to be used for financing concrete projects in the area of economic and social infrastructure. In order for us to succeed, it is imperative that we increase our absorption capacity, which calls for investing in knowledge, education and training of our personnel.

I am confident that the Brod-Posavina County will have the strength, knowledge and potential to bring its vision to life.

PREFECT

Šimo Đurđević, prof.



Foreword by the Coordinator of Regional Partnership Committee

The Regional Operational Programme of Brod-Posavina County is an important project, the completion of which brings us a step closer to the European Union. Its development and later implementation will contribute to the development of the Brod-Posavina County on a higher level. This is the very first time that the representatives from all development sectors - civil, business, health, social and infrastructural - have been cooperating on the elaboration of a development plan for our community. The representatives are gathered in the Partnership Committee, consisting of 23 members. The Partnership Committee has played an important role in representing the true needs of the citizens of Brod-Posavina County. The work of the Partnership Committee will contribute to a better defined distribution of financial resources from the EU pre-accession funds and other donators.

It is the implementation of the projects within the Regional Operational Programme that is expected to yield palpable results in the overall development of the Brod-Posavina County, which will lead to a considerable improvement of standard for all of its citizens.

The profuse support of the prefect, the Workgroup, the employees of the Administrative department for economy, entrepreneurship and crafts and consultants of the IMC Consulting, as well as the input of the wider community, enabled the Partnership Committee to successfully complete its tasks and contribute to the realization of set goals within the vision of the Brod-Posavina County.

**COORDINATOR OF THE
REGIONAL PARTNERSHIP
COMMITTEE**

Anica Radman



EXECUTIVE SUMMARY

The potential of the County is significant; so are its problems

The development potential of Brod-Posavina County is significant. Unfortunately so are the difficulties facing the County. High unemployment, low incomes, a lack of commercial investment, and inadequate physical, economic and social infrastructure characterise the County which has suffered from devastation following the Homeland War, the difficult transition to a free market economy, and the problematic privatisation of state industrial assets.

A Development Plan is required; a ROP

Many citizens and many businesses in the County are struggling. A comprehensive development plan for the County is required. Such a plan is presented within this report. The plan is entitled the “Regional Operational Programme (ROP) for Brod-Posavina County, and has been made possible through support given by the European Commission (2004 CARDS programme). The ROP is the first comprehensive development plan that has been devised for the County *by the County and its stakeholders* (primarily represented by the County partnership group). The Brod-Posavina County ROP has been devised *by the people of the County*. The plan makes direct reference to the national development priorities and agendas, but is primarily oriented to the benefit of the people and businesses of the County.

The ROP is to be used to attract funds to the County

The ROP is an instrument to be used by a Brod-Posavina County to present a strategic and coherently structured development plan to a number of funders, including the Croatian government, the EC, and a range of bilateral and multilateral donors. In the immediate, the objective of the ROP is to ensure that the County can effectively and efficiently use EU pre-accession funds (through the CARDS programme), and EU Structural Funds as and when these funds become available to Croatia.

The ROP will create an enabling and facilitating environment

The ROP involves the identification of key development priorities and will be implemented largely through public sector led projects which enable and facilitate the private sector and civil society to grow and develop. The former creates “wealth” within the County. The latter leads to improved participatory democracy.

The ROP focuses on the provision of infrastructure programme and projects

The ROP will create a favourable environment primarily through the provision of physical, economic and social infrastructure projects that are required in order to overcome the identified blockages on the development of the County, and enable and facilitate the private sector and civil society to realise the identified commercial and social developmental opportunities and potential of the County. Examples of the required infrastructure projects include the expanded provision of water supply, improved waste management, the development of the roads network, improvements to the training systems, assisting key NGOs, and the provision of advice for the business community. The intention is that the delivery of such projects will enhance the asset base of the County, and change the composition of those assets, so promoting the development of a new and vibrant business model for the County.



The public sector is important

The ROP, at least during its initial years, will be *public sector led*, and will focus on helping the businesses of the County develop commercial activities that collectively raise aggregate income. The ROP will also focus on helping civil society improve the structure of participatory democracy and develop social support systems that enhance aggregate social welfare.

The ROP begins with a vision and a strategy, but projects are vital

The agreed 2012 vision focuses on reducing unemployment and raising living standards through the promotion of the economic activities based on sustainable use of natural resources and tradition and inter-sectored partnerships:

OUR 2012 VISION

In 2012 Brod-Posavina County will be a centre of renewed industrial development, with domestic and high value added foreign firms located in a number of business parks and zones sited near to the motorway. These firms will employ many graduates from the County educational institutions that have been improved. The County will be known for its renewed commercial agriculture and its organic agricultural produce which in 2012 is sold across the EU. The standard of living of the inhabitants of the County will have improved and by 2012 will be approaching the EU average. The County will also be known for its efforts to protect the environment and use the natural resources of the area in an appropriate and sustainable manner. Much of this success will be due to the combined efforts of the public, business and civil sector.

Four key development objectives, based on the Vision for the County, were formulated and agreed by the County and the Regional Partnership Committee:

1. Strengthening the economy in a manner leading to significant and lasting reduction in unemployment.
2. Provide infrastructure required for the expansion of businesses and the sound management of the environment.
3. Enhanced development of the educational system in a manner that is relevant to the economy.
4. Development of social infrastructure aiming to improve the position of vulnerable groups.

Specific projects that implement the vision and which are considered to be a priority for the County include:

Economic Infrastructure

- *Establishment of centre for new technology* in Slavonski Brod. A feasibility study and business plan for the centre will need to be drawn up. This will include a medium term strategy for funding beyond EU support.



- ***A pilot project for educating textile workers*** in a joint initiative between textile companies from Croatia and students. This project is to be devised by the companies concerned, the Labour Offices and existing professional schools.
- ***The establishment of a newsletter and training programme for rural residents*** on the types of activities that receive support from the Croatian government or the European Commission.
- ***Development of a “wine road” in Požega-Slavonija and Brod-Posavina Counties*** including rural tourism and income generating activities.
- ***The establishment of a grant scheme for producer groups*** such as the vegetable growers association that is trying to make irrigation services available to its members.
- ***Development of a Development Centre for Nova Gradiska industrial park***
- ***Technical support to business zones management, regional marketing and attraction of foreign investments.*** Particular support is needed to manage the Nova Gradiska industrial park and the North business zone east of Slavonski Brod.

Physical Infrastructure

- ***Garčin infrastructure (waste water) project*** which involves developing a solution for a group of municipalities. Estimated overall cost is approximately €5 million and the wider impact could be substantial.
- ***Regional Water supply project Eastern Slavonija*** intends to solve the problem of drinking water supply to the Eastern part of Brod-Posavina County, Vukovar-Srijem and Osijek-Baranja County. Overall project cost is estimated at Kuna 670 million for all three counties.
- ***Regional Water supply project Western Slavonija*** covers a number of municipalities, and aims at solving the water supply shortcomings for 20,000 people. The total budget for the project is 125 million Kuna, of which 60 million is asked from the ROP.

Social Infrastructure

- ***Citizens Advice and Legal Assistance Centre*** in Slavonski Brod. In order to access the government programme the centre must become accredited legal aid centre and requires support to prepare for accreditation and programme development to reach this status.
- ***Support for NGOs.*** The ROP will investigate ways to increase participation of citizens in decision making. A full project concept, participation and implementation plan will be drawn up. This could be used as a pilot project for other counties in Croatia.
- ***The development of well formulated project in the health and social care sector is a priority.*** The need is high and there are a number of ideas that were submitted. However, they will require further project development work. It will be important to develop and package projects in this sector before the end of 2005. This could also result in a number of pilot activities to test new ways of providing services.

A full list of ALL project ideas is given in the Appendix and shown on maps overleaf:



Brod-Posavina County - ROP Project Ideas Economy and Trade



Brod-Posavina County - ROP Project Ideas Agriculture



Brod-Posavina County - ROP Project Ideas Infrastructure





Brod-Posavina County - ROP Project Ideas Social-Education



Implementing the ROP

The elected County Assembly and the county executive are at the heart of ROP delivery. Within the County a Programme Management Unit (PMU) will be established to co-ordinate ROP delivery. The main task of the PMU is to establish appropriate management and co-ordination procedures and ensure that procurement mechanisms are in place and in line with Croatian, EU and other potential donor's requirements. In addition the PMU will be in charge of communicating effectively between the County Council Assembly, the Brod-Posavina County Development Partnership and the other stakeholders in the process. Beside the County Assembly and its leadership the "Partnership" is the most important body within the ROP implementation system. The "Partnership" is a new vehicle set up as part of the ROP formulation process and will remain one of the most important features in ROP implementation.

The County has a well established and functioning regional development agency within the existing institutional structure for the implementation of regional development programmes. The Agency is currently registered as a limited liability company and is partly owned by the County. This agency is an important resource for the county. It is experienced in developing and formulating projects for foreign and national donors and has developed a reputation as a reliable partner where project development is concerned. The Agency is very close to the County and will in future move into County offices in order to actively support ROP implementation.

Other key institutions to be involved in the delivery of the ROP include; Non governmental and community based organisations and of course the private sector which may be regarded and is the main driver for the sustainable generation of wealth and jobs. A competitive economy then has to be put into position to generate jobs based on the competitiveness not on job creation programmes. Neither the private sector nor the NGO/CBO sector are particularly well organised in the region, but both are fully represented in the partnership and are considered core partners in implementation of the ROP.

A summary of the organisational responsibilities vis-à-vis the ROP is given overleaf:



Organisational responsibilities vis-à-vis the ROP

Organisation	Summary of Current Operations	Suggested Actions to Implement the ROP-Role and Responsibilities	Timeline; resource requirements
<i>County</i>	Elected representation and executive organ of the county.	Approves the ROP as a draft version and a final version. Has overall responsibility for implementation	Draft version 30 th June 2005, Final version end July 2005
<i>PMU</i>	To be established	Co-ordinates ROP and reports to County council and communicates effectively with partnership and individual stakeholders. Project preparation in line with donors' requirements.	August to September 2005. Resources are: 3 staff members, functioning offices able to communicate locally, nationally and internationally through phone, internet and other media
<i>Development Agency</i>	Project preparation for council and other clients	Support for project preparation as required, but in line with EC procurement limitations.	Fully resourced, additional office space will be provided by county council by September 2005
<i>Regional Partnership Committee</i>	Is established and meeting regularly to contribute to the ROP formulation.	Advisory body to County Council and stakeholder forum. ROP and ROP projects will have to be reviewed in writing by the Partnership to go to council for decision.	Little additional resources at the moment may require overhead coverage and key staff in future.
<i>Private Sector</i>	Is currently investing in opportunities as they arise. Little strategy and little guidance available.	Key stakeholder responsible for creating wealth and sustainable jobs. Will need to make its concerns heard and ensure that they are included in the implementation through the partnership and other fora.	A matter of improved organisation and willingness to communicate from the county and the private sector. Need may arise for improved representative organisations.
<i>NGOs</i>	Is currently more active than initially judged. Very successful at drawing additional funds in the region despite enormous financial constraints and little support.	Key stakeholder together with the private sector. Both are drives of the local economy and employment generators. Both the NGO sector and the County council NGO co-ordination unit are not well organised and complain about each other without attempts at dialogue from either.	Will need to create the platform for constructive dialogue between public and NGO sector as well as between private sector and NGOs. Funding strategy will need to be drawn up, debated and established.
<i>National Ministries</i>	Is highest technical hierarchical unit involved in ROP preparation. Leads the process through basic guidelines and regulatory support	Co-ordination of the various funding streams to allow effective and efficient interface between ROP based projects and outside funds. Overall monitoring of performance and development of further policy guidelines	Under resourced to accomplish this task. Additional expertise required in joint donor funding mechanisms, development of policy management and development of monitoring and assessment.



Funding the ROP

Funding and finance is too often the sole focus of development planning. This is dangerous as the County will have to retain control of development processes and themes to attract funding into the projects that will support the county development strategy. There is competition for funds as much as there is competition by donors and funding organisations for “good projects”. Good projects are priority projects that generate development in the direction which is specified in the strategy. *So the strategy drives the funding and not vice versa.*

In Croatia the funding situation is relatively good despite the high level of government borrowing. The Ministry for Sea, Tourism, Transport and Development is currently establishing a joint funding mechanism that co-ordinates most foreign donors such as the European Commission, the European Investment Bank and the World Bank into one overriding regional development funding mechanism. It is estimated at this stage that there is development funding available for Brod-Posavina County of € 150 Million over the next 10 years. This is a conservative estimate and excludes private sector investments and NGO/CBO investments.

Direct European Commission funding is initially € 2,500,000 which is available to date for key priority projects. Absorption capacity of the county, however, is very low at the moment and will need to be raised in order for the County to be able to absorb and effectively and efficiently use the funds available. Capacity building in the County and associated implementation institutions is vital (as is to be addresses through the ROP as well as through other development programmes initiated and sponsored by the National Government).

Given the current lack of financial headroom associated with the County and the compromised financial position of the municipalities of the County, the financing strategy is to access international donor financial assistance (including for example, finance from the EU, the World Bank, and USAID, DFID and other bilateral donors). The aim is to use the available EC funds to lever in and maximise the effects of funds available from the National Government and other multilateral and bilateral donors. As appropriate the County will provide counter-part funding in the form of “in kind” resources and financial resources. The long-term aim is to develop the tax and resource base of the County in order to greatly diminish the reliance on national government subventions and donor assistance.

It is fully recognised that each donor has their own requirements that must be satisfied before financing can be agreed. In general, the projects submitted to a donor must be the type of project that the donor wishes to fund, and must be fully justified (namely must conform to the prevailing development strategy of the area in which the project is situated, and must be accompanied by a positive feasibility assessment / cost-benefit analysis). It will be the tasks of the proposed County PMU to ensure the ROP projects are submitted to donors in an appropriate manner.



INTRODUCTION

The Importance of Local Development

The institutional ability to promote and manage socio-economic development at the local government level in Croatia is of increasing importance. The Government of Croatia has stated that it is committed to promoting *regional development*. To this end, and in accordance with the principle of *subsidiary*, a number of Central Government responsibilities and administrative functions have been decentralised to the Counties.

Being prepared for EU Structural Funds

Most importantly, the ability to effectively and efficiently promote and manage development at the local government level is crucial as our Country prepares for accession to the European Union (EU). When Croatia joins the EU the Country will have access to EU Structural Funds. These funds are used to financially support projects of a strategic nature in the regions of a member country which will improve the competitiveness of these regions and the economic and social welfare of their citizens. EU Structural Funds are delivered at the regional level. It is thus vital that local government, acting at the regional level, is capable of effectively and efficiently using these funds. In the more immediate term Croatia has access to pre-accession funds, much of which is also delivered at the regional level and through local government.

The Importance of the ROP

The Regional Operational Programme (ROP) for Brod-Posavina County is a comprehensive but time bound socio-economic development plan for the County (covering the period 2005-2012). It is the first comprehensive programme that has been devised for the County *by the County and its stakeholders* (primarily represented by the regional Partnership Committee established at the beginning of the ROP preparation period during 2004). The Brod-Posavina County ROP has not been devised for the County or imposed on the County; it is a programme that has been devised within the County by the people of the County. The plan makes direct reference to the national development priorities and agendas but is primarily oriented to the benefit of the people and businesses of the County.

The Objectives of the ROP

There are two fundamental objectives of the ROP. First, to devise a *development strategy, or "business plan", for the County*, the implementation of which will significantly improve the social welfare and economic prospects of the inhabitants and businesses of the County. Second, to build institutional and technical *capacity and capability* within the County so that the County (and any regional groupings of Counties that may voluntarily arise) can effectively and efficiently use EU pre-accession and Structural Funds as and when these funds become available. The two objectives are, of course, directly related.

The Implementation of the ROP

The implementation of the ROP will be achieved through a range of *projects* that have been identified, described and prepared as part of the ROP process. These projects are associated with demonstrable *developmental impacts* and range from physical infrastructure projects to business support measures, and actions that can be taken to foster the growth of a vibrant civil society. Many of these projects also address important EU development themes (often called "cross-cutting" issues) such as the promotion of information technology, focusing on sound environmental management and sustainability, and concern about gender equality and civil



rights. It is hoped and expected that many of these projects can be financially supported through the use of EU pre-accession funds. It is expected that the implementation of the ROP will considerably enhance the ability of the County to access EU Structural Funds once Croatia becomes a member of the EU.

The ROP as a Business Plan for the County

But the ROP is more than a document to submit to the European Commission (EC) in the hope that EU funds will subsequently and directly be forthcoming. A ROP is a business plan for the County and is likely to attract the attention of a range of bilateral and multilateral donors. Furthermore, the intention is that the ROP will attract financial support through the Croatian national investment budget. In general, the ROP is an instrument to be used by Brod-Posavina County to present a strategic and coherently structured development plan to a number of donors, including the Croatian government, the EC, and a range of bilateral and multilateral donors.

The ROP Preparation Process

The ROP has been prepared over a 10 month period commencing during the summer of 2004. Preparation involved numerous meetings with individuals and groups of local stakeholders and the formation of a Regional Partnership Committee. This Committee together with the County ROP working group were responsible for guiding the ROP process and writing the ROP report. They were assisted by local and international consultants from IMC Consulting of the UK (who were funded by the EC through the 2002 CARDS programme).

One of the most important initial tasks was to create the “evidence base”, namely the information and analysis required in order to make a robust assessment of the development challenges facing the County (see the diagram “*The ROP Preparation Process*” given overleaf). A series of workshops and conferences, attended by County officials and a wide range of local stakeholders, were held to review the evidence base and formulate the ROP Strategy and implementation plan:

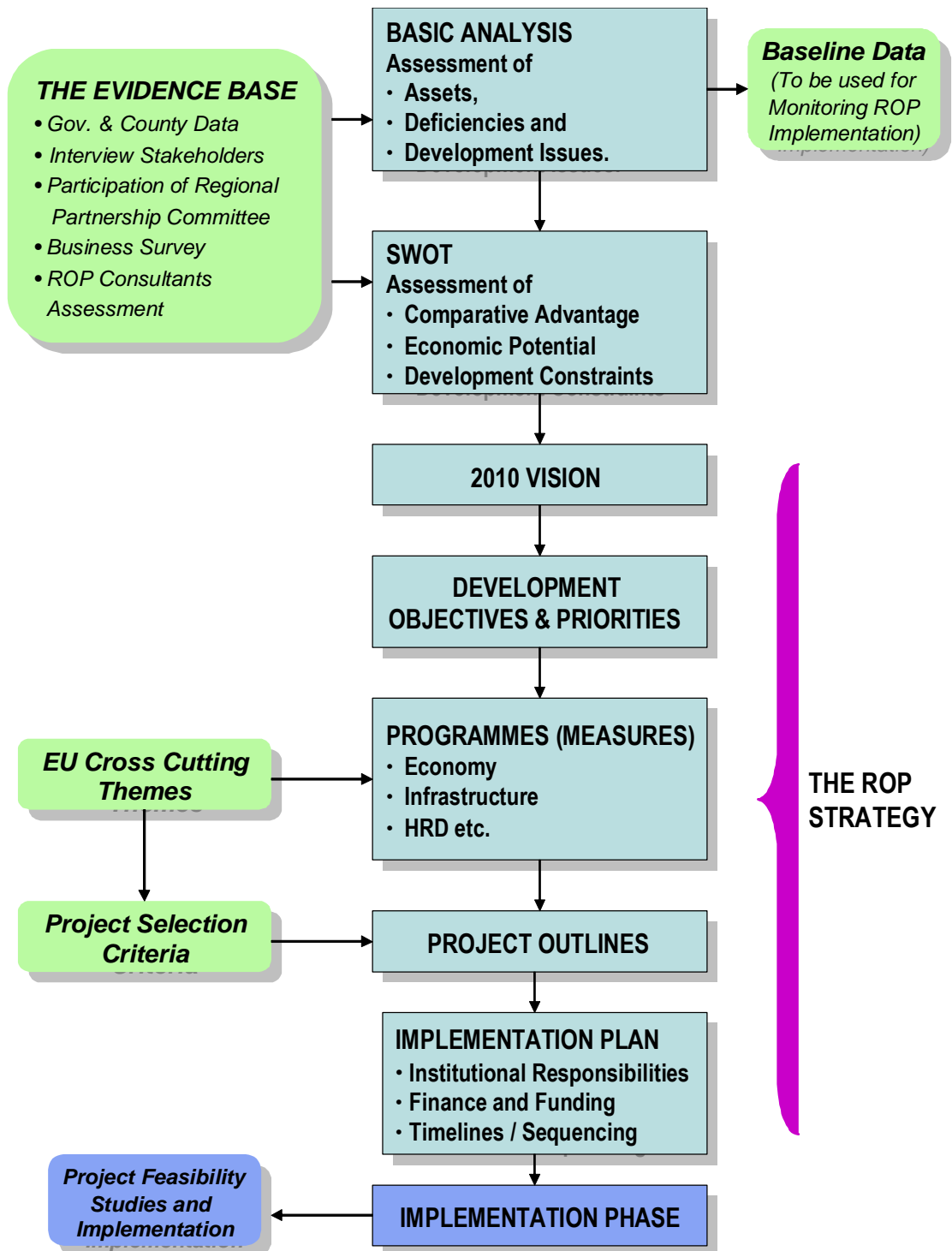
1. ***The “Basic Analysis” conference*** examined the key assets, deficiencies and development issues facing the County. It was during this conference that the Brod-Posavina Regional Partnership Committee of some 20 local stakeholders was formed. This partnership, together with the County ROP working group, spearheaded all subsequent conferences and workshops.
2. ***The SWOT and VISION conference*** examined the economic comparative advantage and potential of the County, and participants subsequently devised a 5-7 year development vision and key development objectives for their county.
3. ***The Strategy and Priorities conference*** led to the formulation of an over-arching development strategy for the county and the identification of key priorities and measures associated with the strategy.
4. ***The Project and Implementation conference*** identified and sought agreement on key project outlines, and on the way in which the development strategy and the projects can be implemented and funded.

As stated at the beginning of this introduction, the Government of Croatia has placed regional and local development, driven by local initiatives and the enthusiasm of local people, high on the political agenda. The ROP is a key instrument which will be used by a County government



and its public to initiate and accelerate economic development and social welfare improvements. Brod-Posavina County has fully grasped this opportunity and presents within this document our County Development Programme.

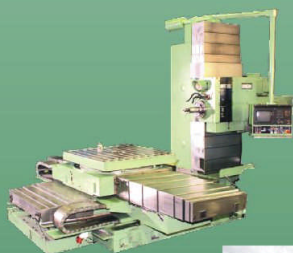
The ROP Preparation Process





BRODSKO-POSAVSKA ŽUPANIJA do 2010. godine

IZRADA REGIONALNOG OPERATIVNOG PROGRAMA ŽUPANIJE



- ◆ **Prošlost neka bude početak**
- ◆ **Bolja kvaliteta života**
- ◆ **Zajedno znamo više**
- ◆ **Zajedno smo jači**

**SADA JE PRILIKA - DAJMO
SVOJ DOPRINOS ZA BOLJI
RAZVOJNI PROGRAM
NAŠE REGIJE**

**UKLJUČITE SE U KONZULTACIJE I RASPRAVE
SA SVOJIM PRIJEDLOZIMA**

Radna skupina

Poster issued by the County describing the ROP process



Chapter 1: THE BASIC ANALYSIS

1.1 INTRODUCTION

The development potential of Brod-Posavina County is significant. The county is characterised by fertile agricultural land, tracts of forest resources, a strategic position that straddles major transportation routes and a range of infrastructure assets. Unfortunately during the past 15 years the prevailing political, social and economic conditions were not always conducive to development. These conditions include:

- the consequences of war devastation, and the occupation of the part of the County (associated with large number of refugees and displaced people);
- the difficult process of transition to a free market economy, and the problematic subsequent privatisation of state industrial assets;
- the fact that the foreign business partners felt unable to invest in the County;
- a continuing high unemployment rate; and
- a “brain drain” of those seeking a better life than could be attained given the prevailing situation in Brod-Posavina County.

In order that the development opportunities of Brod-Posavina County can be realised it is important that a strategic development plan is formulated and implemented. A key component of this development plan is a situational analysis, namely an analysis of the key assets and development issues characterising the County. The required situational or “basic” analysis is presented in this chapter.

The basic analysis outlines of the County’s geographical position, population and natural resources, institutional (administrative) organisation, data on the situation in the economy, infrastructure and social activities (health, social care, education, culture and other social activities) and analysis of the level of development of the civil society and the existing development strategies for Brod-Posavina County.

1.2 GEOGRAPHICAL POSITION

Brod-Posavina County is situated in the southern part of the Slavonian plain, in the area between the mountain of Psunj and Požeško and Diljsko mountains in the north and the Sava River in the south. The County encompasses a surface area of 2.034 km²; some 3.6% of the Republic of Croatia.

Brod-Posavina County is one of the narrowest and longest Croatian counties that in the east borders with Vukovar-Srijem County, in the north-east with Osijek-Baranja County, in the north with Požega-Slavonija County and in the west with Sisak-Moslavina County, while the southern border of the County extends along the Sava River which is at the same time the interstate border between Republic of Croatia and Bosnia-Herzegovina. There are five interstate border crossings, three of which are in the category of large border crossings. There is considerable traffic of goods, people and services across these borders.



The County can be divided into three areas; mountain-country, lowlands and plains. Mountain-country consists of gentle mountains covered with woods with the maximum height above sea level of 984 m (Psunj). The plains constitute the largest part of the County, and are a part of the fertile Slavonian plain. The lowlands comprise the area around the Sava River. This is the Sava floodplain. It is well protected from the high waters of Sava and is characterised by a network of canals. The County experiences a moderate continental climate. The rich resources of water, woods and fertile soil, navigable river and significant continental European roads are all important assets that should ensure a highly developed economy and culture.

1.3 POPULATION

According to the 2001 census Brod-Posavina County has 176,765 inhabitants, virtually the same number as was recorded by the 1991 census (see Table 1.1). Population numbers did rise in the early 1990s but declined following the war in the mid 1990s. Between 1991 and 2001 there was a small increase of the share of population living in towns. In 2001 45.5% of the total population was urbanised, while 54.5% lived in the rural areas (see Table 1.1 and 1.2).

Population Change, Densities and Urbanisation

The biggest decrease in population numbers is recorded in the areas that were engulfed by war, namely areas of special state concern (i.e., the municipalities of Dragalić, Stara Gradiška, Okučani and Gornji Bogićevci), where population numbers in 2001 were 20-50% smaller than in 1991. The whole of the former municipality of Nova Gradiška (today the town of Nova Gradiška and 10 municipalities) has fewer inhabitants today than it did in 1991. Significant population decrease is also visible in formerly strong economic centres such as Staro Petrovo Selo, Nova Kapela and Orivac, which is a consequence of the combined effects of the war and the near collapse of large companies following the difficult transition to a free-market economy.

The population of the County is urbanising; the largest increases in population between 1991 and 2001 were in the town of Slavonski Brod and the suburban municipalities of Bukovlje, Gornja Vrba and Sibinj.

There are 87 inhabitants per km² in the County, which is greater than the average for the Republic of Croatia (78.4 inhabitants per km²). The population density in towns and municipalities varies, but the highest density is recorded in the towns. Of all the municipal centres the most densely populated are the suburban municipalities of Gornja Vrba and Bukovlje, and the border-municipalities Slavonski Šamac and Sikirevci, which until 1997 were one municipality. The reason for this relatively high density is that these municipalities were populated by the refugees from Bosnia-Herzegovina. The smallest population densities are found in municipalities in the areas badly affected by the war (namely, Dragalić, Stara Gradiška and Okučani) and in the municipality Podcrkavlje in the mountain part of the County.



**Table 1.1: Comparison of the population in 1991 and in 2001
in towns and municipalities**

Units of local government (towns)	Population number 1991	%	Population number 2001	%	Change in population number (+/-)	Change in population number (%)
Slavonski Brod	57.229	32,70	64.612	36,55	+ 7.383	+ 12,90
Nova Gradiška	17.071	9,76	15.833	8,96	- 1.238	- 7,25
Total towns	74.300	42,46	80.445	45,51	+ 6.145	+ 8,27
Units of local government (municipalities)						
Bebrina	3.464	1,98	3.541	2,00	+ 77	+ 2,22
Brodski Stupnik	3.267	1,87	3.526	1,99	+ 259	+ 7,93
Bukovlje	1.622	0,93	2.739	1,55	+ 1.117	+ 68,86
Cernik	4.661	2,66	4.235	2,40	- 426	- 9,14
Davor	3.458	1,98	3.259	1,84	- 199	- 5,75
Donji Andrijevc	4.180	2,39	4.393	2,49	+ 213	+ 5,09
Dragalić	2.715	1,55	1.282	0,73	- 1.433	- 52,78
Garčin	5.542	3,17	5.586	3,16	+ 44	+ 0,79
Gornja Vrba	1.991	1,14	2.559	1,45	+ 568	+ 28,53
Gornji Bogičevci	2.900	1,66	2.319	1,31	- 581	- 20,03
Gundinci	2.186	1,25	2.294	1,30	+ 108	+ 4,94
Klakar	2.294	1,31	2.417	1,37	+ 123	+ 5,36
Nova Kapela	5.689	3,25	5.118	2,90	- 571	- 10,04
Okučani	5.712	3,26	4.224	2,39	- 1.488	- 26,05
Oprisavci	3.240	1,85	2.942	1,66	- 298	- 9,20
Oriovac	6.860	3,92	6.559	3,71	- 301	- 4,39
Podcrkavlje	2.553	1,46	2.683	1,52	+ 130	+ 5,09
Rešetari	5.627	3,22	5.171	2,93	- 456	- 8,10
Sibinj	6.886	3,93	7.549	4,27	+ 663	+ 9,63
Sikirevci	2.755	1,57	2.707	1,53	- 48	- 1,74
Slavonski Šamac	2.665	1,52	2.649	1,50	- 16	- 0,60
Stara Gradiška	2.531	1,45	1.717	0,97	- 814	- 32,16
Staro Petrovo Selo	7.175	4,10	6.352	3,59	- 823	- 11,47
Velika Kopanica	3.557	2,03	3.570	2,02	+ 13	+ 0,36
Vrbje	3.210	1,83	2.906	1,64	- 304	- 9,47
Vrpolje	3.958	2,26	4.023	2,28	+ 65	+ 1,64
Total municipalities	100.698	57,54	96.320	54,49	- 4.378	- 4,35
Total County	174.998	100,00	176.765	100,00	+ 1.767	+ 1,01

Source: State government office in BPC, Economy service, department for statistics



Table 1.2: Territorial distribution of population according to density in 1991 and 2001 in towns and municipalities

Units of local government (towns)	Population number 1991	Population density 1991 (per km ²)	Population number 2001	Population density 2001 (per km ²)	Increase/decrease per area
Slavonski Brod	57.229	1.145	64.612	1.292	+ 147
Nova Gradiška	17.071	341	15.833	317	- 24
Total towns	74.300	743	80.445	804	+ 61
Units of local government (municipalities)					
Bebrina	3.464	34	3.541	35	+ 1
Brodski Stupnik	3.267	57	3.526	62	+ 5
Bukovlje	1.622	71	2.739	119	+ 48
Cernik	4.661	36	4.235	33	- 3
Davor	3.458	80	3.259	76	- 4
Donji Andrijevc	4.180	73	4.393	77	+ 4
Dragalić	2.715	45	1.282	21	- 24
Garčin	5.542	58	5.586	58	0
Gornja Vrba	1.991	100	2.559	128	+ 28
Gornji Bogičevci	2.900	63	2.319	50	- 13
Gundinci	2.186	38	2.294	40	+ 2
Klakar	2.294	42	2.417	45	+ 3
Nova Kapela	5.689	44	5.118	40	- 4
Okučani	5.712	36	4.224	26	- 10
Oprisavci	3.240	50	2.942	45	- 5
Oriovac	6.860	74	6.559	71	- 3
Podcrkavlje	2.553	27	2.683	28	+ 1
Rešetari	5.627	104	5.171	96	- 8
Sibinj	6.886	61	7.549	67	+ 6
Sikirevci	2.755	92	2.707	90	- 2
Slavonski Šamac	2.665	116	2.649	115	- 1
Stara Gradiška	2.531	33	1.717	22	- 11
Staro Petrovo Selo	7.175	52	6.352	46	- 6
Velika Kopanica	3.557	52	3.570	52	0
Vrbje	3.210	40	2.906	36	- 4
Vrpolje	3.958	65	4.023	66	+ 1
Total municipalities	100.698	52	96.320	50	- 2
Total County	174.998	86	176.765	87	+ 1

Source: State government office in BPC, Economy service, department for statistics



The demography of the County is also cauterised by the presence of a significant number of Croatian refugees from other parts of former Yugoslavia, mostly from Bosnia-Herzegovina. These refugees live mostly in towns (especially Slavonski Brod) and in Okučani municipality.

Population Gender, Age and Ethnic Distribution

Women make up 51.47% of population in Brod-Posavina County, and men 48.53%. The age structure of the population is relatively balanced. Some 25% are below 20 years of age, with around 20% 60 years of age or older (though women dominate in this older age group). The remaining 55% are between 20 and 59 years old, and characterised by a balanced split between men and women (See Table 1.3).

Table 1.3: Population of Brod-Posavina County according to age and gender (census 2001)

Age/gender	Men	Women	Total
0 – 9 years	11.582	11.012	22.594
10 – 19 years	12.774	12.141	24.915
20 – 29 years	12.225	11.461	23.686
30 – 39 years	12.382	11.868	24.250
40 – 49 years	12.907	12.009	24.916
50 – 59 years	9.090	9.483	18.573
60 – 69 years	8.863	11.555	20.418
70 and more	5.518	10.903	16.421
Unknown	446	546	992
Total	85,787	90,978	176,765

Source: State government office in BPC, Economy service, department for statistics

According to the 2001 census, Croats dominate the County population; – there are 166.129 Croats, making up 93.95% of the total population in the County. Of the other nationalities the most numerous are Serbs with 3.02% of the County's population (5,347). Other nationalities are represented in only very small numbers (0.33% of the Romanies, 0.21% of Bosnian Muslims, 0.18% of Ukrainians, 0.16% of Albanians etc.).

As can be deduced by reading of the above population data, the future development of Brod-Posavina County, and the demographic and economic revival of the more disadvantaged areas of the County, must be one of the main priorities of the regional operational plan (ROP). Most important is the economic and cultural revival of towns and municipalities, areas destroyed or badly affected by the war, and areas around the Sava River and in the mountains.



1.4 ENVIRONMENT AND NATURAL RESOURCES

Threatened Environmental Assets

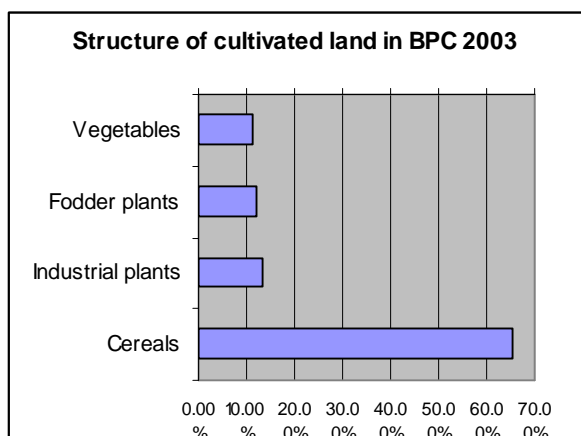
Brod-Posavina County is characterised by fertile and potentially very productive land. The County contains a number of protected natural areas (see Table 1.4). The various biotypes found in the County are favourable for the development of numerous fauna. However, many areas and fauna types are endangered for the following reasons:

- disappearance of habitats due to the expansion of urban areas;
- changes of habitats due to their destruction, degradation and/or fragmentation;
- environmental pollution of soil, water and air due to industrial and domestic pollution including untreated wastewater;
- over-exploitation of the natural sources due to hunting, poaching, logging, collecting, and other unregulated activities;
- the introduction of foreign species into the ecological systems; and
- inadequate environmental protection measures, which, furthermore, are not clearly integrated into the planning process.

Table 1.4: Protected natural areas in Brod-Posavina County

1	Lonjska valley	nature park (part with a surface of 3.072 ha)
2	Prašnik	special forest vegetation reserve, surface of 53,35 ha
3	Muški bunar	special forest vegetation reserve, surface of 41,85 ha
4	Bara Dvorina	special ornithological reserve, surface of 726,20 ha
5	Jelas-fish-ponds	special ornithological reserve, surface of 124 ha
6	Jelas-plain	significant landscape, surface of 19.520 ha
7	Gajna	significant landscape, surface of about 500 ha

Given the increased threat to natural resources the County Assembly decided (on its 29th session held on 28th June 2004) to establish a public institution in charge of managing the protected natural areas of Brod-Posavina County.



The County has a significant advantage in agricultural land. There are 116,390 ha of agricultural land, 89% of which is currently cultivated. The largest share of the land is used to cultivate cereals and garden produce, namely, 88.883 ha or 85.8%, which demonstrates that the cultivation of agricultural land in Brod-Posavina County is much more intensive than in Croatia, where this share is only 73%.



Due to the favourable geographical, soil and climatic conditions of the County the potential exists to expand the production of fruit and vegetables, and viticulture. These three crops could generate a larger income per surface area unit than cereal farming and cattle breeding.

As well as quality agricultural land, the County is also characterised by large tracts of forest, and important water resources and minerals. Regarding forests and woodlands:

- ✚ There are some 61 hectares of forests in the County, which makes up some 33.3% of the County's territory.
- ✚ Around 51 hectares, or 84.3% of the forests, are owned by the State, while some 9.6 hectares or 15.7% are in private ownership.
- ✚ It is estimated that 87% of the forests owned by the state are suitable for exploitation, while only 13% of the forests are not approachable because they are the site of mining operations.

The exploitation of mineral raw materials (including stone and brick clay) is a significant industrial resource of the County. The exploitation of technical stone is allowed in two areas – the exploitation field 'Giletinci' (in Cernik municipality) with an estimated annual production of 80.000 m³ of solid rock, and the exploitation field 'Fukinac' (in Okučani municipality) with an estimated annual production of 90.000 m³ of solid rock.

Sand and gravel from the renewable deposits of the Sava river bed are exploited thus generating an income for the holders of the concessions enabling them to work on these deposits. The County also receives an income in the form of one-time or annual concession rate. Applicants for concessions for the gravel exploitation were invited in the years 2000 and 2001 to submit their proposals and 16 locations on the Sava River were given to nine concessionaires. During the year 2003, 161.360 m³ of gravel and 20.734 m³ of sand were extracted, which generated an income of 283,493 Kuna for the County.

The area of Brod-Posavina County is not renowned for its tourism industry. However the industry could develop based on the County's natural but inadequately used resources. In particular the hunting and fishing potential of the County (around Radinje, Migalovci, Gradiška brda, Puavice) is significant, and the biggest fish-farms in this part of Europe are situated alongside the rivers Sava, Orjava, and Mrsunja. The smaller rivers and clear brooks are highly suitable for wild duck and goose hunting and recreational fishing. It is also important to mention numerous resorts (e.g., Strmac, Ljeskove vode, Migalovci, Petnja etc.), protected landscapes (e.g. Gajna, Prašnik, Muški bunar, Lonjsko polje) and the historic, though dilapidated, fort of Slavonki Brod.

Waste Water Pollution

Most liquid waste from towns and municipalities in the County are discharged into the Sava River. The Sava River is a state border, so untreated liquid waste from Bosnia-Herzegovina also adversely affects its quality. The main causes of pollution are the non-purified waste liquids from domestic and industrial buildings, as well as liquid waste from slaughterhouses, farms, agricultural areas and illegal and unmanaged waste dumps ("fly tipping" is a problem in the County).



The Sava River belongs to the *type II water* according to the Regulation on the classification of waters (Official Gazette No. 77/98). Water quality does vary as indicated by measurements of microbiological indicators, nutritional substances, the concentration of mineral oils, and occasionally even the regime of oxygen. Research results on other larger water-flows in the County indicate that there is an increase in the concentration of nutritional substances, microbiological indicators and the oxygen regime.

Pollution of the valuable water resources of the County is a major issue that needs to be addressed by the County. A plan to control pollution and ensure sound environmental protection is being designed at the time of writing of this report.

Inadequate environmental monitoring

The Sava River belongs to the *type II water* based on the Regulation on the classification of waters (Official Gazette No. 77/98). Water quality does vary as indicated by measurements, but the sound management of the river is compromised by the lack of resources that can be devoted to the activity.

A regional network for the monitoring of air quality has not been established in the area of Brod-Posavina County; the data on the air quality or the established categories of air quality does not yet exist. The main source of air emissions is the burning of fuels in heating plants, boiler-houses, during industrial processes and in households' fire-places.

The ground (soil), as the loose stratum of the earth surface, is affected by two types of degradation: erosion and flood processes in the Sava river basin. Land erosion is prevailing; the lowland parts of the basin and highland parts of the County (the latter ones even in a higher degree) are affected by this type of erosion. Research results have indicated the presence of heavy metals in the ground, though the quantities at present remain within the normal limits.

1.5 SPATIAL PLANNING

The County Spatial Plan was adopted in 2001. The plan mirrors the Croatian National Strategy and Programme, and will become an important instrument for spatial planning in Brod-Posavina County. The Plan, in association with the spatial plans of the municipalities, will highlight the possibilities for the development.

The development of municipal spatial planning documents is, at the same time, imperative and needs to be completed by the end of 2005. The Spatial Planning Institute works intensively on the preparation and coordination of local self-government physical plans. The Institute has prepared the cartographic basis for the plans, and currently is working on the coordination of the designing of these plans. Table 1.5 presents the status of spatial planning documents for local self-government units (data obtained in October 2004).



Table1.5: Stage of designing of regional plans for towns and municipalities in Brod-Posavina County (October 2004)

Town/municipality	Type of plan	Stage of planning
Slavonski Brod	PPUG	Plan finished
Slavonski Brod	GUP	Sent back for public insight 17. 09. 2004
Nova Gradiška	GUP	Public discussion held 26. 07-26. 08. 2004
Nova Gradiška	PPUG (Changes and additions)	Plan finished
Bebrina	PPUO	Awaiting approval from the Ministry of agriculture
Brodski Stupnik	PPUO	Plan finished
Bukovlje	PPUO	Plan finished
Cernik	PPUO	Plan finished
Davor	PPUO	Plan finished
Donji Andrijevc	PPUO	Plan finished
Dragalić	PPUO	Final proposal finished and approved
Garčin	PPUO	Plan finished
Gornja Vrba	PPUO	Plan finished
Gornji Bogičevci	PPUO	Public discussion in preparation
Gundinci	PPUO	Plan finished
Klakar	PPUO	Public discussion 27. 09-27. 10. 2004
Nova Kapela	PPUO	Public discussion 06. 09-06. 10. 2004
Okučani	PPUO	Plan finished
Oprisavci	PPUO	Plan finished
Oriovac	PPUO	Final proposal of the plan made
Podcrkavlje	PPUO	Plan finished
Rešetari	PPUO	Plan finished
Sibinj	PPUO	Plan finished
Sikirevci	PPUO	Public discussion in preparation
Slavonski Šamac	PPUO	Pre-discussion held
Stara Gradiška	PPUO	Public discussion held
Staro Petrovo Selo	PPUO	Draft of the Proposition of the spatial plan made
Velika Kopanica	PPUO	Public discussion in preparation
Vrbje	PPUO	Pre-discussion in preparation
Vrpolje	PPUO	Pre-discussion held

Source: Regional planning institute of Brod-Posavina County



1.6 INSTITUTIONAL FRAMEWORK

Brod-Posavina County is one of 20 Croatian counties. The County consists of 2 towns and 26 municipalities. The state government administrative affairs at the level of the County are managed by the Office of Government Administration in Brod-Posavina County. The government structure of the County consists of the County assembly, the executive (the County government) and various County departments and services.

The fiscal capacity of the County is relatively modest. The annual budget of the County amounts to some 100 million Kuna (whereas the annual budget of Slavonski Brod Town alone is in excess of 120 million Kuna). Sixty percent of the County's annual budget is derived from Central Government subventions. These funds are used to support the education, health care and social welfare sectors. Self-generated income accounts for the remaining 40% of the budget (about 40 million Kuna each year). Of that amount, 30% is allocated to wages and material expenses, and 70% is spent on development programmes and capital investments. When it comes to the budgets of towns and municipalities, the ratio is similar.

There are 74 employees in the County administration. Thirty seven employees or 58% have a university or two-year degree, and 27 employees or 42% have a secondary school education. Most of the employees are aged between 25 and 50.

The constrained financial and human capacities of the County administration are limiting their possibilities to effectively devise and implement the regional development policy. The assessment of the County capacities suggests a need for their additional strengthening (see Evidence Box 1).

EVIDENCE BOX 1: An Overview of Brod-Posavina County Capacities and Capabilities

Brod-Posavina County consists of eight Departments, including:

- Administrative Department for the Economy, Business and Crafts
- Administrative Department for Agriculture, Forestry and Water Management
- Administrative Department for Construction, Housing & Utility Services and Infrastructure
- Administrative Department for Social Activities
- Administrative Department for Health and Social Welfare
- Spatial Planning Department
- Department for the County Assembly, Local Government and Regional Self-government Services
- Public Finance Department

The majority of Departments have up to 7 (seven) employees. The Department for the County Assembly, Local Government and Regional Self-government Services has the largest number of employees (27 staff-members); however, this Department does not deal



directly with the implementation of programmes and projects. Taking into account the fact that all Departments have their daily administrative tasks, it is obvious that their capacity is limited for an active work on programmes and projects. The number of employees did not change significantly during the past several years (+/- one or two employees per Department).

The Departments that are dealing with projects co-operate with the responsible Ministries, local self-government units and Sector-related organizations and institutions. The Departments feel that their capacities and capabilities required to identify and implement projects is adequate. Nevertheless, their projects are being applied only at the national level, while a direct application of projects for the additional financing by the international institutions does not exist.

The majority of County employees dealing with projects have higher education qualifications. Additional education is frequently limited to periodical seminars and courses. The Departments have expressed a great interest in education concerning the nature of the international programmes (European Union, World Bank, European Investment Bank, etc.) A need for the additional education related to EU Pre-accession Funds is emphasized most frequently.

The employees within the Departments share the information during their regular meetings. All employees of the Departments are included in the decision-making process. The Departments develop their annual work plans and submit them to the County authorities for adoption. Virtually in all cases, the development of these plans is an internal activity of the Departments' employees, without any consultation with external specialists or end-users. Besides such annual plans, there is a small evidence of the strategic planning at the Department level.

The annual plans are being revised in accordance with the budget possibilities. Indicators that could allow for the evaluation of results achieved are not set at the beginning of a period. There is only a responsibility of submitting reports on the work done at the end of a period (year); these reports are submitted to the County authorities for adoption.

The Departments point out the issues related to financial and human resources which are not adequate for the implementation of projects. The computerisation level differs from one Department to another. Some Departments (The Spatial Planning Department, for example) are adequately equipped with computers, while the majority of Departments are not equipped adequately as yet. Not all computers are connected to the Internet. There is no network at the County level, which represents an obstacle in the information exchange between the Departments. The County web-site is currently being developed. No course (training) on the use of PCs and software was organized during the past three years.

The Departments point out the need for:

- Additional equipment
- Additional software



- IT System for spatial (physical) planning
- Various courses on how to use the software

The majority of Departments are engaging very specific external specialists for the development of their plans and programmes. An increased requirement for external specialists is expected with regards to the ROP implementation and the preparation of projects for pre-accession funds.

On the average, only three people are employed in a municipal administration (namely, the mayor, head and administrative clerk). The capacities of such municipalities are naturally severely constrained. A greater number of people are employed by the key towns Slavonski Brod and Nova Gradiška due to the higher population numbers and densities of the towns and the nature of the problems of these urban areas (e.g., larger utility issues, population number, social welfare issues etc.).

1.7 THE ECONOMY

The economy of Brod-Posavina County is beset by a number of problems including:

- the consequences of war destruction;
- the difficult processes of transition to a free market economy;
- the problematic subsequent privatisation of state industrial assets;
- the lack of domestic and foreign business investment;
- negative financial results of companies;
- negative foreign-trade balance; and
- a high unemployment rate.

Industrial decline

The recent economic history of the County is one of *industrial decline*. Some 15 years ago the four largest companies in the County employed some 25,000 people. Today that figure stands at only 4,000. The economy was dominated by large-scale formal sector activities such as metal fabrication, engineering, and wood and food processing. The companies representing these activities did not adjust well to the transition to a free market economy, and today many report continuing difficulties associated with out-dated technologies, constrained channels to market, declining market shares, inadequate skills of the labour force, and the prevailing high cost of capital.



The rise of SMEs

However, in the last few years small and medium enterprise in private ownership are getting stronger¹, and their importance has been recognised by Brod-Posavina County. The County has initiated a number of programmes in cooperation with the Ministries and the towns and municipalities, designed to encourage the further development of SMEs (e.g., loan programmes, developing the entrepreneurial infrastructure: entrepreneurial zones, entrepreneurial centres, free zones, etc.). There are number of success stories (See Evidence Box 2).

Structure of Employment

According to the data from the State Institute for Statistics, in 2003 there were 32,655 employed people in Brod-Posavina County (see Table 1.6). This number includes those employed in companies, in crafts and in free trades and those employed in public government firms whose headquarters are not in Brod-Posavina County, but are active in the County (for ex. HEP – Croatian power supply company, INA – Croatian oil company, HŠ – Croatian forests, etc.). The numbers for the County do not include the employed in the Croatian Ministry of Internal Affairs (the police) and the Croatian Ministry of Defence (the military), as well as individual farmers.

**Table 1.6: Number of employed in Brod-Posavina County
in the period 1999 - 2003**

Year	Average number of employees			Index (Previous year = 100)
	Companies	Crafts and free trades	Total	
1999	25.717	7.632	33.349	98,7
2000	24.442	8.082	32.524	97,5
2001	24.408	8.469	32.877	101,1
2002	24.352	8.376	32.728	99,5
2003	23.818	8.837	32.655	99,8

Source: State Institute for Statistics

¹ While there are 16 large firms operating in the County the number of recorded SMEs is over 1,000. Some of these firms represent a rational “survival strategy” adopted by their owners, namely the establishment of a trade which generates a small but sufficient income, but which may be limited by the constrained nature of the local market. Other SMEs do seem to represent realistic growth potential, and the County is keen to encourage and foster in particular these types of SMEs (see Evidence Boxes 1 and 2).



EVIDENCE BOX 2: The company ININ Ltd.

The company ININ Ltd. Information Engineering was founded in May 1993 by Niko and Igor Majdandžić. The company makes and implements integrated information systems. Today ININ employs 11 people and collaborates with additional seven. The growth of the company has been slow, but is continuous. The dynamics of the growth is conditioned by the location of the company's headquarters (in Slavonski Brod), and, in particular by:

- the weak inflow of people with university degrees in information technology,
- the adverse economic situation in the County and Croatia,
- the lack of take-up of IT products and processes in the County and Croatia,
- the struggle to break into new markets,
- the need to constantly invest in both human and physical capital.

During recent years ININ received a number of prizes: Magazine Info Trend 'Award for the quality of development of software solutions', Medallion Informatika '97 Croatian information technology association, Information fair Info '98 'The Novelty of the Fair', and the Sign 'Original Croatian product'. Proofs of the quality of the software solutions provided by ININ are numerous and include the following references: Aluminij Ltd. Mostar, Laser Cut Brač, Croatian Railways, Croatian Power Supply Company, T-mobile Croatia, MobileCom Jordan, Samoborka Samobor, Zvečevo Požega, Factory of Power plants Slavonski Brod, Chromos Svjetlost Lužanj, Hespo Prelog, Saint Jean Industries Slavonski brod, Lim-mont Vrbanovec. Since mid June, Igor Majdandžić was elected president of the Croatian information technology association, which is a part of the Croatian Chamber of Commerce.

The plan for the future is to develop integral solutions for construction companies (ERPINS-G), and SMS services intended for GMS operators.

"In the market, there were a lot of software offers, like 'ready made' solutions and also possibilities of application development according 'Aluminij's' requirements. Ready-made solutions at that time were too expensive to 'Aluminij' (in order of some millions DM), or they were heavily adaptable to 'Aluminij's' needs, or they covered only a part of Aluminij's needs (usually financial and accountancy packages). The most favourable and the most complete solution was offered from the software firm "ININ" – Slavonski Brod."

(Dr. Ante Rezić, Boris Čihorić: Integrated Information System of "Aluminij" Ltd. Mostar, 2nd International Conference "Business Systems Management"):

Statement of the president of ININ Ltd. Company board, made when promoting the ERPINS-G system in Zagreb, 6th December 2004, Hotel Arcotel: "I am filled with pride each time when, passing through the corridors of some company, I see ERPINS screens on monitors and terminals, when I see the familiar design of reports and charts on the meetings, when I hear ERPINS terminology among employees. I have a feeling that we have together with the user built and started something very useful, almost alive."



As indicated in table 1.6 above, while the number of employed decreased in the years 1999 and 2000, in the year 2001 the employment increased 1,1% or 353 people were employed, but in 2002 and 2003 there is a further small decrease of employment. Generally it can be said that the number of employed in the period 1995-2003 stagnated. It is significant to note that the number of employed in the companies continues to decrease, while the number of employed in the crafts increases. The size structure of the economy is changing.

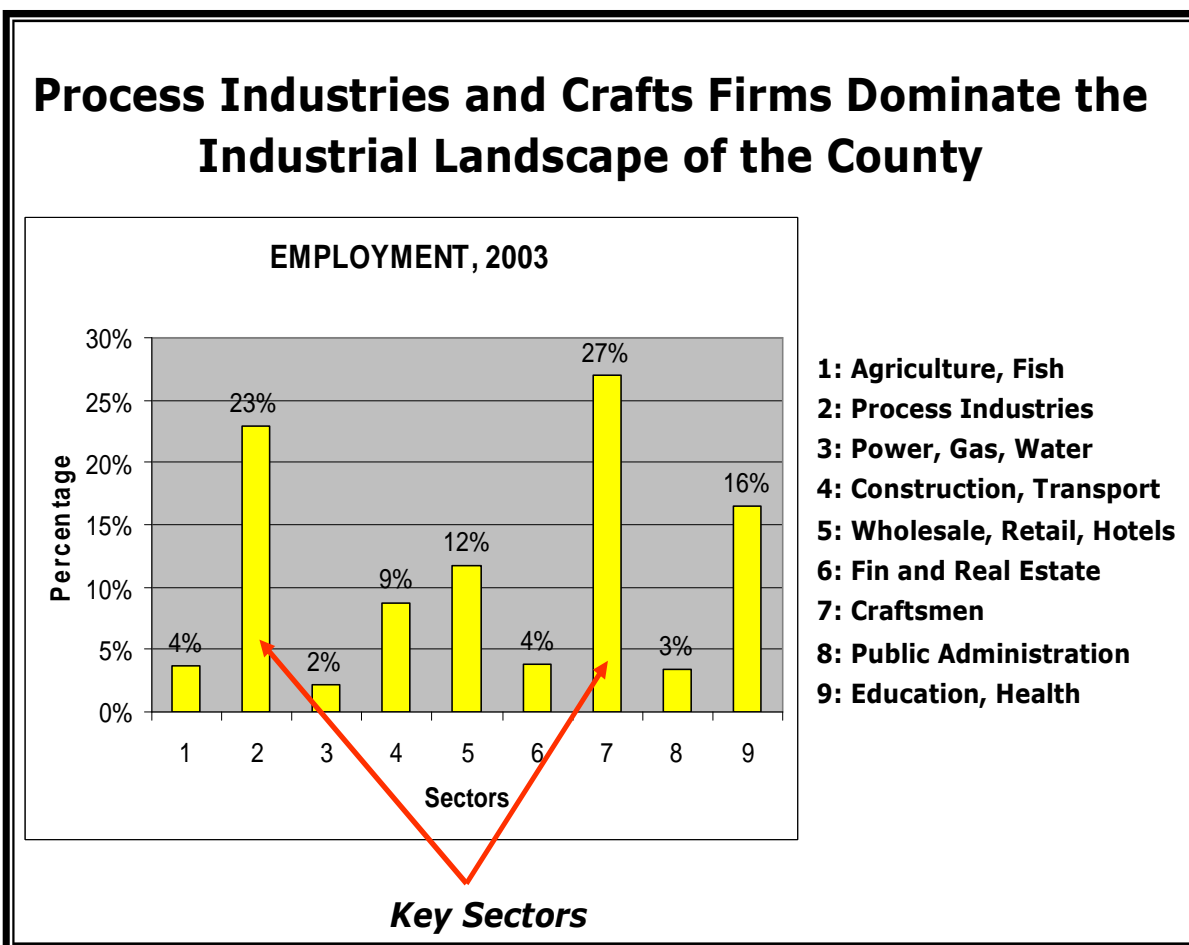




Table 1.7 gives an overview of the structure of employment in Brod-Posavina County in the last two years, given by economic sector.

Table 1.7: Structure of employment in companies and crafts in Brod-Posavina County in the years 2002 and 2003, by sector

Branch of economy	Number of employed		Index 2003/2002
	2002	2003	
a) Agriculture, hunting and forestry	1.164	1.108	95,2
b) Fishery	38	31	81,6
c) Mining	24	45	187,5
d) Processing industry	7.973	7.493	94,0
e) Power, gas and water supply	728	723	99,3
f) Construction industry	1.991	2.108	105,9
g) Wholesale and retail trade, repair of motor vehicles and house appliances	2.588	2.601	100,5
h) Hotels and restaurants	268	231	86,2
i) Transport, storage and connections	1.758	1.730	98,4
j) Financial transactions	496	497	100,2
k) Real estate business, renting and business services	688	751	109,2
A 1) ECONOMY – companies (a-k)	17.716	17.318	97,8
A 2) ECONOMY – physical persons - craftsmen	8.376	8.837	105,5
A) ECONOMY – TOTAL (A1+A2)	26.092	26.155	100,2
l) Public administration and defence, mandatory social security	1.172	1.124	95,9
m) Education	2.486	2.537	102,1
n) Health care and social welfare	2.395	2.342	97,8
o) Other community and social services	583	497	85,2
B) SOCIAL SERVICES (l-o)	6.636	6.500	98,0
EMPLOYED TOTAL:	32.728	32.655	99,8

Source: State Institute for Statistics

From table 1.7 above it can be seen that the total number of employed in Brod-Posavina County slightly declined between 2002 and 2003. However, regarding the structure of employment, some positive tendencies are visible. For example, the number of those employed in the economy (companies and craftsmen) increased by 0.2% while the number employed in public services (which is financed from the County budget and, hence, is a County expenditure) declined by 2.0%. It should be pointed out that this trend was reversed in 2002.



Increase and Decline in Sectoral Employment

Five sectors recorded an increase of employment between 2002 and 2003. It is especially important to note the 5.9% increase in employment in the construction industry. The reasons for such an increase in the construction sector are related to reconstruction work following the war, and a new wave of refugees from Bosnia-Herzegovina into the County. The increase in employment in the building and construction trades due to renewal following the War is, perhaps, a time-bound and one-off increase, which, unfortunately, may not be sustained unless the wider County economy grows. The nominally biggest increase of employment was recorded in the mining sector (87.5% increase), though this sector is relatively small in terms of the absolute numbers employed.

In six sectors of economy the number of those employed declined between 2002 and 2003. The most significant is a 6.0% decrease in employment in the processing industry, or 480 people. This decrease is a cause for concern given the fact that this branch of economy employs most of the total number of the employed people. There has also been a recent decrease in the numbers of employed in most public services (except education).

The number employed in the industrial sector of the economy (26,155) is around 80% of the total number of employed in Brod-Posavina County. In other words for every 4 employees working in the industrial economy there is 1 employee working in the social or public sector which is financed from the public purse.

Increase and Decline in Firm Size

The number of those employed in crafts increased by 5.5% between 2002 and 2003. This sector of the economy, fortunately, has witness annual increases in employment over several years in the recent past. Indeed, statistics indicate that since Croatian independence and the establishment of the Brod-Posavina County, this sector has recorded a year-on-year increase in the number of employed. Although this is a positive trend, it is important to point out that many of these craft firms (e.g. small family shops and cafes) generate small margins and may not be significant drivers of the future economy of the County (see footnote 1). At the same time the number of the employed in large companies has recently declined by 2.2%, which is, unfortunately, the trend.

Unemployment

Over the last 20 years the registered number of unemployed in the County has increased. In the last 10 years it could be said that *mass unemployment* has come to characterise the economy of the County. From 1995 to 2000 the number of those unemployed in the County has constantly increased. Fortunately, during 2001 the rate at which unemployment was growing began to slow down, and near the end of 2002 and into 2003 the number of the unemployed fell (see Table 1.8). Nevertheless, **the unemployment rate in Brod-Posavina County is one of the highest in Croatia. In June 2004 the unemployment rate in Croatia was 17.4% while in Brod-Posavina County it was estimated to be 30.4%**



**Table 1.8: Average number of unemployed persons in Brod-Posavina County
1999 - 2003**

Year	Average number of unemployed	Index (Previous year = 100)
1999	16.734	102,2
2000	18.153	108,5
2001	18.747	103,3
2002	20.036	106,9
2003	16.914 ²	84,4

Source: Croatian employment institute, Regional service Slavonski Brod

In 2003 some 42% of the unemployed persons were low-skilled or semi-skilled workers. It appears that in today's economy unemployment and the lack of appropriate skills go hand in hand. However, a further 35% were classified as skilled and highly skilled. Unfortunately many of these workers were trained in industries that are no longer competitive in today's national and global economies. *These workers represent structural unemployment and are palpable indication of the need to restructure the economy of the County.* The share of the unemployed with a two-year degree or university degree was only 3.0% in 2003, less than in the year 2002. It should be noted that out of the total number of those unemployed at end of 2003, 11.4%, were demobilised Croatian soldiers.

**Table 1.9: Overview of the average number of unemployed in Brod-Posavina County
in 2002 and 2003 according to their qualifications**

Qualification	2002		2003		Index 2003/2002
	Total	%	Total	%	
Low-skilled and semi-skilled	8.311	41,5	7.148	42,3	86,0
Skilled and highly skilled	7.100	35,4	5.850	34,6	82,4
Secondary education	3.979	19,9	3.405	19,8	85,6
Two-year degree	353	1,8	287	1,7	81,3
University degree	293	1,5	224	1,3	76,5
Total	20.036	100,0	16.914	100,0	84,4
Women	10.586	52,8	9.469	56,0	89,4

Source: Croatian employment institute, Regional Service Slavonski Brod

² The decrease of the registered unemployment rate during the year 2003 was, to a large extent, caused by the use of the new legal system; 1.313 people were "removed" from the register during 2003, either because they were not actively trying to find a job or were not available for work, or because they were changing their status from an unemployed person to the job seeker. Furthermore, another 628 people have decided to take the status of job seekers, and those people are not recorded in the unemployment statistics.



The Labour Market

During 2003 employers registered a need for some 3,000 employees, which is about 34% less than in the year 2002. New workers are particularly sought by the processing industry, the retail and wholesale trades, and by the educational sector. Greatest demand is for experts with experience (79.6%), and in much smaller number, trainees and experts without experience (3.4%). Most people are employed on temporary basis.

According to the Croatian employment institute in Slavonski Brod, in 2003 3,971 job positions were filled, which is 129.2% of the total number of the registered new job positions. Since the employers are not obliged to register their need for new workers the two figures can differ.

In the County the following public sector professions are in extremely short supply: teachers of the English, Croatian, German language, maths, music, physical education, art, and librarians, welders and electricians. On the other hand, there are professions that have a labour supply surplus. People in these professions (skilled workers and people with secondary education) are experiencing extreme difficulties finding employment. These professions are: locksmith, lathe operator, engine fitter, car mechanic, male and female hairdresser, drivers of cargo vehicles, salesperson, woman tailor, garment worker, engineering technician, commercial technician, secondary education economists, and accounting and bookkeeping personnel.

The Structure of the Economy

According to the Financial Agency (FINA), in 2003 there were 16 large enterprises (1.4% of the total number of enterprises), 62 medium firms and 1,089 small firms active in Brod-Posavina County. Classified according to ownership, 1,087 companies were in private hands, 35 were owned by the State, 28 were in mixed ownership, and 17 were owned by cooperatives. There are over 1,000 enterprises and about 3.400 craftsman shops registered in the past few years, which employ about 8.800 people.

Table 1.10: Number and structure of enterprises in Brod-Posavina County according to size

Companies according to size	Number	%
Large enterprises	16	1,4
Medium enterprises	62	5,3
Small enterprises	1.089	93,3
Total	1.167	100,0

Source: FINA (Financial Agency), Branch-office Slavonski Brod



Table 1.11: Number and structure of the enterprises in Brod-Posavina County according to ownership type³

Companies according to the ownership	Number	%
Private ownership	1.087	93,1
State ownership	35	3,0
Mixed ownership	28	2,4
Owned by cooperatives	17	1,5
Total	1.167	100,0

Source: FINA (Financial Agency), Branch-office Slavonski Brod

Foreign trade

Table 1.12 gives an overview of the foreign-trade in Brod-Posavina County for the years 2001, 2002 and 2003. The data shows an increase in the value of both exports and imports between 2001 and 2003, but the increase in the value of imports is greater than that for exports. Furthermore, in absolute terms the value of imports is consistently greater than the value of exports. The result is a negative foreign-trade balance for both the County and the Country (for Croatia there was a negative balance of 8.0 billion USD in 2003. In Brod-Posavina County the situation is in relative terms only slightly better). The share of Brod-Posavina County of Croatia's exports and imports in value in the year 2003 is symbolic; it amounts to 1.02% of the value of exports and 0.73% of the value of the nation's imports.

Table 1.12: Foreign-trade exchange of Croatia and of Brod-Posavina County for the period 2001 - 2003 (in '000USD)

	2001		2002		2003	
	Croatia	BPC	Croatia	BPC	Croatia	BPC
Export	4,665.908	58.216	4.903.584	56.757	6.164.188	63.091
Import	9,147.130	67.570	10.722.045	82.925	14.198.916	104.174
Balance	- 4.481.222	- 9.354	- 5.818.461	- 26.168	- 8.034.728	- 41.083
Exports as a % of Imports	51,0	86,2	45,7	68,4	43,4	60,6

Source: Croatian chamber of commerce, County chamber of commerce Slavonski Brod

Almost 2/3 of the County's exports (60.3%) goes to developed countries, mostly countries of the EU. A little more than 1/3 of the export (39.7%) goes to the developing countries, most of which (24.7%) goes to transitional European countries and members of CEFTA (14.4%). A similar pattern occurs in relation to imports. Key exports relate to the manufacture of wood and metal products (see Table 1.13)

³ Data applies to 1,167 companies that have submitted their 2003 annual financial reports.



Table 1.13: Export rates of the most important branches in Brod-Posavina County in the period between 2001 – 2003 (in 000 USD)

Branch of industry	2001	2002	2003
Wood-working and wood products	10.495	11.185	18.419
Manufacturing metal products	13.063	10.077	13.951
Manufacturing furniture	10.926	9.743	9.083
Manufacturing paper and cardboard	625	3.561	3.401
Manufacturing machines and appliances	4.555	3.600	2.773

Source: Croatian chamber of commerce, County chamber of commerce Slavonski Brod

Besides the sectors shown in Table 1.13, the production of food and drink recorded significant exports in the year 2003 (valued at 2.74 million USD), representing an increase of 19% over 2002. The two most important sectors that significantly increased their exports in the year 2003 were the manufacture of wood and wood products (up 64.7%) and the manufacture of metals and metal products (up 38.4%). *The biggest exporter in Brod-Posavina County is Mijo Veneers Ltd from Oprisavci (manufacturing veneer).*

The most important imports in 2003 are associated with (a) wholesale trades and the mediatorship in trades (17.7 million USD), (b) the manufacture of metal products, except for machines and appliances (13.6 million USD), (c) the production of food and drinks (12.3 million USD), (d) wood processing and the products of wood, except for furniture (10.2 million USD), and (e) the manufacturing of furniture (7.6 million USD). *The biggest importer is the company Đuro Đaković Special Vehicles Ltd from Slavonski Brod.*

In 2003 key Countries from which the County receives goods included Bosnia-Herzegovina (11.9 million USD), Germany (11.3 million USD) and Italy (6.3 million USD). Key countries to which the County's exports are sent include Germany (23.5 million USD), Italy (10.2 million USD) and Slovenia (8.7 million USD).

The Most important Branches of the Economy

Agriculture

The agricultural potential of Brod-Posavina County is significant. Due to the favourable geographical, soil and climate conditions of the County it is possible to develop fruit growing, viticulture and vegetable production. In total there are 116.390 hectares of agricultural land in the County, 103,604 ha of which are cultivated. Some 65% of the cultivated land is devoted to cereal crops, 12.7% to industrial crops, 11.6% to fodder crops and 10.7% to vegetables. The most important fruit crops are plums and apples. The area allocated to cereal crops has slightly declined in recent years, while that allocated to industrial crops and vegetables has increased (See Table 1.14).

**Table 1.14: Agricultural land use in Brod-Posavina County, 2000 and 2003**

Structure of agricultural land	Surface (ha)		Index 2003/2000
	2000	2003	
Plough-land and gardens	87.464	88.883	101,6
Orchards	2.894	2.879	99,5
Vineyards	1.215	940	77,3
Meadows	12.284	10.902	88,8
Grazing grounds	12.955	12.786	98,7
Total	116.812	116.390	99,6

Source: Office of state government, Service for economy, Department for statistics.

Meat production is dominated by the breeding of bovine and pigs. The latter witnessed an increase of some 28% between 2002 and 2003. The number of sheep increased dramatically; some 178% between 2002 and 2003. The production of milk increased by 18.4% between these years.

Table 1.15: Livestock Numbers in Brod-Posavina County; 2002 and 2003.

Livestock	2000			2003			Index of the cattle number 2003/2000
	Total (piece)	Family farms	Business subjects	Total (piece)	Family farms	Business subjects	
Cows	16.849	15.700	1.099	17.017	16.130	887	100,9
Pigs	105.071	77.000	28.071	134.710	127.382	7.328	128,2
Sheep	3.642	3.158	484	10.152	10.055	97	278,7
Horses	387	383	4	530	517	13	136,9
Poultry	609.387	400.000	209.387	691.873	483.325	208.548	113,5
Total	735.336	496.291	239.045	854.282	637.409	216.873	116,1

Source: Office of state government, Service for economy, Department for statistics

The protection, exploitation and the conversion of agricultural land, as well as the management of agricultural land owned by the State, is governed by the law on agricultural land (NN, No. 66/01 and 87/02). Local government has used the law to design and implement management programmes for agricultural land owned by the State and within their jurisdiction. Brod-Posavina County has designed such a programme, under which applicants are invited to purchase the agricultural land owned by the State. *The sale of such land, however, has proved to be a slow process given the continuing problems determining the land ownership.* Only four out of the 26 municipalities in the County are coming closer to the completion of their sale programme. To date out of a total of 44,304 ha, around 2.510 ha (5.7%) have been returned to their previous owners, 24,459 ha (55.2%) are up for sale, 11.591 ha (26.2%) for lease, and some 4,900 ha (11.0 %) for concessions.



Between 1st December 2002 and 31st January 2003, there were 6.378 requests for farms to be registered. In the first three months of the year 2004 6,620 family farms were registered. By registering, the farms are eligible to receive State assistance and are formally allowed to sell their products on the free market. The number of family farms in the County with two members is 2,596. Of the total number of family farms, some 15,940 around 30% are run and managed by farmers over the age of 60. The fragmentation of farms and agricultural land and the relatively old age of many farmers are two constraints of the commercial development of agriculture in the County.

Industry

Until the beginning of the 1990s the main driving force behind the development in Brod-Posavina County was industry, particularly metalworking industry, wood-processing industry and food production. Today industrial production has almost totally died out. As stated above *dramatic industrial decline has characterised and deeply scarred the economic landscape of the County*. There are signs that the industrial economy is beginning to grow, though very slowly and at a rate well below that for the Country as a whole. In Brod-Posavina County industrial production increased by 1.7% in 2003. However, in the previous year, 2002, the growth rate of industrial production in the County was negative; industrial production was lower by 2.9%.

Table 1.16: The movement of the index of the physical volume of industrial production in Croatia and in Brod-Posavina County in the period 1999 - 2003

Year	Chain index	
	Republic of Croatia	Brod-Posavina County
1999/1998	98,6	95,1
2000/1999	101,7	98,2
2001/2000	106,0	116,1
2002/2001	105,4	97,1
2003/2002	104,1	101,7

Source: State Institute for Statistics

The growth of industrial production in the County in 2003 was primarily the growth in the processing industry (namely metalworking, wood-processing, food, chemical etc.) Production growth was also recorded in other two industrial sectors (mining and extraction, and the power, gas and water supply), but their share of the total industrial production is significantly smaller than that of the processing industry.

The index of the physical volume of the industrial production in the County in the years 2002 and 2003 is shown in Table 1.16. An increase in production was recorded for 19 sectors in 2003. Table 1.17 shows income generated by sector. The most important generator of wealth remains the processing industry. Metal production in particular, did well.



Table 1.17: Index of the physical volume of industrial production in Brod-Posavina County for the period 2002 – 2003, according to sector.

SECTION	BRANCH	2002/01	2003/02
11	Extraction of oil and earth gas	177,8	41,7
14	Extraction of other minerals and stone	1.074,0	328,4
C (11-14)	MINING AND EXTRACTING	347,6	208,3
15	Production of food and drinks	89,5	97,2
18	Manufacturing clothes, processing and colouring fur	34,2	108,5
19	Processing of leather, manufacturing shoes and leather products	61,0	65,3
20	Manufacturing wood and wood products, except furniture	98,5	113,2
21	Manufacturing paper and cardboard	105,8	90,6
22	Publishing and printing	157,8	11,9
24	Manufacturing chemicals and chemical products	110,4	94,1
26	Manufacturing other non-metal mineral products	96,1	97,4
27	Metal manufacturing	34,3	112,2
28	Manufacturing metal products, except machines and appliances	80,9	157,7
29	Manufacturing machines and appliances	111,3	67,2
31	Manufacturing electrical machines and appliances	113,3	57,1
34	Manufacturing motor vehicles, trailers and semi-trailers	54,7	0,0
35	Manufacturing other traffic means	139,1	228,4
36	Manufacturing furniture, other processing industry	103,1	47,9
D (15-36)	PROCESSING INDUSTRY	95,2	100,6
40	Power, gas, steam and hot water supply	101,2	100,4
41	Collecting, purification and distribution of water	98,9	99,6
E (40-41)	POWER, GAS AND WATER SUPPLY	101,2	100,4
TOTAL		97,1	101,7

Source: National institute for statistics



Table 1.18: Structure of companies' incomes according to the branches of economy in Brod-Posavina County in the years 2002 and 2003

SECTION	BRANCH	STRUCTURE 2002 (in %)	STRUCTURE 2003 (in %)
11	Extraction of oil and earth gas	0,21	0,10
14	Extraction of other minerals and stone	0,46	0,30
C (11-14)	MINING AND EXTRACTING	0,68	0,40
15	Production of food and drinks	13,96	14,00
18	Manufacturing clothes, processing and colouring fur	0,69	0,94
19	Processing of leather, manufacturing shoes and leather products	0,30	0,11
20	Manufacturing wood and wood products, except furniture	3,69	3,55
21	Manufacturing paper and cardboard	19,47	13,31
22	Publishing and printing	1,68	0,71
24	Manufacturing chemicals and chemical products	3,16	0,92
26	Manufacturing other non-metal mineral products	0,70	0,41
27	Metal manufacturing	0,53	0,69
28	Manufacturing metal products, except machines and appliances	8,18	26,46
29	Manufacturing machines and appliances	9,19	12,59
31	Manufacturing electrical machines and appliances	1,42	1,08
34	Manufacturing motor vehicles, trailers and semi-trailers	0,00	0,00
35	Manufacturing other traffic means	1,59	1,44
36	Manufacturing furniture, other processing industry	4,93	2,17
D (15-36)	PROCESSING INDUSTRY	69,48	78,40
40	Power, gas, steam and hot water supply	29,68	21,04
41	Collecting, purification and distribution of water	0,17	0,16
E (40-41)	POWER, GAS AND WATER SUPPLY	29,84	21,20
TOTAL		100,00	100,00

Source: National institute for statistics



Support for entrepreneurship

“*Proposition of measures, activities and programmes for the improvement of economy in Brod-Posavina County*” is the basic planning document guiding the development of the County. The plan was adopted by the County assembly on the 7th February 2002. Various economic activities and programmes are proposed within the document, the most important of which are as follows:

- **Support for Entrepreneurship (*poduzetnik and poduzetnik II programmes*)** – This are loan programmes delivered in cooperation with the Ministry of Craft, Small and Medium Entrepreneurship and with a number of the commercial banks, through which small and medium entrepreneurs and craft firms from the County can obtain preferential loans. Total credit potential is some 162 million Kuna (21.6 million €). To date about 200 loans have been issued, which directly helped some 600 people find employment.
- **Loans for women and young people** – This is another loan programme delivered in cooperation with the (former) Ministry of Craft, Small and Medium Entrepreneurship by which 22 loans were approved under very favourable terms (2% interest) for development programmes for new entrepreneurs from Brod-Posavina County area. The total amount of 2.4 million Kuna was provided, whereby the self-employment and employment of totally 57 new workers was made possible.
- **Croatian Regional Development Fund** – granting of grant supports and loans by the Fund in 2003 and 2004 for economic and infrastructure projects of the local self-government units (towns and municipalities) through Brod-Posavina County administration. In 2003 and 2004, a total amount of a grant support of 12,032,051.00 Kuna was approved by the Croatian Regional Development Fund, and the amount of 1,350,000.00 Kuna was approved as a loan. The grand total of 13,382,051.00 Kuna was spent on 15 projects, the examples of which include the main drainage collector in Rešetari settlement, a waste water drainage project in Gornji Bogičevci settlement, a business zone water supply for the municipality Cernik, and a water supply network project in Sibirj municipality.
- **Entrepreneurial infrastructure** – The County is active in building support for entrepreneurial development. For example:
 - **Free zone Đuro Đaković–Slavonski Brod Ltd.** – The County is one of the founders owning some 15% of the company. In the zone there are today around 30 companies with more than 1,200 employees. The zone is expanding, and the first significant foreign investments have been realised. Important foreign firms include: *Saint Jean Industries Ltd*, France (producing parts for the car industry and employing some 60 people at the moment), *Brod-Tekstil Ltd and Brod-Pamuk Ltd* (textile industries, both companies employ some 300 people and are subcontractors of Benetton, Italy, *Klasmann-Deilmann* of Germany [producing substratum for horticulture], and *Isomax of Luxemburg* – [production of low-energy houses, currently in final negotiations for entering the zone]). These companies came to Free Zone due to the attractive conditions of the Free Zone law, and to take



advantage of the good transport position of Slavonski Brod city and Brod-Posavina County.

- **BRODIN Ltd. Slavonski Brod** – This is an entrepreneurial incubator. The County is one of the founders, owning some 13.6%. There are seven entrepreneurs working in the incubator employing some 20 people.
- **Centre for technological development Ltd. Slavonski Brod (CTR)** – The County is one of the founders of CTR, which today is mostly private ownership. CTR delivered consulting services and functions as the County's development agency.
- **LEDA Western Slavonija** – This agency for the local economic development of Western Slavonia was founded in 2000 to provide the institutional support for the economic recovery of Western Slavonia areas that were destroyed by the 1991 – 1995 war. It is an official partner in the UNDP – UNOPS/ILO project financed through the EC (European Commission) CARDS 2001. LEDA functions as both public and private partnership that makes decisions in a democratic way on priorities and projects in which LEDA is involved as a partner or agent. The emphasis in their work is on the development of small and medium enterprises and the promotion of the region. Until 2004, LEDA had organised trainings for 87 entrepreneurs and financed 51 entrepreneurial projects with the amount of 1.5 million Euro. This Agency has taken part in three projects financed by the EU, USAID and ILO.
- **Entrepreneurial zones for small economy** – The County, with the support of the Ministry of Crafts, Small and Medium Entrepreneurship, and later the Ministry of Economy, Work and Entrepreneurship, supports business zones and small entrepreneurial zones. To date there are three fully functioning zones, while several more zones are in preparation or are being built.

Although there are many programmes intended to provide support for the entrepreneurship, a survey conducted among the entrepreneurs suggests a need for the additional support for this sector from the public administration (see Evidence Box 3 below and Appendix 6 for better insight into the survey results).

EVIDENCE BOX 3: Results of the 2005 Business Survey in the County

During 2004/2005 the ROP Consultants, *IMC Ltd*, completed an independent face-to-face survey of businesses in the County. The survey was designed to highlight the problems facing businesses and to indicate various ways in which growth can be accelerated. A summary of the results of this survey is presented within this Evidence Box.

Brod-Posavina County's local economy (with an estimated 2003 turnover of 770 Million €) is dominated by small companies. However, the consolidated financial results of small and medium firms indicate that many do not make a profit, whereas the majority of the large businesses have managed to generate a profit. The County imports more than it exports; – currently, the value of exports is only some 70% of the value of imports, a state of affairs which leads to additional pressure on local economy.



Although the total worth of local economy is not far from pre-1991-1995 war figures, the per capita GDP of the County is among lowest in Croatia. Reasons for the sluggish performance of the economy include the loss of Yugoslavian and Eastern European markets, war-related disruption, rising unemployment (with most of unemployed being non-qualified workers), a growing gap in technology development and the slow penetration of modern technology into the industries of the County.

The strongest sectors in the County today are traditional ones; metal processing, wood processing, agriculture, construction and contracting, paper and textile industry. The level of integration between companies and sectors is low, particularly in agriculture where the cooperative movement remains embryonic. Most of businesses operate in town areas whereas in rural parts sector is undeveloped as business-friendly infrastructure simply does not exist outside of the main urban settlements.

The companies surveyed were registered during late 1980s and 1990s. The surveyed sample showed 24% of production is being exported, 49% sold on national/regional and 28% sold on local market. Though the sample export ratio is high, it is a result of export of only 20% of the companies. Export heavy sectors are wood and metal processing. Asked what are the main obstacles to business development the surveyed companies highlighted the following external problems:

- ✚ slow government bureaucracy
- ✚ high tax burden,
- ✚ weak creditor rights protection,
- ✚ high inter-firm debt rate,
- ✚ limited markets (lack of channels to markets),
- ✚ small business unfriendly banking sector,
- ✚ out-of-date cadastre records,
- ✚ strong informal sector,
- ✚ inadequate business infrastructure,
- ✚ vague business development services provision,
- ✚ high labour cost,
- ✚ low purchasing power of consumers.

The surveyed firms highlighted the following internal problems:

- ✚ lack of relevant data on EU trade tariffs,
- ✚ high customs rates
- ✚ the lack of financial aid schemes,
- ✚ the absence of quality control certification,
- ✚ a shortage of quality workforce,
- ✚ low branding and promotional skills,
- ✚ high credit (debt) ratio,
- ✚ use of out-of-date technology,
- ✚ weak business management knowledge / lack of basic level business knowledge,
- ✚ high construction or lease cost.

80% of companies surveyed are members of business associations (Chamber of Commerce and Chamber of Trade) but only 40% of them are satisfied with the services provided. Main reasons are inadequate service and slow response to inquiries. A local consulting market does



exist (both public and private operators) but is not well developed nor promoted within the business community. Business development services are used by larger companies rather than start-ups. Use of IT in everyday work is under utilized even though hardware is inexpensive and available.

Foreign investment is low. It appears that small businesses are not ready to enter international markets as their skills in mergers, buyouts, joint venturing and other advanced forms of cooperation are poor. It also appears to be the case that the facilitation of foreign direct investment (FDI) is poor; potential investors often rely on private networks. EU accession and influence on the sector is welcomed by 80% of surveyed companies. Businesses believe that once Croatia enters the EU the public sector will transform its role, from a regulatory body to a client oriented service provider. Importantly, access to EU pre-accession funds is seen as an opportunity not to be missed.

The business sector is optimistic (70% of the firms surveyed expressed optimism). Many of the companies interviewed stated that the following are required: infrastructure development throughout the County – not just cities, market relevant education system, deregulation of markets and provision of relevant services to both local and international investors. Many felt that the County should support its traditional industries, updating technology and know how in order to improve competitiveness.

1.8 INFRASTRUCTURE

Water Supply

Brod-Posavina County is one of the most water-rich counties in Croatia. However, water in the County is neither utilised effectively nor protected from pollution. Furthermore, the management of the County's water supplies needs to be improved. Indeed, the vast majority of the people of the County do not have access to potable piped water. ***Water is supplied to only some 48% of the County's population. This is well below the national average of 73%.*** (The town and districts Davor, Oriovac, Dragalić and Gornji Bogičevci are the only places in the County where water supply is higher than or the same as the average in Croatia).

Furthermore, only 32% the communities of the County are connected to the water supply; the vast majority of these communities use private wells. The Districts of Garčin, Gundinci, Nova Kapela, Oprisavci, Rešetari, Sikirevci, Slavonski Šamac, Staro Petrovo Selo, Velika Kapanica and Vrbje in particular are very poorly served. In these districts there are no communities with a public water supply system and there are no nearby springs.

In general the urban areas and the western part of the County are better served. For example, 90% of households in Slavonski Brod have water supply; 80% of communities in the western part of the former district Slavonski Brod have water supply, only 15% of communities in eastern part of the former district Slavonski Brod have water supply (see Table 1.19 for a full description of the state of the supply of water in the County)



Table 1.19: The level of water supply in Brod-Posavina County

Towns	Number of Water Supply Connections	POPULATION			COMMUNITIES		
		No	With water supply	%	No	With water supply	%
Nova Gradiška	1.040	17.071	7.000	41	4	1	25
Slavonski Brod	12.042	57.229	51.000	90**	3	3	100
districts							
Bebrina	726	3.464	2.323*	67	7	7	100
Brodski Stupnik	404	3.267	1.293*	40	4	2	50
Bukovlje	281	1.622	899*	55	4	2	50
Cernik	486 ^o	4.661	1.557	33	11	4	36
Davor	1.153 ^o	3.458	3.453	99,8	2	2	100
Donji Andrijevci	646	4.180	2.067**	49	4	1	25
Dragalić	120	2.715	384+	14	6	1	17
Garčin	0	5.542	0	0	9	0	0
Gornja Vrba	295	1.991	944*	47	2	1	50
Gornji Bogičevci	274	2.900	822*	28	6	1	17
Gundinci	0	2.186	0	0	1	0	0
Klakar	242	2.294	774*	34	4	1	25
Nova Kapela	100	5.689	250*	4	12	2	17
Okučani	243 ^o	5.712	780	14	17	2	12
Oprisavci	0	3.240	0	0	9	0	0
Oriovac	1.499	6.860	4.682	68	11	10	91
Podcrkavlje	298	2.554	954*	37	13	6	46
Rešetari	23	5.627	74+	1	7	1	14
Sibinj	514	6.886	1.645*	24	12	7	58
Sikirevci	0	2.755	0	0	2	0	0
Slavonski Šamac	0	2.665	0	0	2	0	0
Stara Gradiška	400	2.531	1.280	50	7	4	57
Staro Petrovo Selo	0	7.175	0	0	13	0	0
Velika Kopanica	0	3.557	0	0	4	0	0
Vrbje	0	3.210	0	0	7	0	0
Vrpolje	686	3.958	2.195*	55	3	3	100
Total	21.472	174.998	84.876	48	186	61	32

Source: towns, districts and utility firms in the County

* Computation data obtained by multiplication of the number of connections to water supply system with the average number of inhabitants per household

** Data from the "Report on the Situation in the Area and Programme of Measures for the improvement of the Situation in the Area"

^o Estimate



The County has the following important springs:

- **Spring Jelas**, where 250 l/s of water can be used, capacity of the spring is around 350 l/s, and at the very best the maximum capacity is 450 l/s. High concentrations of ammonia, iron, nitrite and manganese were found in the spring water. Therefore, the water that will be used has to be purified.
- **Spring Lužani**, where 15-20 l/s of water can be used, capacity of the spring is around 30 l/s, and it cannot be higher than about 50 l/s. The spring water cannot be used for drinking because of the high concentration of iron and manganese and it needs to be purified.
- **Spring Davor**, where 15 l/s of water can be used, capacity of the spring is around 60 l/s, and cannot be higher than 200 l/s in the future. The spring water cannot be used for drinking because it needs to be purified.
- **Potential spring Kruševica – Slavonski Šamac** where the expected capacity of the spring is around 50 l/s, and it cannot be higher than 70 l/s in the future. This spring water also needs purifying.
- **Potential spring Prnjavor** where the expected capacity of the spring is around 29 l/s of good quality water. The spring is not in function.

The County uses surface water, along with underground water, for its water supply, but this water needs purifying. The water from *Šumetlice* (30 l/s, and estimated maximum capacity is 40 l/s) and water from *accumulation Bačica* (30 l/s, and estimated maximum capacity is around 80 l/s) is also being used. There can be 600 l/s of water secured in the County under unfavourable conditions, and the expected long-term daily needs in the area are around 1.000 l/s. A long-term solution to the water supply difficulties besetting the County could be to use the Gundinci spring (with a potential of around 2000 l/s of water) and Kamensko water supply (with the capacity of 1.500 l/s of water).

Regional water supply system of Eastern Slavonia is a project of three counties (Brod-Posavina, Vukovar-Srijem and Osjek-Baranja). It is expected that the government will recognize this project as a national project. The project would solve the water supply problem for the eastern part of the County. Three counties, with the support of the 'Croatian Water' company, have completed pre-feasibility studies which prove the potential of the scheme. However, the project is estimated to cost some 670 million Kuna, well beyond the budgetary reach of the three Counties.

Drainage system

Drainage of liquid waste, sanitary waste and rains is important for healthy living. Unfortunately the drainage system is in poor condition, and only serves some 36% of population and 5% of the communities of the County. While the drainage system in the main towns, Slavonski Brod and Nova Gradiška, is adequate, the same cannot be said for many of the rural areas and smaller towns of the County. Un-purified liquid waste is repeatedly drained into the Mrsunja, Glogovica and Sava rivers. Many of those unconnected to the drainage system use septic tanks, but poor maintenance of such tanks leads to pollution of waters and constitutes a health hazard (see Table 1.20 which details the drainage and sewage problems for the communities in the County).

**Table 1.20: Sewage system in towns and districts of Brod-Posavina County**

Towns/districts	Sewage system problem
Nova Gradiška	Solved in the biggest part of the area
Slavonski Brod	13.400 households, with 55.000 inhabitants are connected to the sewage system; the rest of the system is being built
Bebrina	Not solved
Brodski Stupnik	Not solved
Bukovlje	Not solved
Cernik	1,5 km of Cernik has sewage system
Davor	1,8 km of Davor has sewage system
Donji Andrijevci	Partly solved in Donji Andrijevci
Dragalić	Solved in Dragalić and for the part of Medari
Garčin	Not solved
Gornja Vrba	Not solved
Gornji Bogičevci	Not solved
Gundinci	Not solved
Klakar	Not solved
Nova Kapela	Not solved
Okučani	Solved in the centre in a radius of 1,5 km
Oprisavci	Not solved
Oriovac	Not solved
Podcrkavlje	Partly solved in Tomica settlement
Rešetari	Solved in Rešetari; out of 20 km of network only 1 km has been built
Sibinj	Not solved
Sikirevci	Not solved
Slavonski Šamac	Not solved
Stara Gradiška	Solved in Stara Gradiška
Staro Petrovo Selo	Not solved
Velika Kopanica	Not solved
Vrbje	Not solved
Vrpolje	Solved in the centre, Meštrović street and in Vrpolje

Source: Environment protection program of Brod-Posavina County

Traffic

The County area has a very favourable position in terms of territory and traffic as very important European corridors are passing through it, both the longitudinal and transversal routes with the European significance. This is primarily the section of Posavina (the Sava River Area) corridor, as one segment of the route between Europe and Asia or the Middle East. Within it, the motorway route and double-track railway line are located. The Sava River, with its navigable route potential, provided that it is improved, represents a significant traffic corridor that connects the Danube Basin with the Adriatic Sea area. The transversal traffic corridors are: the road corridor on the State Road D5 route (Virovitica-Daruvar-Pakrac-Stara Gradiška) and the complex traffic corridor on the State Road D7 route (Beli Manastir-Osijek-Đakovo-Slavonski Šamac); Within this corridor, a branch line of the main railway line has been constructed. This is Branch V of the traffic corridor, through which the Central European area has access to South Adriatic areas and ports. Three bridges were constructed over the Sava River for the routes crossing this river as these bridges were destroyed during the 1991-1995 war.



The most important road route is the State Road D4, constructed in its full profile. Five de-levelled road-junctions were constructed on the existing D4 road section. Within the County area, there are 5 road border-crossings, the three of them classified as large border-crossings and two of them as smaller ones. There are also railway-border crossings, classified as medium border crossings.

The Sava river navigable waterway, 174.70 km long in the County, is currently the inland interstate navigable waterway. According to navigable waterway characteristics, the Sava River is within the range of II and III class of navigability. In addition to those three bridges over the Sava River mentioned above, the war events have also created the need to establish two crossings by ferry-boats. Within Slavonski Brod zone there is an II class river border-crossing.

Within the County area there is one sporting airport – Jelas near Slavonski Brod. It is registered as a D class airport in the Registry of Airports and 15 Agricultural Airports. “Jelas” airport has several limitations caused by the vicinity of the inter-state border, the existing housing construction and its location within the broad water-protected area.

Condition of Roads

In Brod-Posavina County there are totally 1,372.70 km of roads;

- 15,15% of these roads are classified as State Roads and are managed by the Company “Croatian Roads and Motorways”;
- 49.29% are County and Local Roads managed by the County Road Directorate, and
- 35.56% are Unclassified Roads managed by local self-government units (towns and municipalities).

Only 208 km of *State* Roads run through the County, which is the 3% length of all State Roads in Croatia. The condition of more than 40% of roads (out of 106.85 km excluding the motorway) is assessed as poor or very poor, while only 33% of roads are in a good or very good condition.

The *County* Road Directorate takes care of totally 676.70 km of roads, out of which 92.90 km of roads are without the asphalt surface (13.7%).

There are 488 km of unclassified roads in Brod-Posavina County managed by local self-government units. The majority of these roads are in a very bad condition (see Table 1.21).

It is necessary to expand, modernize and properly maintain the network of roads in the County in order to accelerate the development in and around the County.



Table 1.21: The State of Unclassified Roads in the County.

(Towns/district)	Mileage of the unclassified roads			Condition of the roads
	Asphalted roads	Non-asphalted roads	Total	
Bebrina	10.700 m	9.000 m	19.700 m	In bad shape
Brodski Stupnik	1.015 m	6.325 m	7.340 m	The part covered with gravel (3.500 m) is significantly damaged
Bukovlje	630 m	12.370 m	13.000 m	
Cernik	7.500 m	2.500 m	10.000 m	Satisfactory
Davor	1.150 m	11.550 m	12.700 m	
Donji Andrijevci	2.400 m	5.300 m, and earth on 1.500 m	9.200 m	Asphalt needed 500 m
Dragalić		2.700 m	2.700 m	
Garčin	2.900 m	2.400 m	5.300 m	asphalted roads are in good condition, and gravelled roads are damaged
Gornja Vrba	2.670 m	1.850 m	4.520 m	
Gornji Bogičevci	8.500 m	1.000 m	9.500 m	Small asphalted parts have minor damage
Gundinci	3.600 m	2.250 m	5.850 m	Asphalted part is satisfactory, but kerbs need rebuilding, and gravelled roads are unsatisfactory.
Klakar	800 m	1.600 m	2.400 m	Asphalt is in bad condition
Nova Gradiška	26.615 m	10.260 m	36.875 m	Satisfying 8 740 m
Nova Kapela	3.850 m	1.250 m	5.100 m	on 2.000 m road-surface damage
Okučani	6.150 m	8.350 m	14.500 m	2.500 m of asphalted roads have holes, and the condition of gravelled roads is such that the roads need maintenance every year
Oprisavci	750	1.120	1.870 m	Asphalted road in good condition
Oriovac	8.750 m	7.400 m	16.150 m	Asphalted except the road Kobaš-Lužani
Podcrkavlje	5.400 m	9.400 m	14.800 m	Asphalted road in Rastušje (about 200 m), in Glogovici (about 280 m) and in Gornji Slatinik (about 600 m) is in bad shape
Rešetari	11.900 m	4.600 m	16.500 m	Unsatisfactory
Sibinj	6.770 m	10.595 m	17.365 m	2.500 m of asphalted road is in bad condition, and gravelled roads are regularly covered with new layers of gravel
Sikirevci	2.070 m	2.410 m	4.480 m	Asphalted roads are satisfying, while gravelled roads are not
Slavonski Brod	129.00 m	86.000 m	215.000 m	Satisfactory
Slavonski Šamac	7.430 m	5.220 m	12.650 m	650 m of asphalted road is damaged, the rest is satisfying
Stara Gradiška	8.800 m		8.800 m	Badly damaged: 2.000 m, less damaged: 1.000 m, necessary reconstruction-road widening: 500 m
Staro Petrovo Selo		6.500 m	6.500 m	
Velika Kopanica	no	available	data	
Vrbje	2.900 m	800 m	3.700 m	Holes in the road, the damaged road needs new asphalt layer
Vrpolje		11.030 m		

Source: Local Self-governing Units



Gas supply

In Brod-Posavina County 53.3% of the population is supplied with natural gas. 27 communities are supplied by gas. Once the main gas pipeline Kutina-Slavonski Brod is built, gas supply for the whole County will be possible.

Pipelines

There is a major oil pipeline crossing the County, and associated oil storage facilities that are located in the County. The Adriatic oil pipeline (JANAF) is the largest and the longest Croatian oil pipeline that makes possible the supply from the port in Krk to refineries in Slovenia, Croatia, Hungary and further north to Bosnia and Herzegovina and Yugoslavia. Two pipelines from oil fields in Slavonia to refinery Sisak go through the County. There are a few parts of oil pipeline near Slavonski Brod that are not being used at the moment and that are waiting to be activated probably as a part of gas transport for Bosnia from western and Eastern Europe.

Waste management

One of the most frequent causes of environment pollution is irresponsible waste management. *The existing waste dumps in the County do not meet the prevailing standards associated with the protection of the environment. Illegal dumping of waste does occur. Waste management needs to be improved in the County⁴.* The utility services dispose the waste of 71% of the County's population. It is estimated that the quantity of collected waste in 2001 in the County was 23.635 tonnes. It is also estimated that the quantity of uncollected waste was 8.887 tonnes. *This gives the total estimate of 32.522 tonnes of waste a year, of which 27.3% is not collected and disposed of in a proper manner.* Almost all collected waste ends up on dumps, except the waste recycled in Nova Gradiška, and a small amount of technology waste that is collected by licensed firms. A special problem is presented by the disposal of hazardous wastes and the waste of animal origin (the local tannery had, in 2004, over 200 tonnes of waste stored on site with no disposal facility). Initiatives have been launched to address this problem. For example, studies have been made concerning the environment of the eastern part of the County and of the "Alabarica" waste dump in Donj Andrijević. However, *it is necessary to undertake a comprehensive assessment of waste production and management in the County, as a prelude and pre-condition for an action plan to improve the waste management in the County.*

Mines

According to the official records there are 7km² of mined area, and 3.1km² have been demined. There is some 154 km² that is Mine Suspected Area, out of which only 50 km² has been checked (in the districts Stara Gradiška and Dragalić).

⁴ Slavonski Brod has a major landfill site of 23 ha. It is not lined but built on clay; some 50% of the site is full. There isn't any environmental monitoring of the site. SB Solid Waste Company would like to upgrade the site and install recycling facilities, but the company does not possess any investment funds; 75% of its current income covers costs and the remaining 25% on debt repayments (source – Interview with Solid Waste Company of Slavonski Brod, 2004, conducted by IMC consultants)



1.9 HEALTH CARE AND WELFARE

Health care

Primary health care - Primary health care is delivered through two medical clinics in Slavonski Brod and one in Nova Gradiška. Health care clinics offer the following services: general GP health care, dentistry and ambulance and medical transport. The privatisation of health clinics in Slavonski Brod and Nova Gradiška is occurring, but the program does not include ambulance and medical transport, or gynaecologists.

In 2003, 77 teams were providing family practise services in the County. They provided services for 152,815 people. 54 teams provided dental health care; 14 dentists' surgeries are private practices. Nine teams provided health care for 71,767 insured women, but only six teams providing health care are for pre-school children. There are not, however, enough teams. It has been estimated that another 20 family practices are required to ensure service at nationally agreed levels, and three teams are needed for women's health care. There is also the problem of the geographical location of the teams. Most of health clinics are situated in Slavonski Brod and Nova Gradiška. Physical access issues do arise; it is very difficult for some members of the County to visit their doctor. ***In general, there aren't enough medical clinics and many areas remain poorly served.***

Hospital care - There are two hospitals, one in Slavonski Brod and one in Nova Gradiška. The General hospital in Slavonski Brod has 511 beds, and the hospital in Nova Gradiška has 165 beds. These hospitals satisfy the needs of population on secondary level of health care and specialist-advisory counselling. The County hospital "Dr. Josip Benčević" is the largest hospital in the County employing some 1,200 people, including 200 doctors and 600 nurses. The rest are non-medical staff. The hospital was founded in 1898 and since then it has been providing help for people from northern part of Bosnia (Bosanski Brod, Odžak, Orašje, Derventa, and Modriča). The hospital in Nova Gradiška was built in 1846. In 1935 the western wing of the hospital was finished, and in 1957 the wings for surgery and psychiatric were built. In 1982 the construction of "New hospital" started but it has not been finished. Since then there were no major new investments in the hospital, although this year the rebuilding of surgery commenced.

Pharmacies - There are 25 pharmacies in the County (11 are in Slavonski Brod, and 4 are in Nova Gradiška). It is planned to open 13 new pharmacies; it should be taken care of ensuring that the location of the pharmacies matches the population distribution.

Public Health Institute - The public health institute addresses the following: (a) epidemics (b) health ecology (c) microbiology (d) services for school and university medicine and (e) medical-statistical services. The County finances the institution with decentralised money, namely the funds distributed to the Counties by Central Government. In 2003 15 million Kuna was allocated to the County health institutions.



Health condition of the population of Brod-Posavina County

The leading causes of death - In Slavonski Brod and nearby villages coronary disease was the most common cause of death (19.4% of all deaths). Strokes were the second most frequent cause of death (19.05%). In Nova Gradiška and nearby villages the most common cause of death was stroke (20.6%), followed by coronary disease (17.3%) The infant death rate is 0.6 percent, lower than the national average.

Endemic Nephropathy – A noted medical problem in the County is endemic nephropathy (EN), which is a kidney illness. It is present among the village populations in the west of the County. The illness was identified and described in 1950s in Bulgaria, Romania, Serbia and Bosnia. In the asymptomatic phase of EN it is necessary to identify the patients and to undertake hygienic and dietetic measures, and appropriate therapy.

Figure 1.1: Area of the endemic nephropathy in Brod-Posavina County



In the earlier years the development of EN was monitored with the help of perustration. After the war many people from Bosnia and Herzegovina settled in this part of County. The medical examination of population could lead to scientific discoveries about EN and reduce the incidence of the illness. It is hoped that international cooperation involving the investigation, prevention and therapy for EN could be encouraged and thereby help the affected population in the County.



Drug Addiction and Substance Abuse - The County's centre for drug addiction prevention is located in Slavonski Brod and opened on the 1st of August 2003. The Centre offers drug testing, counselling, psychoanalysis, support for families and support for parents whose children are addicts. Ninety four people (59 adults and 35 under-age) went through Centre's programmes between August 2003 and September 2004. According to the records of Public Health Institution, the number of addicts (estimated to be around 41 people per 100,000 head of population) is increasing; in 2002 the rate was some 34.5 people per 100,000 head of population.

The community "Susret" in Ivanac also provides help to the drug-addicted people. The biggest problem faced by post treatment addicts is re-socialization. Re-socialization should include employment for the former addicts, or giving them an opportunity to finish secondary school, or to continue their education. To date there aren't any NGOs that assist in the rehabilitation and re-socialization of drug addicted people.

Alcohol addiction is also addressed within the County. It is often a problem not just of the single person, but also of the whole family and community. To date only welfare centres and the club "Novi Put" (*New way*) deal with alcohol addiction. There are a number of patients being treated for alcohol addiction on the psychiatric ward of the General hospital in Slavonski Brod attesting to the serious nature of the problem. Due to the small number of clubs for recovering alcoholics, the majority of alcoholics do not receive any therapeutic or re-socialization assistance, so they often go back to drinking.

Welfare

There are two welfare centres in the County; one is in Slavonski Brod and one is in Nova Gradiška. Welfare centres are public institutions founded by Ministry of Health and Welfare providing professional help related to the protection of children, marriage and family and the physically and mentally handicap. According to the 2001 Census, in that year 176,765 inhabitants, some 11% of the population of the County sought help in the centres. Important issues addressed by the centres include child neglect, domestic violence, and teenage anti-social behaviour. The number of people with behaviour disorders has increased since then; this was perhaps caused by the war. Furthermore, the migration of the population during and after the war led to the separation of families. It is getting harder for families to take care of mentally disabled family members.

The home for the old and helpless in Slavonski Brod is the only such state institution in the County. The home has 260 beds and an annex in St. Vincent in Nova Kapela with 30 beds. Pressure on the home has increased. Indeed, there are more people that need such care. *Caritas* (the Catholic humanitarian organisation) also focuses on helping the old, the sick, the disabled, addicts, refugees, and families and all others that need financial or spiritual help regardless of their religion, nationality or political beliefs. Caritas helps refugees by, for example, collecting and distributing clothes, shoes and food; it also helps by providing accommodation for families in need, and by organizing summer vacations for disadvantaged children. The public kitchen should also be mentioned. It is run by Caritas and used by 130-150 people a day. It is going to be a problem when the kitchen will have to move out of its rented building, which is scheduled for demolition. Caritas was given a house, but funds are required in order to repair and renovate the house.



1.10 EDUCATION

Pre-school education

Pre-school education consists of various programmes of education, health care, diet and welfare. Day nurseries, which are public institutions, are run by the towns and districts. The towns' budgets financed 60 or 65% of day nurseries costs, and parents paid the rest. The County gives support to various programmes, and ensures that pre-school education is delivered according to the relevant law. The number of pre-school children in the last few years in the County was between 14,000 and 16,250. There are around 1,500 children in day nurseries, which is approximately 10.5% of all pre-school children. The total number of children in pre-school programmes is around 4,050, which is 28% of all pre-school children.

The number of children in day nurseries is declining due to the fact that some parents have lost their jobs as the economy has contracted, and thus are unable to pay for nursery care. The number of children in other programmes (there are various pre-school programmes) is increasing. Nevertheless, compared with the Croatian average, there are fewer children that attend day nurseries in Brod-Posavina County. Parents pay for other, shorter pre-school programmes, and parent and the state together pay for the "Little school". The County was supporting districts with day nurseries, especially day nursery "Cekin", which provides programme for handicapped children.

Primary education

Primary education is compulsory for all children aged between 6 and 15. The management of primary education was transferred of to local and regional self-government on the 1st July 2001. Funding is from the County budget, via decentralised funds from Central Government. In the County there are 35 primary schools; 24 are managed by the County, and 11 by the Town of Slavonski Brod.

The last 5 years has seen a decrease in the number of pupils in primary education. In 2004/2005 there were 17,921 pupils. In 1998/99, there were 18,456 pupils. There has been an increase in the number of classes, which indicates an improved student to teacher ratio. However, class sizes vary according to the type of school; in small regional schools there are classes with eight pupils, while in some town schools there are classes with around 40 pupils.

In spite of significant investments after the war, there are still regional schools that must be renovated. *It has been estimated that some 505 facilities and buildings should be renovated.* Some 1,500 people are employed in the County's primary schools, 75% of which are teachers. *In general, however, there is a shortage of qualified teachers for nearly all subjects, especially information science.*

Secondary education

Secondary schools are financed directly from the State budget for staff wages and school programmes, and from the County budget, as part of the decentralised funds form Central Government, for material expense and capital investments.



In Brod-Posavina County, the grammar school curricula and three-year and four-year secondary school curricula are realised:

- On the average, 23.2% of students attend the grammar school curricula
- On the average, 44.8% of students attend the vocational secondary school curricula
- On the average, 32.0% of students attend the three-year vocational curricula.

In 2004/05 there were some 7,400 students enrolled in secondary school. There are 11 independent secondary schools in the County. The number of pupils in a school year varies, depending on the number of enrolled pupils from other counties and on the number of pupils from Brod-Posavina County that are enrolled in schools in other areas of Croatia. Adult education is also a part of secondary education and includes retraining programmes. In the school year 2004/2005 there were 623 employees in secondary schools, 89% of which are teachers; others are technical staff. In general there is a shortage of teachers of foreign languages, maths, physics, history, psychology and information science.

University education

There is one independent higher-education institution, namely the Faculty of Mechanical Engineering within the “Josip Juraj Strossmayer” University of Osijek, and dislocated studies of the Teachers’ Academy and Faculty of Agriculture of Osijek. In 2004/5 365 students were enrolled in the university programme of the College of Engineering. The Faculty carries out the procedures of harmonization with the Bologna declaration, which deals with mutual recognition of diplomas and certificates in education (in Europe). It is clear that European recognition of the diplomas and certificates of the County’s College of Engineering is most advantageous. The Faculty received the right to issue a European degree for the education in information science. Equipping a laboratory for intelligent production systems is in progress, which will significantly increase the capacities of this Faculty.

1.11 OTHER SOCIAL ACTIVITIES

These are the activities that provide for the needs of children, welfare, culture, education, sports, health and the protection of the environment. Under the Constitution of Croatia, the state is obligated to take care of social activities, education, the freedom of scientific and artistic expression, health, sports, and the protection of all assets and the environment. The County takes care of pre-school education, school education, sports, culture and civil associations. Pre-school and school education was described in the previous sections. This section focuses on support for culture and sports.

After the war the population of the County increased. This led to the increased pressure on social services and social activities. The war destroyed many facilities for social activities, such as pre-schools, schools, churches, and monuments. All these buildings need to be reconstructed, a difficult task given the lack of financial resources.

There are around 250 sports associations, with over 11,000 of active athletes in the County. Many school pupils are members of school sports programmes. There are also 10 sports unions with 180 sports associations. There are many external sports grounds, especially for soccer (103 in total). There are 21 school sports halls. The schools do not



have external sports grounds, and in Slavonski Brod primary schools “Jelas” needs sports hall, and in Kolonija the primary school “Đuro Pilar” also requires a sports hall. It is necessary to finish the construction of the sport hall in Vijuša. Funds for sports are allocated in the towns’ and districts’ budgets, but the amount of that money is not enough to ensure quality equipment. Volunteers do the majority of professional work.

There are 20 NGOs within the Community of Technical Culture. In primary and secondary schools clubs of young technicians are established. In primary schools cooperatives are developing, and there are currently nine of them. There is a lack of adequate facilities and quality equipment for NGO programmes. Mostly they are financed by donors, and the work is voluntarily.

The County passes a Programme of Public Needs in the culture which is of the common interest to both local governments and the County administration. The County also coordinates interests and takes up the activities for the equal cultural development, establishes the allotments for the financing of particular institutions and provides funds for the support of particular cultural programmes. There are numerous cultural activities and performances in the County, and the cultural work of amateurs is significantly developed. The management of cultural assets is an important issue as the funds required for the recovery of culturally valuable facilities are far beyond the County and local self-government’s financial possibilities. The most important constructions to be protected and renovated are:

- The fortress in Slavonski Brod
- Directorate of Brod Posavlje Museum
- City Museum in Nova Gradiška
- St. Trinity Church in Slavonski Brod
- Medieval churches in Zdenci, Lovčići, and Srednji Lopovac
- Church of Blessed Mary the Virgin in Slavonski Kobaš (Kloštar).

1.12 CIVIL SOCIETY

Civil society includes voluntary organizations and associations, and informal network of individuals involved in public activities. Civil society differs from the state in that it is based on the principle of volunteering. It differs from private activities in that civil society activities are “not-for-profit” and undertaken with the direct interest of the community in mind. The freedom of association enables the individuals to associate, promote and defend mutual interests.

The office of government administration is an umbrella office for the registration of civil society associations in Brod-Posavina County. There are 845 associations in the County (See Table 1.22). With regards to laws under which the registration of association is a simple procedure, and under which the removal of inactive association from the registry is not mandatory, it can be assumed that the actual number of active associations is different.

**Table 1.22: Associations in Brod-Posavina County according to the activity**

Type of association	The number of associations
Sports	323
Technical	116
Humanitarian	14
Welfare	36
Health	14
Scientific	7
Education	2
Culture	102
Ecology	8
economy	94
National	9
Protection of rights	9
Hobistic	15
Spiritual	4
Gathering of children, adolescents and family	13
Gathering and protection of women	3
Associations of war veterans	28
Informational	5
Ethical	7
Other activities	35

Source: State Administration Office in BPC, General Administration Services

It is essential that the local and regional community should recognize the work of associations with programmes or projects of particular interest for the common welfare, and that they provide a financial support to them, thus allowing them a stronger development (see Evidence Box 4 below) possibilities.

EVIDENCE BOX 4: Assessment of the Civil Sector condition in Brod-Posavina County

This Evidence Box is the result of joint meeting held with some ten associations from the County and led by ROP Consultants, IMC Consulting Ltd. The associations have brought forward their views on the condition of the Civil Sector in Brod-Posavina County and on their biggest problems.

The Civil Society in the County has a very poor tradition. In the long run, fifty years of communism and totalitarian ideology, as well as the lack of experience in regards to the freedom for association, will determine the achievements in the civil society development. The civil engagement of citizens in the addressing of their own problems and issues within the community is not the practice of the majority of the inhabitants in



the County. The majority of citizens have developed attitudes that the Government (State) is responsible for the solving of their problems. Such attitudes are partly leading to a passive and apathetic behaviour of the significant number of citizens.

The civil society in Brod-Posavina County has been developed mainly during the 1991-1995 war and with the assistance provided by foreign organizations and donors. The civil society organizations, mainly associations, have played a very significant role during the Homeland War by providing help in overcoming of displaced persons and refugees' crisis and by taking care of the war victims. During that time, the solidarity in society was at a rather high level.

The most important problems highlighted by associations were as follows:

- Financing of the maintenance and operational costs and compensation for staff
- Inadequate legislative regulations
- Lack of adequate space for work
- Lack of cooperation with public sector
- Non-transparent method for the civil sector financing by the public sector
- Inadequate approach of media to the civil sector
- Lack of networking of different associations at the County level
- Insufficient education on the financing possibilities
- Lack of partnership with other sectors
- Unrecognised importance of this sector in the society
- Insufficient knowledge on the bookkeeping of the associations' dealings

The representatives from various associations consider the financing of their day-to-day functioning as their biggest problem. The constant uncertainty, which is present in a larger number of associations, in regards to the possibility of using the space, the maintenance and operational costs, and the payment of salaries are the main obstacles in their work.

The associations also believe that legislative regulations in Croatia are inappropriate. For example, the relevant law in force at the time of writing this document allows for an easy starting of an association (three persons may establish an association), and thus it happens that some associations are started up just to use some possible financing source to be terminated just after the utilization, frequently inappropriate, of such funds. The associations also believe that the legal abolishment of distinctions between the associations that are performing social welfare and humanitarian activities that are dealing with socially useful works on the one hand, and all other associations that are based on personal preferences on the other hand, is the greatest weakness of the relevant legislative regulations. Furthermore, there is not a systematic solution for the approach to the civil sector in Croatia; hence, the associations are forced to visit several Ministries in order to obtain the proper information.

The associations believe that the method of their financing from the local and regional sources is not transparent, as there are no clear criteria for the financing and evaluation of the associations' work. Most frequently, the associations are financed rather than the projects, and even this depends on private acquaintances. However, the associations



have admitted that they have not presented this problem jointly before the public sector. While there is some networking of associations dealing with similar activities, the associations with different activities are not connected in order to jointly address the entire sector's problems at the County level.

A favourable trend in the opening of institutions towards the public sector slowly emerges and the associations believe that open discussions could help in finding the methods for better allocation of funds. In addition to this, they believe that they are able to provide help to the public institutions, with their knowledge of the actual situation in the field, in identifying the most important problems and by suggesting the possible areas for intervention.

The associations believe that they have a rather high level of knowledge, sufficient to apply for the foreign financing sources; they consider themselves able to bring about a stronger inflow of foreign donations into the County through their own sector. Through their activities, they are enhancing the sensitivity of public towards the vulnerable groups and are able to initiate the resolving of these groups' problems.

1.13 CURRENT DEVELOPMENT STRATEGIES

Brod-Posavina County is in the process of implementing a number of development strategies. The most important are the following:

- GLOBAL PROGRAMS
 - ✓ Program of economic and social development of Brod-Posavina County till 2005
 - ✓ Regional planning of Brod-Posavina County
- THE AREA OF ECONOMY-INDUSTRY
 - ✓ Program of incentives for small entrepreneurship
- THE AREA OF ECONOMY- AGRICULTURE
 - ✓ Program of loans for agriculture in the County
 - ✓ Program of Fruit Caring Plant Ltd. Vrpolje
 - ✓ Program of artificial impregnation of pigs in Brod-Posavina County
 - ✓ Program of measures for prevention of trichina and other diseases of pigs on family farms
 - ✓ Program of co-financing the purchase of seedlings
- THE AREA OF INFRASTRUCTURE
 - ✓ Water supply system of Brod-Posavina County, Plans
 - ✓ Study of water protection in Brod-Posavina County
 - ✓ Study and the project for the supply of Brod-Posavina County with natural gas
 - ✓ Program of capital investments in infrastructure in Brod-Posavina County in 2004
 - ✓ Program of measures for regional planning in Brod-Posavina County
- THE AREA OF HEALTH INDUSTRY AND WELFARE



- ✓ Conversion of Hospital for pulmonary illnesses «Strmac» Nova Gradiška into a Welfare institution
 - ✓ Centre for rehabilitation and vocational training in Slavonskom Brodu
 - ✓ Forming of section for palliative-hospital care
 - ✓ The facilities for school and university
 - ✓ The facilities for GPs equally distributed in the County
 - ✓ Centre for education and sheltering of children and minors
 - ✓ Annual check up of population with EN
 - ✓ Equipment for the intervention cardiology ward in General Hospital Slavonski Brod
 - ✓ Rebuilding of psychiatric and neurology ward for the purposes of internists with the appropriate subspecialties activities
- AREA OF SOCIAL ACTIVITIES
 - ✓ Primary schools network
 - ✓ Secondary schools network
 - ✓ Situation analysis and the development of sports within the area of Brod-Posavina County
 - ✓ Situation analysis, financing and cultural development in the area of Brod-Posavina County
 - ✓ Capital investments in social activities by 2007
 - ✓ Development plan for higher education

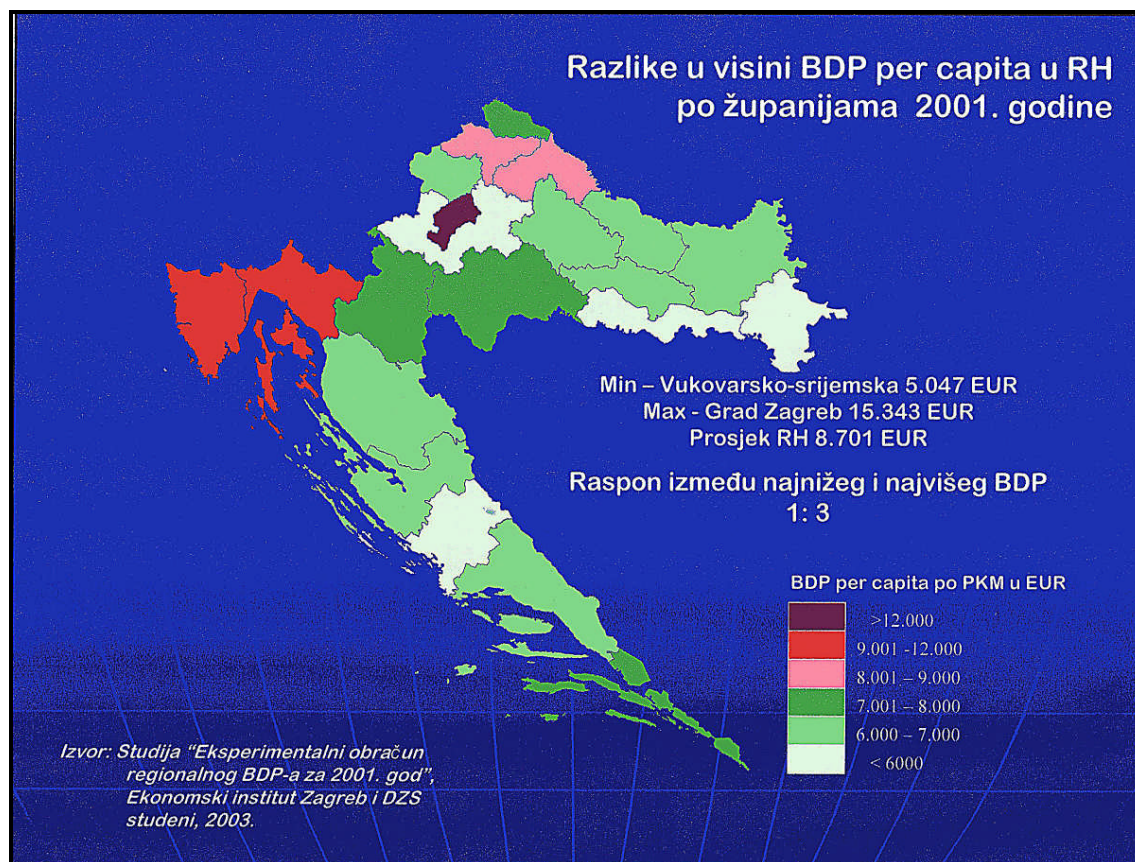
1.14 SUMMARY AND CONCLUSION

The main challenges facing Brod-Posavina County are as follows:

- **Population Decline:** Significant decrease of population in the western part of the County, especially in the war affected areas and villages;
- **Industrial Decline:** Due to the consequences of war destruction, the difficult processes of transition to a free market economy, the problematic subsequent privatisation of state industrial assets, the lack of domestic and foreign business investment, the dependence on imported goods, negative financial results of companies, and the negative foreign-trade balance
- **High Unemployment** (one of the highest in Croatia with an unemployment rate in 2003 of 42.07%). Given the down turning economy and poor labour market many people will not easily find a job. It should be noted that according to figures issued by the Economic Institute of Zagreb the per capita GDP of the County (some 5,309 euros in 2001) is only 61 percent of the Croatian average and 25 percent of the EU average (See Figure 1.2 overleaf).



Figure 1.2: GDP Estimates for the Counties of Croatia, 2001



- **Agricultural Stagnation:** Due to the fragmentation of holdings, the increase in small lots and the marked number of older farmers.
- **Inadequate Infrastructure:** Particularly in relation to water supply, drainage and waste water treatment.
- **Welfare Demands:** Due to the poverty / low incomes of a large section of the County Community and the constrained economic prospects for many.
- **Poor Working Conditions:** In education and other social activities are below the Croatia's average;
- **Embryonic Development of Civil Society:** The development of civil society is not accompanied with an adequate influence on social and economic development of the County.

The Regional Operational Plan (ROP) for Brod-Posavina County (2005-2010) will establish priorities and measures for the development of the County.



Chapter 2: OUR 2010 VISION

2.1 INTRODUCTION

In the previous chapter (Chapter 1: “The Basic Analysis”), the key assets, deficiencies and development challenges facing the County were described. Using the evidence presented in Chapter One a workshop was held during late 2004 in order to discuss and agree on the key strengths, weaknesses, opportunities and threats (S.W.O.T) characterising the County. This workshop was attended by members of the Regional Partnership Committee and the County ROP working group. Participants then debated and agreed on a vision for the County in 2012, namely what they want the county to look like and be known for in 2012. Conference participants also discussed and agreed the key development objectives that the ROP should address. The SWOT, vision and the associated development objectives are presented within this chapter.

2.2 THE COUNTY S.W.O.T

The SWOT analysis can be divided into “positive” attributes of the County (namely the innate strengths of the County, and the development opportunities that could be used by the County) and the “negative” attributes, namely the innate weaknesses of the County, and the development threats that the County might have to face in the near future; (see table 2.1 overleaf). An assessment of the *economic potential* of the County was based on a review of the positive attributes of the County. In order to realise the economic potential of the County a number of *developmental “obstacles”* must be overcome. The key development obstacles were highlighted through a review of the negative attributes of the County.

Economic Potential

The County stakeholders emphasize several strengths which they consider as representing the development potential of their county. First of all, *important natural resources*, including fertile agricultural land, abundance of water, as well as significant forest resources (see Table 2.1 overleaf). Such resources underpin the potential for development of agriculture and processing industry based on natural resources (e.g. food production or wood processing).

Strong industrial tradition and assets in the county enhance the possibilities for exploitation of natural resources, but are also conducive to development of other industrial sectors. For instance, the county has been known for its strongly developed metal processing industry, which still remains the largest source of income in the county. Taking into consideration *the important geographic location* of the county, situated at the crossroads of major European road and railroad traffic lines, the combination of these two advantages could in future attract significant investments and encourage the establishment of production-oriented enterprises.

Table 2.1: SWOT ANALYSIS for Brod-Posavina County

STRENGTHS	WEAKNESSES
<p>☑ <u>Important Natural Resource Assets</u> (fertile agricultural land, plentiful supply of clean water for domestic and industrial consumption; noted forest lands)</p> <p>☑ <u>Strong Industrial Assets and Tradition</u> (a strong industrial tradition of metal working and wood processing characterises the County; a concentration of industrial firms and the growth of crafts and SMEs gives strength to the economy as does the potential for commercial agriculture in the County)</p> <p>☑ <u>Strong Health and Social Care Sectors</u> (supports the human capital development in the County)</p> <p>☑ <u>Important Geographical Location</u> (intersection of major European road and rail routes)</p>	<p>☑ <u>Industrial Decline, Outdated Technology, and the Lack of Investment</u> (the industrial economy has contracted due to the 1991-1995 War, the difficult processes of transition to a free market economy, and the problematic subsequent privatisation of state industrial assets)</p> <p>☑ <u>High Unemployment</u> (particularly characterises the un- skilled, and presents a human capital brake on economic growth)</p> <p>☑ <u>Inadequate Waste Management</u> (due to the lack of appropriate regulation and enforcement; a threat to important environmental assets)</p> <p>☑ <u>Inadequate Water Supply and Drainage</u> (directly and adversely affects the quality of life of many citizens of the County and adversely affects investments prospects)</p> <p>☑ <u>Indebtedness of Citizens and the Economy</u> (insufficient financial resources for the development in the county)</p> <p>☑ <u>Unfavourable (elongated) shape of county</u> (that makes it difficult to promote development across the County, and for people and businesses to avail themselves of opportunities in the main towns)</p> <p>☑ <u>Lack of adequate human resources</u> (education system not adjusted to market needs, limited IT literacy, insufficient management knowledge)</p>

<p style="text-align: center;">OPPORTUNITIES</p>	<p style="text-align: center;">THREATS</p>
<p><input checked="" type="checkbox"/> <u>Agricultural Expansion</u> (based on the consolidation of agricultural holdings, and the development of commercial processing Also potential to develop high value added organic production).</p> <p><input checked="" type="checkbox"/> <u>Industrial Development</u> (via[a] the development of business and industrial zones to attract domestic and foreign investment and [b] the development of links between agriculture and cattle breeding , and industrial processing)</p> <p><input checked="" type="checkbox"/> <u>Capitalise on Environmental Assets and Develop Eco-tourism and Eco-Agriculture</u> (based on the clean environmental assets of the County)</p> <p><input checked="" type="checkbox"/> <u>Promotion of Cross-border Co-operation</u> (with other Counties and Countries in former Yugoslavia)</p>	<p><input checked="" type="checkbox"/> <u>Black Markets and Grey Economy Persist</u> (leads to cheap import (goods), tax evasion undermines legitimate businesses).</p> <p><input checked="" type="checkbox"/> <u>Increased Pollution</u> (leads to damage of important environmental assets. The result of the absence of the waste and waste water management and industrial pollution)</p> <p><input checked="" type="checkbox"/> <u>Brain Drain</u> (due to continuing lack of opportunities and very slow growth of economy. Young people and entrepreneurs leave the County. Emigration and depopulation occur)</p> <p><input checked="" type="checkbox"/> <u>Inflexible Bureaucracy</u> (e.g. land ownership issues not solved; rules and regulations governing the economy inflexible)</p> <p><input checked="" type="checkbox"/> <u>Strong International Competition and Lack of Investment</u> (economy does not fully adapt to the free market European economy)</p>



Developed health and social care sector is considered to be an equally significant advantage by county stakeholders. The high level of development in this sector supports the development of human resources in the county, while at the same time it attracts the users of these services from other counties as well as from the neighbouring Bosnia and Herzegovina. Additional support to this sector could also potentially provide a new "image" to the county as a place that cares about the health and social welfare of its inhabitants.

The short to medium term economic potential of the County is likely to be based on the growth of following sectors:

- **Agriculture:** Extremely beneficial conditions for the development of agriculture in the county (fertile ground, clean environment, climate), as well as large areas suitable for agricultural production suggest the existence of an opportunity for development in this sector. Apart from the enhancement of the existing agricultural production, there is also potential for development of organic agriculture, for which there is an increasing demand. It is necessary to modernize agriculture and encourage the formation of larger agricultural units, as well as to strengthen the administrative support for this sector in order for the agriculture to become appealing to younger part of the population and provide a good source of income for the agricultural households.
- **Industry:** Taking into consideration the above mentioned industrial tradition, especially in the metal and wood processing sectors, as well as the existing natural resources that could be used for further production; there is a possibility of a renewed surge in the county's industrial production. Initial foreign investments in the county's production sector also support this presumption. The possibility for additional demand for services that could be developed by small and medium-sized enterprises put an additional weight on the need to develop the industry. The development of business and industrial zones in the county, as well as the promotion of the county as a desirable location for investments, could significantly speed up this process and attract domestic and foreign investors. Adoption of new technologies, development of "clusters", as well as an increase in the level of marketing and management knowledge in the existing production companies, could enhance their competitiveness and profitability. Renewed access to the markets of former Yugoslavia presents an opportunity that this sector could greatly benefit from.

Development blockages

Whether the above described opportunities can and will be realized to a large extent depends on whether a number of development blockages can be removed. These blockages can be categorized as follows:

- **Lack of adequate communal infrastructure:** The notable lack of organised water distribution and sewage systems in the county inhibits the development of the economy and has adverse effects on all aspect of life for a majority of the population. As described earlier in the Basic Analysis, more than half of the settlements in the county are not connected to organized water distribution and



sewage systems. Inadequate waste management and the existence of numerous illegal waste deposits present a threat to the natural resources of the county. The county clearly lacks the appropriate infrastructure to underpin development, which constitutes a development blockage which must be removed.

- **Outdated technology:** Modern business demands a continuous renewal of technology in order to maintain its competitiveness in the market. The technology used in the county's economy is predominantly outdated and constitutes a development impediment, especially in the agricultural and processing industry.
- **Lack of adequate human resources:** Quality human resources are of vital importance for the county's development. The inadequate educational system is not adjusted to the needs of the economy. Due to the slow development of the economy, there is also an emerging trend of young and entrepreneurial people leaving the county in search of better opportunities. Apart from this, the structure of the unemployed population indicates a high percentage of low-qualified persons. Such situation presents a human capital brake on economic growth.
- **Inflexibility of the public sector:** The inflexible and slow public administration presents a problem for everyone in the county. The development of the economy is directly tied to the efficiency of the public sector. It is difficult to expect an economic boom and business investment in an environment burdened with unsolved legal and ownership issues or a poorly organised support to the business sector. The financial, human and organisational capacities of the county's public administration indicate the need for their strengthening in order to remove this obstacle to development.

Other potential threats that the County may have to face relate to the continuing brain-drain, the pollution threatening its clean environment, and the increasing growth of the grey economy and black markets due to a lack of regulation and of "legitimate opportunities" to make a decent living.

The outcome of these development blockages is **a low per capita GDP, high unemployment, a low standard of living and a low level of investment**. It is vital the ROP directly addresses these negative aspects of the County's current economy. The ROP must put in place the infrastructure and development capacities which will allow the businesses and citizens of the County to realise the identified economic opportunities and, thereby, increase incomes and per capita GDP, increase economic activity, attract further investment, and reduce unemployment.

2.3 COUNTY DEVELOPMENT VISION AND KEY OBJECTIVES

Given the above assessment of the economic potential and development blockages characterising this area, the County Working Group in cooperation with the Regional Partnership Committee felt that the 2012 vision should focus on *reducing unemployment and raising living standards* through the promotion of the *economic activities based on sustainable use of natural resources and tradition and inter-sectored partnerships*:



OUR 2012 VISION

In 2012 Brod-Posavina County will be a centre of renewed industrial development, with domestic and high value added foreign firms located on a number of business parks and zones sited near to the motorway. These firms will employ many graduates from the County educational institutions that have been improved. The County will be known for its renewed commercial agriculture and its organic agricultural produce which in 2012 is sold across the EU. The standard of living of the inhabitants of the County will have improved and by 2012 will be approaching the EU average. The County will be also known for its efforts to protect the environment and use the natural resources of the area in an appropriate and sustainable manner. Much of this success will be due to the combined efforts of the public, business and civil sector.

Four key development objectives, based on the Vision for the County, were formulated and agreed by the County and the Regional Partnership Committee:

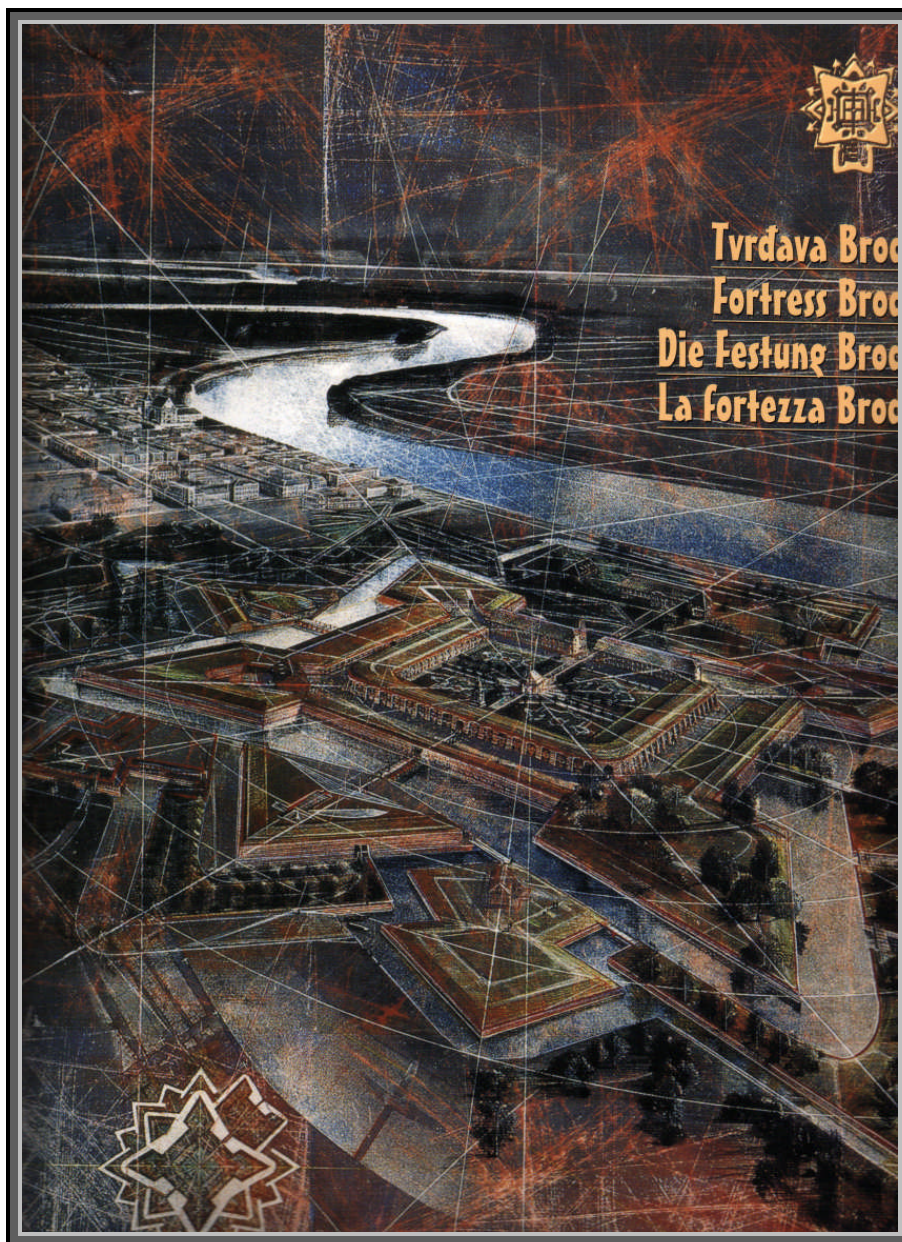
- 1. Strengthening the economy in a manner leading to significant and lasting reduction in unemployment:** The realisation of the county's economic potential, leading to the reduction of the high unemployment rate is necessary for the development of the County. By implementing a suitable intervention policy, an attempt will be made at modernizing business activity, attracting investments, enhancing the administrative support to the economy and strengthening the agricultural sector and processing industry, which have been identified as most important for the development of the County.
- 2. Provide infrastructure required for the expansion of businesses and the sound management of the environment:** The County's potential for development could be greatly enhanced by developing an adequate infrastructure. Since the existing community infrastructure, as well as the physical infrastructure required for development of the business sector, is currently at an unsatisfactory level, infrastructural investments could incite faster economic development and enhance the quality of life in the County. Infrastructural development should be carried out with much consideration for possible effects on the environment and it is necessary to additionally strengthen environmental protection and promote business activities based on ecologically acceptable principles.
- 3. Enhanced development of the educational system in a manner that is relevant to the economy:** This key development objective recognizes the need to adjust the educational system to the real needs of the economy. The business sector points at the lack of quality workers as one of the problems⁵. The County's educational system cherishes a more theoretical approach, facing graduates with the problem of practical implementation of the acquired knowledge. Connecting the educational and business sectors in the County could contribute to the creation of a workforce that would be more easily adjustable to the market needs. Likewise, experienced personnel, as well

⁵ See Evidence Box 3 in the Basic analysis, containing results of business sector survey.



as the unemployed, need additional education in order for them to be able to apply contemporary business principles and modern technology.

4. **Development of social infrastructure aiming to improve the position of vulnerable groups:** Enhancement of the quality of life, especially for the most vulnerable groups, is of vital importance for the county. Developing a positive and safe social environment can lead to a higher level of satisfaction with life in the County and reduce the number of young people leaving it. A significant role could be played by the civil sector as an initiator of the activities to improve the quality of life, which is why this sector should be strengthened in the County. Stronger institutional and non-institutional support to the vulnerable segment of the population should improve their position within the society.



The fortress of Slavonski-Brod; a cultural symbol and a potential major tourist attraction



Chapter 3: THE ROP FRAMEWORK

3.1 INTRODUCTION

The ROP framework is presented in this Chapter. On its basic level, the ROP framework consists of a strategy and a pipeline of projects to be implemented over the coming 7 years. More specifically the ROP framework consists of:

- A **strategy**; the ROP will be implemented through public sector led projects which enable and facilitate the private sector and civil society to grow. The former creates “wealth” within the County. The latter leads to improved participatory democracy. This strategy is described in section 3.2
- **Key priorities and measures**; associated with the strategy, namely the focus of action and the broad measures that are to be taken in order to address the focus of action. The priorities and measures are described in Section 3.3
- **Project selection criteria**; namely a transparent system devised by and to be used by the County ROP Working Group and the Regional Partnership Committee to chose and prioritise projects and create the project pipeline. The criteria are explained in section 3.4
- **Development projects**; an outline of the chosen priority projects and a description of the project pipeline given in section 3.5; details of the priority projects are given in Appendix

In addition to the above, the ROP will address important EU development themes (“horizontal principles”), namely the cross cutting issues that are supported by the EU and which are to be embodied in the ROP (see section 3.6.). Key development themes include the promotion of information technology, a focus on sound environmental management and sustainability, and a concern with gender equality, civil rights and effective democracy. In the last section, section 3.7, a broad assessment is presented as to the overall developmental impact of the ROP strategy.

3.2 THE ROP STRATEGY

The adopted ROP strategy will create an environment that *enables* and *facilitates*:

- the development of the **private sector** - that creates “**economic wealth**”, and
- the growth of **civil society** - that underpins “**participatory democracy**”.

The ROP will create such a favourable environment primarily through the provision of physical, economic and social **infrastructure projects** that are required in order to overcome the identified blockages on the development of the County, and enable and facilitate the private sector and civil society to realise the identified commercial and social developmental opportunities in the County. Examples of the required infrastructure projects include the expanded provision of water supply, the development of the roads

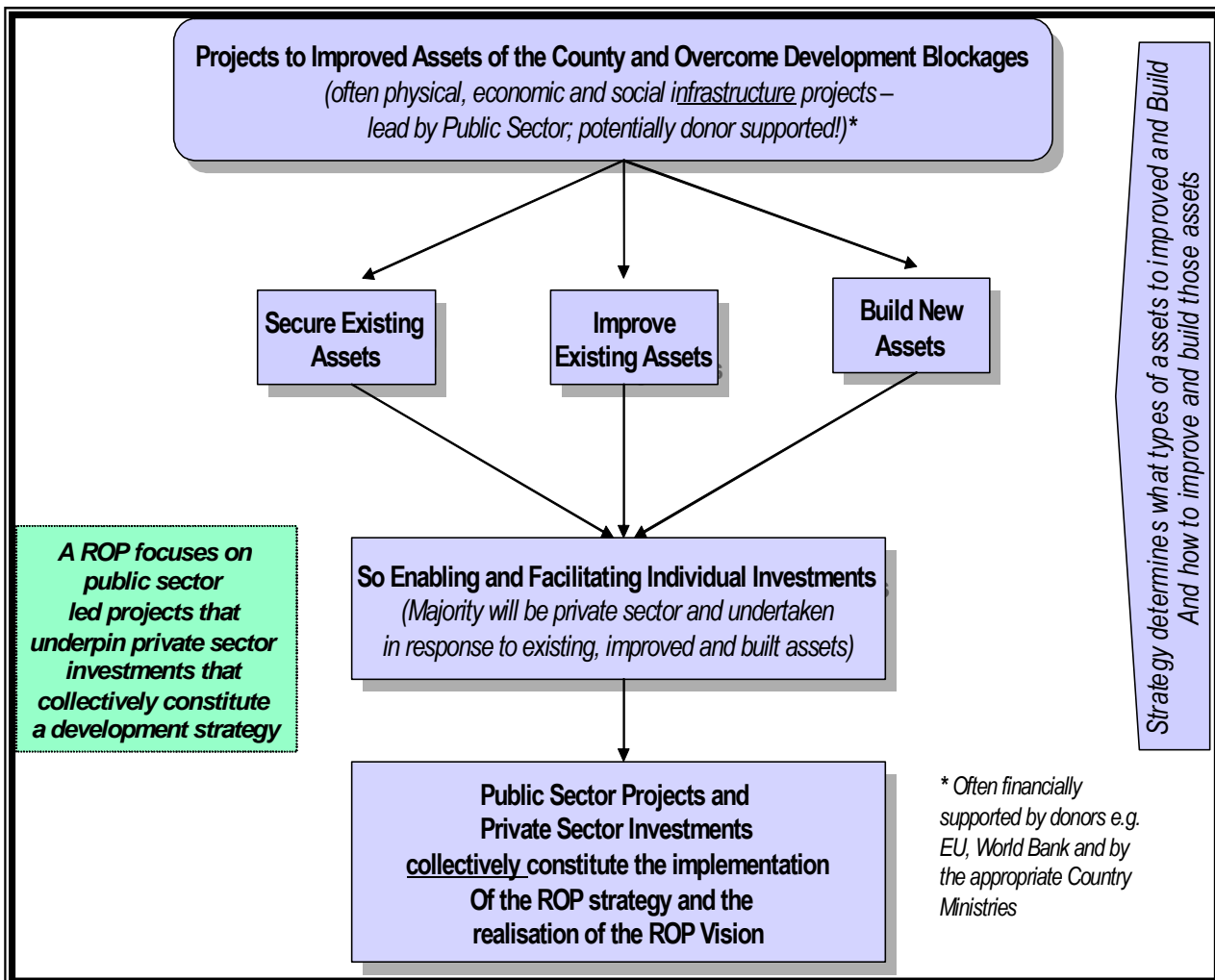


network, improvements to the educational and training systems, assisting key NGOs in developing, and the provision of advice for the business community.

The intention is that the delivery of such projects will enhance the asset base of the County, and change the composition of those assets, thus promoting the development of a new and vibrant business model for the County. In more general terms the aim is to enhance the comparative advantages of the County which will underpin an increased competitiveness of the private sector and the improved effectiveness of civil society.

The ROP, at least during its initial years, will be **Public Sector led**, and will focus on helping the businesses of the County develop commercial activities that collectively raise aggregate income. The ROP will also focus on helping civil society improve the structure of participatory democracy and develop social support systems that enhance aggregate social welfare. The nature of the County ROP strategy is expressed in Figure 3.1 below.

Figure 3.1: The County ROP Strategy





The ROP is also designed to improve the *capacity and capability* of the public sector executing and implementing agencies. It is necessary to build institutional and technical capacity and capability within the County so that the County (and any regional groupings of Counties that may voluntarily arise), and the associated municipalities, can effectively and efficiently use the available financial resources (both self generated and received subventions, the latter including funds directly from central government and those from a range of donors (which are likely to include EU pre-accession and Structural Funds [as and when these latter funds become available])).

Not only is the County (along with all others in Croatia!) a relative new institution, but it should be remembered that few such institutions had to, in the past, devise and implement a comprehensive development programmes. A learning process has to be completed. The process of implementing the ROP will be an important learning process. The process will involve changes to the institutional make-up of the County (such as the creation of a project management unit).

The process of the ROP implementation will also involve change of the institutional behaviour of the County (such as undertaking full project feasibility studies and managing and monitoring the application for resources much larger than have so far been available). It is expected that effective institutional strengthening will be associated with the implementation of the ROP which will ensure that in the coming years the County and the associated municipalities are in a much stronger position to manage their own affairs than they have been in the recent past.

In summary, the ROP strategy is for the public sector to build an enabling and facilitating environment through the provision of key infrastructure projects which will encourage the development of the wealth creating private sector and promote the growth of a vibrant and democratic civil society. The structuring of this environment the public sector will change; – institutional strengthening will have occurred and it will allow the County and the municipalities to effectively and efficiently manage development in the future and improve the ROP over time. Indeed, it is expected that the development plan (or business plan) for the County is effectively revisited, renewed and improved after the first round of projects have been implemented.

The development of the county is based on securing existing and improving local assets, such as:

- ☑ **Important Natural Resource Assets** The County is characterised by fertile agricultural land, plentiful supply of clean water for domestic and industrial consumption and substantial forests. The natural resources are ideally suited for the both agricultural and industrial development. Much of the land is flat with forested hills and vineyards on the slopes. Although there are threats to environment, at the moment the environmental load is not too critical because of the slow rate of economic recovery. This is about to change and the infrastructure to manage the environment in a way that allows appropriate resource use is not given. Therefore the combination of providing environmental infrastructure to areas already marked out as business zones and areas that are already used as business zones will need to be prioritised. The main areas affected by this are Nova Gradiska and Slavonski Brod which have substantial land allocated to business and manufacturing use in the current



(and up to date) Spatial Plans. With no waste water treatment facilities in the county present at the moment a concept will need to be drawn up in order to offer various solutions taking into account of how to provide improved services in the still densely populated rural areas. The provision of basic environmental infrastructure and drinking water is perceived to provide an additional incentive for people to stay in rural areas. The link between appropriate environmental services and slowing down the “brain drain” will need to be considered.

- Strong Industrial Assets and Tradition** in the field of metal production and wood processing will also be a defining characteristic of the county in the future. The economy will nonetheless be much more diversified in future than it was and than it is now. Slavonski Brod has already attracted foreign investor in new sectors such as textile production. Others will come in the near future. Nova Gradiška is currently negotiating with foreign companies to locate in their industrial zone. This zone has already attracted some Croatian firms moving to Nova Gradiška from other counties and areas of the country and the process of increasing diversification is already under way. The important principle for industrial development needs to be spatial concentration in and around the main urban centres and transport corridors. The rationale for this is to enable sound environmental practice, generate economies of scale for infrastructure provision and maintain the valuable agricultural land as productive land. A theoretical competitive advantage of the county is in food processing even though this has been difficult to drive at an industrial scale because of the difficulty in sourcing sufficient high quality produce. Large scale food processing has also failed because of unusual ownership and governance systems in one of the firms that was set up to process local produce. A strong state role and little expertise on how to source and market products appear to have played a role in the failure. However, the tradition in food processing is old; it is preserved and is increasingly re-discovered in family farms. This is a good foundation to build on, but generally speaking technology is often outdated and not easily accessible to local producers and business people. EU accession will have a major impact on food industries both in terms of new standards and regulations that need to be adopted and applied in order to be allowed to market food. An example of the potential of this industry can be drawn from Pozega where a 300 ha organic farm is successfully processing, branding and marketing their produce nation wide.
- Strong Health and Social Care Sectors** is something that is looked upon with some pride even though much improvement is needed in this sector to build it into functioning and more sustainable Health and Social Care sectors. It is, however, good enough to provide services above County borders as well as to serve many patients from Bosnia and Herzegovina. The sector is strong in the sense that it constitutes a relative strength. Both Health and Social care rely on the provision of services from the non-governmental organisations. They are critical of the system used for allocating funds as being un-transparent and not spending sufficiently on social care and health needs. Despite the relative strength of this sector in the county it seems that the PMU will need to agree priorities for the development of this sector with the partnership and agencies which depend on the support from the state. It is important to recognise the capacity of the non-governmental sector to source additional funds with the base funding they receive from the county. This constitutes investment, which supports the human resource development in the County. The ROP should



consider establishing a project that will facilitate the development of jointly agreed funding systems under direct and active participation of the NGO sector.

- ☑ **Important Geographical Location** of the county on major cross roads, railway junctions, the river Sava and the bridges to Bosnia and Herzegovina makes this county one of the prime development location in Croatia. In fact, pressure on land prices is already strong and substantial speculation on the price of land for business use is ongoing. Key sites between the river port and the Motorway (Zagreb-Lipovac-Belgrade) are attracting substantial premiums. There are a number of problems associated with this. One, the price of land in existing business zones is so high that few local companies can afford to move there as big national chains are driving up prices for land, there is little management of any of these processes as that would require self regulation, organisation and joint working to overcome typical agglomeration problems. For instance one business zone is mainly located in a small municipality bordering Slavonski Brod (Gornja Vrba). They are responsible for providing the infrastructure but only have an annual budget of Kuna 1 million and get income from the sales tax. The land is mainly owned by a local bank, which is making substantial amounts of profit as the site becomes increasingly developed. Slavonski Brod itself is benefiting from the enhanced purchasing power of the people working there. This set of problems could be solved through co-operative action and ensure that all key players can benefit from development. The current capacity for co-operation between municipalities is not well developed and will need to improve the way location benefits are realised in the county.

The weaknesses as identified in Chapter 1 and 2 of this ROP will need to be addressed directly through the ROP. They will function as a set of minimal criteria of activity under the ROP. This has to be viewed in the framework of utilising existing assets and ensuring that the policies and projects do not accelerate the problems of the county but remove development blockages. In practice this means the following will need to be done under the weaknesses identified.

- ☒ **Industrial Decline, Outdated Technology, and the Lack of Investment** are all features of the county today. The location and tradition of the county are such that recovery is setting in. Industrial decline went hand in hand with privatisation and not all of that is completed. The lack of investment will be conjured by increasing foreign and domestic investment in the area; however, the ROP will need to generate conditions that speed up this process. The provision of well-defined business sites, a reduction of red tape and increased transparency of procedures will ease up investments in long run. Foreign investment usually goes hand in hand with new technology being introduced. They should generate backward and forward linkage locally. The planned technology centre should enable the creation of such linkages and make it easier for local suppliers to increasingly take on local supply contracts.
- ☒ **High Unemployment and lack of adequate human resources** are reflected in low or “wrong” skills. This limits the growth potential of the local economy and slows down the process of restructuring. Some of this is due to inappropriate training systems. Students are trained on machines that are no longer used in industry; teachers are no longer abreast of the industry requirements. This is a serious development blockage. One way of addressing this is to move training into the local firms that both need staff and are ready to contribute to curriculum development. A



pilot project with the textile industry was submitted as a project idea and this should be developed into a pilot scheme to see what the potential of such co-operation brings. The aim is always to generate win-win situations for all partners. One school that is demonstrating the value of new training and forging industry links is the agricultural school in Slavonski Brod which has established itself as a training centre for all types of rural activity including retraining of people entering the industry and setting up businesses. The initial scepticism has turned into demand that is now pushing the school into new directions. For instance creating the local agricultural show and livestock presentation/markets has substantially improved the visibility of local products. Other schools should follow the lead.

- ☒ **Inadequate Waste Management and inadequate water supply and drainage** threaten the future of the county and its economy. These are blockages to development impeding both quality of life and the resource base and re-enforcing an already difficult problem of emigration away from the county.
- ☒ **Indebtedness of Citizens and the Economy.** Inter-personal and inter-company debt is high and rising. Enforcement of bankruptcy procedures and laws are the only viable way of addressing this problem in the medium term. This is largely out of the hands of the county and a matter of the national authorities. However, the sooner this can be enforced the quicker the economy can adjust and move on. At the moment the problem is known but the effect of enforcement on the local economy is not well understood.
- ☒ **Unfavourable (elongated) shape of county** is something that can only be addressed through pragmatic approach and sensible co-operation with other counties and institutions. For instance a rural development programme which is urgently required may be more efficiently provided in co-operation with Pozega County, equally some business services and experience with running business incubators in other counties (e.g. Pozega) should be made available to planned incubators in this county.

3.3 PRIORITIES AND POLICY MEASURES

In Chapter 2 vision of the County has been described, as well as four main development objectives that emerged from the vision. The members of the County Working Group and Partnership Committee have jointly broken down each objective into several priority actions necessary for the realisation of each objective (priority), and subsequently those into several measures needed to realise priorities. The numbers given to the priorities and measures do not determine their importance or order. The list of priorities and measures follows below.



Strategic Objective 1:
Strengthen the economy in ways that lead to a significant and lasting reduction in unemployment

PRIORITY 1: Improvement of institutional capacities for economic development

MEASURE 1: Improvement of capacities of economic institutions

MEASURE 2: Strengthening of County Development Agency

MEASURE 3: Stimulation of inter-county and international economic cooperation

MEASURE 4: Improvement of institutional and absorption capacities of local and regional self-government

PRIORITY 2: Formulate business support programmes aiming at growth of companies

MEASURE 5: Improvement of existing and preparation of new programmes to support entrepreneurship in the County, and their implementation

MEASURE 6: Preparation and implementation of programmes to improve structure and mechanisms to support entrepreneurship

PRIORITY 3: Define actions to attract investors from within Croatia and abroad

MEASURE 7: Promotional programmes to attract investments

MEASURE 8: Auditing and reducing "Red-Tape" constraints on attracting investments

MEASURE 9: Setting up County GIS

PRIORITY 4: Stimulate the development of high value added production in the County

MEASURE 10: Establishment of Centre for new technologies, IT and management

MEASURE 11: Forming clusters and developing brands of products produced in county processing industry

PRIORITY 5: Stimulate the development of agriculture

MEASURE 12: Stimulate the system of cooperatives and other forms of associations of agricultural producers

MEASURE 13: Improvement of institutional support to the agricultural sector

MEASURE 14: Programme of irrigation and drainage for agriculture

MEASURE 15: Modernization and increase of product range in agricultural production



**Strategic Objective 2:
Provide infrastructure required for the expansion of businesses
and the sound management of the environment**

PRIORITY 6: Economic infrastructure

MEASURE 16: Development of business zones and industrial parks based on market demand

MEASURE 17: Building of new and improvement of existing key roads

MEASURE 18: Lobbying on national level to ensure quality provision of energy

MEASURE 19: Development of river transport and construction of river ports

MEASURE 20: Development of tourism

PRIORITY 7: Communal infrastructure

MEASURE 21: Construction and improvement of water supply infrastructure

MEASURE 22: Construction and improvement of drainage and sewage system

MEASURE 23: Construction of new and sanitation of existing landfills; and sanitation of uncontrolled dumps

PRIORITY 8: Environmental protection

MEASURE 24: Stimulate agricultural eco-production

MEASURE 25: Programme of selective collection of waste and recycling in the County

MEASURE 26: Acceleration of de-mining process

MEASURE 27: Educational programmes about the importance of environmental protection

MEASURE 28: Strengthening the role of NGOs on environmental protection

MEASURE 29: Improvement of environmental monitoring

MEASURE 30: Protection of nature

**Strategic Objective 3:
Promote the development of the educational system in a
manner that is relevant to the economy**

PRIORITY 9: Connecting Educational Institutions and the Economy

MEASURE 31: Stimulate the involvement of local educational institutions in research and development in local companies

MEASURE 32: Creation of joint educational Programmes

MEASURE 33: Promotion of business related programme in elementary and secondary schools



PRIORITY 10: Providing Additional Education

MEASURE 34: Improvement of existing and preparation of new programmes for additional education based on assessment of needs in business sector, and their implementation

**Strategic Objective 4:
Development of Social Infrastructure aiming at improvement of
the situation of vulnerable groups**

PRIORITY 11: Support to the Health and Social Welfare Sector

MEASURE 35: Programmes to support NGOs to enable increase and improved assistance vis-à-vis health and social care

MEASURE 36: Improvement of the infrastructure, IT and equipment of health institutions

MEASURE 37: Preparation and implementation of programmes to stimulate healthy living and programmes to reduce effects of Endemic Nephropathy

MEASURE 38: Preparation and implementation of social and economic inclusion programmes and programmes to help vulnerable groups

MEASURE 39: Non-institutional programmes in social sector

PRIORITY 12: Improvement of quality of life

MEASURE 40: Improvement of the infrastructure, IT and equipment of pre-school and education institutions

MEASURE 41: Improvement of public transport safety

MEASURE 42: Promotion of cultural and sport activities; and improvement of cultural and sport infrastructure

MEASURE 43: Creation of equal education conditions in the whole County

PRIORITY 13: Support to the development of Civil Society

MEASURE 44: Promotion of civil sector and awareness building on its role and importance; strengthening the role of civil society in decision making processes

MEASURE 45: Preparation and implementation of programmes to improve structure and mechanisms to support non-profit organizations and civil society organizations

MEASURE 46: Stimulating voluntarism

MEASURE 47: Networking of civil society organizations, and stimulation of inter-regional and international cooperation of civil sector



3.4 PROJECT SELECTION CRITERIA

Project selection is an important process. The projects that are chosen for implementation through the ROP must conform to the agreed ROP strategy and associated County and National strategies and plans. The projects must be feasible, and must be selected in a transparent manner. These and other criteria were debated by Members of Brod-Posavina County Working Group and Partnership Committee who jointly agreed the project selection process and associated criteria described in table 3.1 below.

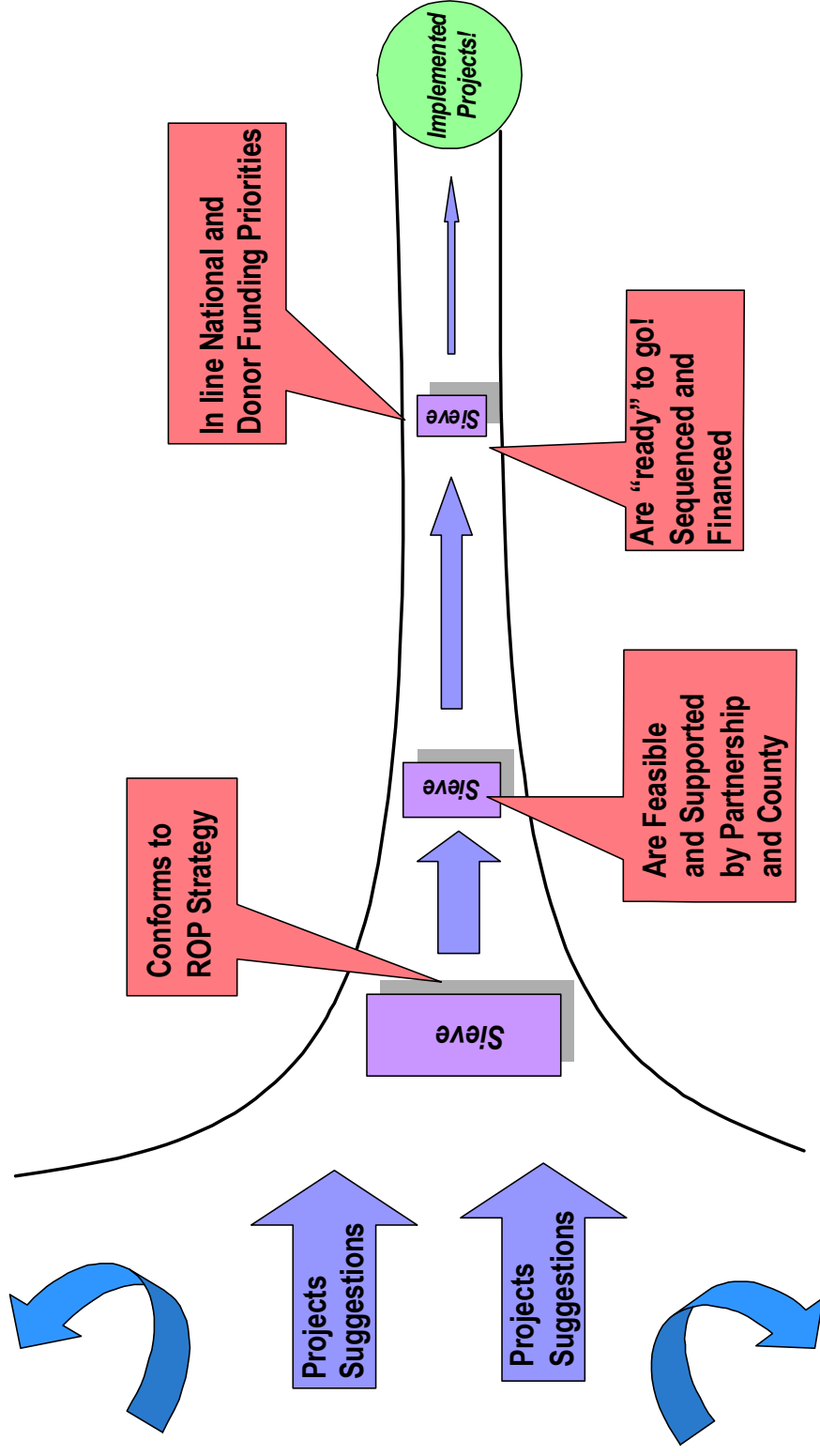
Table 3.1: Agreed Project Selection Criteria

Stage	Criteria (Projects should)	Outputs
IDENTIFICATION This process selects the projects.	Can be at any stage of development from concept to detailed design, but must: <ul style="list-style-type: none"> • Reflect ROP Strategy – i.e. address issues raised in the Basic and Swot Analyses and emerge from the ROPs Priorities and Measures: • Conform with other approved plans (i.e. existing and approved National / County / municipal spatial plans) And at best should also: <ul style="list-style-type: none"> • Contribute to improved environmental management of the County • Contribute to sustainable local infrastructure • Build local capacity in the private or public sector • Generally conform with EU's horizontal principles 	Long list of priority projects which satisfy the criteria divided into sectors. These sectors should broadly conform to government (and donor) funding sectors. Typical sectors might include: <ul style="list-style-type: none"> • Business development • Agriculture development • Infrastructure and brown environment • Education and Human Resource Development • Health and social welfare • Cultural heritage, green environment and tourism



Stage	Criteria (Projects should)	Outputs															
<p>PRIORITISATION The application of this criterion will require some preliminary data on options, scope, costs and benefits. If these aren't available it is doubtful if the project can be a high priority.</p>	<p>Obligatory Criteria</p> <ul style="list-style-type: none"> • <i>Must be afforded high priority by the Regional Partnership Committee</i> • <i>Can progress to full feasibility and detailed design quickly</i> – (no substantial technical, environmental, financial, economic or social issues) • <i>Can be built quickly</i> – e.g. land acquisition not a problem, location / construction permit obtained. • <i>Co-financing available.</i> Demonstrate other co-financing sources up to 20% of the project cost • <i>Initial assessment optimises benefits to costs</i> • <i>Can be operated and maintained by the responsible institution</i> • Desirable Criteria: • <i>Is a prerequisite for implementing other projects</i> • <i>Potential to lever into County additional funds</i> • <i>Complements other ROP projects</i> • <i>Promotes social inclusion</i> 	<p>A list of HIGH PRIORITY projects in each sector generally satisfying pre-feasibility. This alignment of local level priority projects with government and donor priorities optimises access to project funding. Projects in each sector can be packaged starting at the highest priority to match available funding. If a prioritised project is found to not be feasible, then the next priority in that sector can be included.</p>															
<p>PROJECT OUTLINES for all prioritised projects.</p>	<p>For All Priority projects this should include:</p> <ul style="list-style-type: none"> • The issue, priority and measure to which the project proposal is linked • Brief description of existing situation • Brief description of proposed solution including options, target beneficiaries, complementary projects and operation responsibilities • Current status of preparation • Any key issues with regard to environment or land acquisition • Included in spatial plan <p>For High Priority Projects</p> <ul style="list-style-type: none"> • Costs accurate to plus or minus 25% • Initial assessment of scale of benefits • Co-financing agency (and funds) identified • Summary implementation plan with timings and responsibilities prepared. 	<p>Matrix of Priority projects by sector as shown below.</p> <table border="1" data-bbox="951 1256 1398 1637"> <thead> <tr> <th></th> <th>S1</th> <th>S2</th> <th>S3</th> <th>S4</th> </tr> </thead> <tbody> <tr> <td>High Priority</td> <td>Project1 Project 2 Project 3 Project 4 Project 5 etc</td> <td>Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc</td> <td>Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc</td> <td>Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc</td> </tr> <tr> <td>Priority</td> <td>Other identified projects lacking data to allow prioritisation</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		S1	S2	S3	S4	High Priority	Project1 Project 2 Project 3 Project 4 Project 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc	Priority	Other identified projects lacking data to allow prioritisation			
	S1	S2	S3	S4													
High Priority	Project1 Project 2 Project 3 Project 4 Project 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc	Proj 1 Proj 2 Proj 3 Proj 4 Proj 5 etc													
Priority	Other identified projects lacking data to allow prioritisation																

From Project Suggestion to Project Implementation!



The "Sieving" / Project Selection Process: Some projects might not make it! - if not clearly justified and inappropriate – namely, don't fit with the ROP strategy!! - and are not aligned with national programmes and donor priorities etc



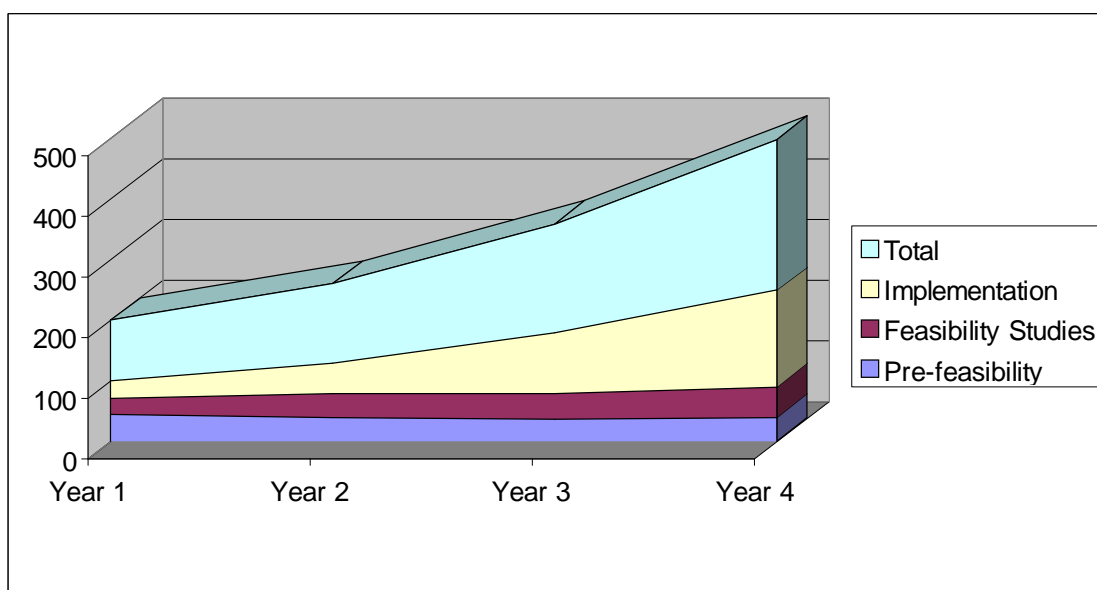
3.5 OUTLINE PRIORITY PROJECTS AND PROJECT PIPELINE

The agreed project selection criteria guide the identification of projects. This is a dynamic process, and involves prioritising those projects that conform to the ROP strategy and which are ready to go (namely, complete with a full and positive feasibility assessment). Following these prioritised projects will be those projects that need detailing up to various degrees. All these projects form the “*project pipeline*” which can be simply sub-divided into the following:

- **Projects that are ready to be implemented!** - Projects ready for implementation; all required permits have been obtained, and a full feasibility assessment has been completed and is positive.
- **Projects that require a full feasibility assessment** - Projects which may have a positive pre-feasibility assessment, but which now require a full feasibility study and detailed design, and/or cost benefit assessment.
- **Projects that require a pre-feasibility and outline impact assessment** - Projects requiring a pre-feasibility assessment, and early impact assessments.
- **Project suggestions!** - ideas that will need to be developed into projects.

The overall project pipeline is expected to be developed as shown in Figure 3.2 below. The idea is to develop more and more appropriate projects to implementation stage than is the case at the beginning of ROP implementation. Figure 3.2 is schematic in the representation of the relative shares in each section over time.

Figure 3.2: Distribution of projects per project status



The project pipeline is a description of a process that is often described as the early parts of project cycle management. Project ideas are the most important part of the pipeline and



the first round of identifying projects ideas in the County was held in March 2005. The call for project ideas must be undertaken in a well publicised way in the future in order to allow wide spread participation in the ROP process (and the overall development of the County). The call for project ideas should be repeated twice per year in order to ensure that good ideas have a possibility to be developed in to projects at any time in the process. All ideas are submitted in a standard format that can be translated into a data base and sorted according to key selection criteria. The formats and database have been developed and are operational in the County.

Project preparation has to work for a range of projects according to their state of readiness of implementation. At any time, projects ready for implementation will be in the initial stages of implementation while at the same time project feasibility and pre-feasibility assessments will be conducted so generating projects to be implemented hopefully immediately fater the implementation of first batch of projects has been completed. The objective always being to have as many relevant projects under implementation within the County as the system can handle.

Particularly relevant projects are those that can combine more than one priority by addressing the linkages between the priorities successfully. These would include projects that develop and make available new or appropriate technology for local business through a proposed local technology centre. This would address the business need for services, the need to develop more local expertise in high level positions and the need to link education closer with the requirements of local enterprises.

Specific projects that are a priority for the county are:

- ***Establishment of Centre for new technology*** in Slavonski Brod. The basic idea for this project has already been written up. However, a full feasibility study and business plan for the centre will need to be drawn up. This will include a medium term strategy for funding the centre that goes beyond EU support.
- ***A pilot project for educating textile workers*** in a joint initiative between textile companies from Croatia and students. This project will need to be drawn up from scratch in cooperation with the companies concerned, the Labour Offices and existing professional schools.

A second key programme must be to increase efficiency in the agricultural and food processing sector. Previous experience in the region has shown that it is not sufficient to provide processing facilities to local farmers as the local produce is not sufficiently regular in supply, quality and size to act as a supply base to industry. This is a structural problem that will need to be addressed. A comprehensive understanding of the food market and associated supply chains is required, together with an assessment as to how and the local industries can participate in these chains. Once this is well understood the restructuring and upgrading of the sector can proceed. However, efficiency gains in agriculture are nearly always associated with job losses. Similarly the relative strength of the agricultural industry will diminish with the evolving development of the county. Whilst this programme may be worthwhile it would have to operate in a setting where it is clear that improvements in agriculture may not solve the underlying problem of a lack of employment opportunities.



This will need to be addressed through a rural development programme that also underpins the shortcomings in agriculture. The rural development programme will need to work in association with the agricultural school in Slavonski Brod. The programme will need to bring the stakeholders from both Požega-Slavonija and Brod-Posavina counties together and establish an institutional set up that can manage rural development in this area.

Priority projects which can be started without this Rural Development Organisation are:

- ***The establishment of a newsletter and training programme for rural residents*** on the types of activities that receive support from the Croatian government or the European Commission. This should in particular also inform rural dwellers on the pre-accession funds and the Croatian government policy.
- ***Develop an integrated project around the idea of a wine road in Požega-Slavonija and Brod-Posavina Counties*** including rural tourism and income generating activities. The project will need to be developed from scratch.
- The establishment of a ***grant scheme for producer groups*** such as the vegetable growers association that is trying to make irrigation services available to its members. This grant scheme will need to be agreed with the Ministry of Agriculture and it should be considered whether this should be a national programme rather than a regional activity. This project would need to be started from scratch; drafting a concept, developing procedures and allocating management responsibility. This should be thought of as a pre-cursor to EU membership and pre-accession funding.

Another area that needs immediate attention is the provision of business space for local firms in the business areas and linking these business zones to appropriate environmental infrastructure. There is no waste water treatment facility in Brod-Posavina County; any provision of this will need to be able to provide services for the business zones.

Typical projects that will need to be taken forward are:

- ***Establishment of a Development Centre for Nova Gradiska industrial park***
- ***Technical support to business zones management, regional marketing and attraction of foreign investments*** in business zones. Particular support is needed to manage the Nova Gradiska industrial park and the North business zone in to the East of Slavonski Brod.

Basic infrastructure for rural communities should not be assessed on a project by project basis. Individual projects would thus serve too few citizens in too large an area to have a commercial basis. Therefore a programmatic approach is needed that can focus investment on wider area.

Such projects should be:



- **Garčin infrastructure (waste water) project** is sufficiently large and has particular technical needs that imply the solution of several infrastructure components in one project. This has the potential to link additional Municipalities together and provide services such as waste water treatment for surrounding areas. Estimated overall cost is approximately €5 million and the wider impact could be substantial but must be assessed separately. All technical studies are available.
- **Regional Water supply for Eastern Slavonija project** intends to solve the problem of drinking water supply to the Eastern part of Brod-Posavina County, Vukovar-Srijem and Osijek-Baranja County. Overall project cost is estimated at Kuna 670 million for all three counties. Only Kuna 190 million of this cost would fall to Brod-Posavina County, and the support required is Kuna 150 million.
- **Regional Water supply for Western Slavonija project** covers a number of municipalities in this part of the county, and aims at solving the water supply shortcomings for 20,000 people. The project is in an advanced stage of preparation. The total budget for the project is 125 million Kuna, of which 60 million is asked from the ROP.

The development of democracy and civil society is becoming increasingly important to ensure that society is capable and empowered to participate in development processes and policy dialogue. In addition access to basic rights is still required despite the decline of the number of refugees and lowering of the return process. Especially poor people have difficulty accessing legal and social services without additional support. This also includes the whole sector of health support and social care which is currently run through a number of initiatives from the authorities and NGOs alike.

Three important projects are:

- **Citizens Advice and Legal Assistance Centre** in Slavonski Brod has provided legal support to refugees and returnees for years and is one of the most highly regarded services of this type in Croatia. The issue is that the number of cases the centre handles is continually growing whilst the number of refugees applying for services is constantly reducing. The “traditional donors” funded refugee cases only, not poverty related cases. In order to access the government programme the centre must become accredited legal aid centre and requires support to prepare for accreditation and programme development to reach this status.
- Gong is a NGO promoting debate on local policy issues between local residents and politicians to foster and promote transparency and accountability. The ROP will need to investigate ways of using this knowledge and reputation to increasingly open up policy making and move towards **increased participation of citizens in decision making**. One area that needs this is the budget allocated to NGOs in the county. A full project concept, participation and implementation plan will need to be drawn up prior to implementation. This could be used as a pilot project for other counties in Croatia.



- The development of well formulated project in the **health and social care sector** is a priority that will need to be addressed early on in the ROP implementation. The need is high and there are a number of ideas that were submitted. However, they will require further project development work. Notably the inclusion of the various partners and ensuring that the projects contribute to improved sustainability of care provision between NGOs and the various authorities. It will be important to develop and package projects in this sector before the end of 2005. This could also result in a number of pilot activities to test new ways of providing services.

These priority projects are not necessarily part of the request for project ideas, but a result from the analysis of the project ideas and the discussions with applicants. The data base of project ideas will yield more such projects, programmes and themes as it grows over time. However, project development, packaging and design will remain an important activity of the PMU in collaboration with the beneficiaries.

3.6 EU HORIZONTAL PRINCIPLES

The County ROP has been designed so that the following important development themes of the EU are adequately addressed:

- The development of the information society,
- Promoting equal opportunities and civil rights,
- Sound environmental management and “sustainability”
- Fostering private-public partnerships and effective democracy.

The Information Society Strategy for the County

The Information Society is proving to be one of the prime drivers of economic and social change in Europe. It is no longer the case that an economy can grow with only certain individuals having access to information. The transition to an information society requires participation by all. However, its potential is not being fully exploited in Brod-Posavina County despite the recognition that Information and Communications Technology (ITC) is an essential component of any strategy designed to increase business competitiveness.

The business use of ICT in the County is relatively low compared to other areas in Croatia, and very low compared to the core regions of the EU. As a consequence the economy of the County is constrained. With an increasing number of competitor firms in other countries and counties taking advantage of the expanded market opportunities, it is essential that all firms are able to utilize the advantages of ICT and that their workforce has the required skills to do so. Personal use is also low in the County; so hindering the development of individual skills, networking, and social capital formation.

There is a danger that the Information Society will create a **digital divide** providing increased opportunities for those already possessing basic qualifications whilst reducing opportunities for those that do not. The intention is to counter it in the ROP and the County by a systematic integration of ICT skills into all types of activities, but especially for activities which seek to develop basic and key skills. Those who lack basic and/or key skills are the most likely to have the poorest access to ICT services and facilities.



Poor familiarity with ICT is likely to increase the difficulty facing individuals in accessing economic and employment opportunities, both now and in the future. Therefore, projects supported under basic and key skills priority areas will be encouraged to demonstrate how ICT skills have been taken into account in the content and delivery (the demonstration effect) of the proposed training activities. Basic and key skill activities should ensure that they play a role in equipping participants to become digital generalists confident in the use of ICT. The County Government will play a key role in mainstreaming the information society throughout the ROP.

The Information Society will in time affect the way almost all firms in the County do business. Some are already witnessing the entry of new competitors that did not exist two or three years ago. New delivery channels provide both opportunities and threats. Those that are fast to react and stay abreast of new developments will gain most from the new dynamics of the business environment. The ability to respond to an ever-changing marketplace requires adaptability and key skills which have been previously recognised as an important element of the strategy. In particular, sectors and businesses in certain locations that use technology to overcome problems caused by being located on the outskirts have the potential to expand where this was not previously possible thus strengthening and modernising the economy.

Implementing the Information Society Strategy

The strategy will be delivered across the entire ROP – mainstreaming ICT is essential in order to significantly increase participation in the Information Society. Many components of the ROP will play some role in delivering the different aspects of the strategy. However, ***awareness raising exercises*** need to be part of not only business development, but also of training and skills initiatives, and programmes to promote community and rural development. Furthermore, as part of the implementation of the ROP the following will be undertaken:

- Ensuring that new facilities have suitable ICT infrastructure
- Providing ICT delivered information for all advice and marketing initiatives
- Providing flexible ICT training accessible to as wide an audience as possible
- Ensuring that business development activities take advantage of ICT wherever possible

Each project and project sponsor will be “examined” as to how the project will further develop the IT society in the County. Indeed, a ***guidance note*** will be issued to all project sponsors. This guidance note is intended to assist applicants in meeting the minimum quality threshold for ICT as a cross-cutting theme in the County ROP. The notes will be prepared by type of project activity in order to stimulate understanding of best practice and alert applicants to the ways in which ICT is increasingly affecting economic and personal life in Europe.

This guidance is not intended to cover every eventuality. Applicants are encouraged to be creative in how ICT might add value. Applicants must declare the actions they have taken, or intend taking to address the ICT cross-cutting theme. Examples of how ICT can be used in various development programmes are given below (project sponsors will be asked to describe, and quantify if possible, how ICT will be used in their project):



Projects involving personal & community development

- Community development is associated with the provision of local services to meet local need, often delivered by community and voluntary organisations. ICT is playing an increasingly important role in helping community and voluntary organisations to engage more effectively with their customers, supporters and funders. ICT is also enabling community services to be delivered electronically or to provide digital content that compliment physical delivery of services in the community.
- Community development is also being delivered via ICT through projects that engage local people in subjects that mean something significant to them, such as local or family histories. In doing so it enables local people to learn ICT skills, focus on a project of community pride and develop personal skills such as working as part of a team and organisation. Applicants should consider the potential for using ICT to engage people in community activities.
- Online resources can provide support to those in need of personal development, particularly in re-entering the labour market. Portals can provide up to date information about learning opportunities, childcare, funding available to individuals to improve their prospects, preparing a job application and career advice. Projects involving personal development should consider how online resources could add value to their objectives.

Projects involving tourism

- The World Wide Web has had a significant impact on the tourism industry. It has provided the consumer with unprecedented access to information on every aspect of the tourism experience and heightened competition in the industry. Applicants should demonstrate how they intend by using ICT effectively promote, inform and sell-through the Croatian tourism experience and demonstrate joined up thinking with other Croatian online tourism initiatives.
- Multimedia content can now be rendered over a variety of platforms, interactive digital television, text messaging, wireless application protocol, world wide web on PC, touch screen terminal. Applicants should consider how digital access platforms might be creatively used to deliver tourism related content to the consumer.
- ICT is increasingly being employed to plan tourism capacity in 'real time'. Hotel accommodation, attractions, leisure and recreation facilities, restaurants and parking spaces can all be managed remotely to optimise supply verses demand and afford the consumer a better tourism experience. Applicants should consider how 'real time' digital information about their facility is or could be integrated with the wider tourism portfolio for Croatia.
- Multimedia content offers new and effective ways of delivering heritage or cultural interpretation. Applicants should consider how their customers could be better served by the provision of interpretative multimedia content provided at strategic tourism locations.

Projects involving training & education

- ICT is making a substantial impact on the learning environment both in terms of online materials complementing traditional learning practices as well as enabling



people to learn entirely remotely. Applicants should demonstrate that they have considered the potential of ICT in adding value to their training or education project and where appropriate, detail the way in which they intend to use digital access platforms and digital content to raise attainment and widen participation in learning.

- Interactive whiteboards, wireless tablets and portable workstations are being applied creatively in the learning environment. They enable the teaching provider and learner to interact in new ways, which enrich the learning experience and offer new intuitive ways of communicating complex ideas. Applicants should note how they have considered the potential of these devices in the delivery of their project.

Projects involving transport and transport infrastructure

- ICT offers public transport new ways of integrating timetables and providing customers with 'real time' information on air, rail, water and road travel. Projects involving public transport should consider how such applications can raise efficiency, capacity and public perception about public transport as an alternative to private means of transportation. .
- In terms of transporting goods, modern business practice requires goods to be delivered according to the 'just in time' principle. This improves the efficiency of the supply chain and helps cashflow. Consignment and vehicle tracking elements of these solutions are now becoming standard practice.
- Projects involving the construction of new transport routes and hard infrastructure should note the way in which ICT is changing traditional ideas of 'work' and 'place'. Teleworking, the transportation of goods electronically, electronically managed logistics and video conferencing are examples of how ICT can reduce the need for physical travel.

The County Equal Opportunities Strategy

Brod-Posavina County will ensure an appropriate gender balance and representation from key civil society organisations within the institutional structure chosen to manage the implementation of the ROP. Furthermore, equal opportunity (EO) objectives will be implemented in each priority through the activities supported. This will be done by examining how project sponsors intend to implement EO objectives within their projects submitted for support through the ROP. The intention is to "mainstream" EO objectives as much as possible.

The ROP will promote equal access for all to the education, training and employment opportunities offered by the ROP regardless of gender, disability or ethnic origin. To achieve this, three objectives integrated through the whole ROP will be aimed at.

The first objective is to increase and secure access to education, training and employment opportunities for women and disabled people and other groups who suffer from exclusion. - Sustained economic advances can only be achieved if previously excluded groups are secured access to higher level training and ultimately, to higher paid jobs. This can partly be achieved by ensuring equal access to business support measures and entrepreneurial training, for example, by flexible approaches to the delivery of education and training, work - home reconciliation strategies by employers, equality



training for providers and a supportive physical environment that offers ease of access, safety and childcare. Need will arise to set priorities for women that are returning to their jobs, single parents, part time workers and those who have experienced long term exclusion from the labour market (e.g. through disability, ill health, low skills) all of whom tend to experience the greatest difficulty in accessing good training and employment opportunities.

The second objective is to increase the number of women and disabled people which have good opportunities for training and employment in higher paid and higher skilled sectors and self employment. - For members of excluded groups to take full opportunity of the increased access offered by the ROP, it will be important that both business and training organisations take account of their needs to allow them to make the fullest possible contribution to County's economy. Flexible training and employment options, specific support to increase access to entrepreneurial funds and advice, innovative schemes to encourage the take up of higher level courses and well - paid careers, non – traditional employment opportunities, enhanced use of and involvement at higher levels with ICT are all examples of options available in the Programme to achieve this objective.

The third objective is to increase the number of employers and training organisations adopting equal opportunity policies and working methods to reconcile work and family life issues. -- The development of good equalities structures and methods will increase the ability to harness and develop the skills and talents of all those able to enhance the economic wealth of the nation. For example, employers, training and education providers and business advisers should develop equal opportunity strategies and training within their organisations that recognise the need to develop flexible work arrangements and training delivery methods, child and elder care support, accessible environments and recognition that work – home reconciliation applies equally to men as it does to women.

Implementing the Equal Opportunities Strategy

Brod-Posavina County will implement an OE strategy by:

- Mainstreaming gender equality throughout the whole of the ROP.
- Assisting (and sometimes prioritising) accessing, for people with disabilities, to jobs, goods and services.
- Promoting social inclusion for those people who remain marginal to the mainstream economic and social life of the County.

During the “Calls for Project Proposals” following typo of projects will be encouraged:

- Projects which aim to remove barriers that are preventing women, ethnic minorities, people with disabilities and other socially excluded groups such (as nurses, single parents, refugees or ex-offenders etc)., from accessing training, employment or business opportunities.
- Projects that link training/trainees to employers that are more likely to result in sustainable employment for those groups facing discrimination of exclusion.
- Projects that are targeting young people in areas, schools or communities with concentrations of students at risk of 'dropping out' or being excluded.



- Projects that are aimed at supporting businesses being run or started up, by women, people of different ethnic minorities, etc and are aware of the different social, and cultural profiles of the County population and are able to take appropriate action to target these groups and meet their special needs.

The case for taking action to achieve equality of opportunity and social inclusion is compelling for the following reasons:

- it improves recruitment and selection because it provides access to a wider pool of talent and ability from a broader range of communities
- it increases customer satisfaction and therefore enhances the reputation of the business or organisation which in turn will improve access to new or previously hard to reach markets or groups, and could improve opportunities to access public and ethical investments.
- The organisation becomes an employer of choice which enables the recruitment of the ‘best person’ for the job, business opportunity or training course. Longer retention rates lead to saving in the costs of recruitment and retraining, and improve motivation and productivity.
- it protects against the cost of discrimination. Tribunals are expensive in terms of money, time, morale and reputation

Strategy for the Sound Environmental Management of the County

Sustainable development is most commonly defined as: ***“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”***.

Sustainable development sustainability is inextricably linked to social and economic issues; activity taking place in one area at the expense of the others is not sustainable in the long term. For example, many environmental resources are finite and once removed or destroyed will hamper development for future generations. It is necessary to promote economic development that is efficient, socially acceptable and environmentally safe.

The EU’s commitment to the Environment and Sustainable Development is enshrined in the Maastricht and Amsterdam Treaties. The Goteborg European Council underlined the importance of balancing economic growth with sustainable development targets. All EU co-funded initiatives must take due regard of the existing environmental conditions and ensure that any interventions avoid any negative impact on the environment.

As described in Chapter 1 (Basic Analysis) there are valuable environment areas that need to be protected for the future generations to enjoy. Environment is also more and more under the threat of pollution. Waste water is being drained without treatment, collected solid waste is not treated adequately, and there are a number of illegal and uncontrolled landfills. Additionally, if the county is to exploit its natural resources (forests, land, water) in a more systematic manner to maximise employment opportunities, it is expected that such use of natural resources – if not well planned and organized – might have additional negative impact on environment.



Brod-Posavina County will integrate sustainable development issues in all aspects of ROP. Vision of the County has integral principles of sustainable development, and there is also a separate priority which directly address the issues of environment protection and sustainable development. That is priority 8 named “Environmental protection”, and accompanied measures:

- Stimulate agricultural eco-production
- Programme of selective collection of waste and recycling in the County
- Acceleration of de-mining process
- Educational programmes about the importance of environmental protection
- Strengthening the role of NGOs on environmental protection
- Improvement of environmental monitoring

Priority 7: “Communal Infrastructure” also includes measures important for the sustainable development; and these are:

- Construction and improvement of drainage and sewage system
- Construction of new and sanitation of existing landfills; and sanitation of uncontrolled dumps

During implementation of the ROP, Brod-Posavina County ensures that expand of the economy *does not mean* increased pressure on the environment. ROP projects which will be implemented will have to prove their positive impact on the environment; or that their negative impacts on the environment are minimal. Project sponsors will be asked to describe what measures will be taken to protect environment and reduce any negative effect on environment.

Strategy for fostering partnerships and effective democracy

Partnership arrangements, at the national and local levels, form the cornerstone of EU co-funded economic programmes. Local area based partnerships became popular in Europe over 20 years ago as a means to respond to socio-economic change. These partnerships took the format of local and regional government officials working with business and social organisations to plan and execute development initiatives.

Partnership was identified as a way of maximising mobilisation, resources and impact, and has revealed itself to be effective at responding to economic crisis situations. Such situations include closure of large traditional industries, poverty increases and social exclusion.

In the absence of partnership arrangements the chances of successful local economic development are reduced. Stakeholders may attempt to address major structural problems without the necessary information or awareness of available support. The absence of partnerships also risks duplication and repetition of policy actions, as well as danger that activities and projects do not reach the most needed.

The Brod-Posavina County uses partnership relations in preparation of the ROP. At the beginning of the ROP preparation the Regional Partnership Committee was formed which



act as a County consultative body within ROP process⁶. The members of this Committee have been selected within interest groups as their representatives. During the ROP preparation Partnership Committee was consulted on every important issue of development and preparation of strategy. This enhances participatory democracy in the county.

Basic Analysis describes that civil society is underdeveloped in the county. The County considers the development of the civil society to be very important. One of the priorities directly addresses strengthening of the civil society aiming at increasing its' influence on the development in the county. Measures associated to that priority are:

- Promotion of civil sector and awareness building on its role and importance; and strengthening the role of civil society in decision making processes
- Preparation and implementation of programmes to improve structure and mechanisms to support non-profit organizations and organizations of civil society
- Stimulation of voluntarism
- Networking of civil society organizations, and stimulation of inter-regional and international cooperation of civil sector

Partnership relations will continue in the ROP implementation phase. Increase of County capacity and capability will increase the ability of local people to manage their local economy / economic destiny. It is emphasized within the County 2012 vision that most of the success of the county will be due to the combined efforts of public, business and civil sector, which confirms that the County is willing to openly cooperate with all sectors on economic development. Project Management Unit⁷ will ensure that the partnership principle is respected throughout the implementation of the ROP.

3.7 THE DEVELOPMENTAL IMPACT OF THE ROP

The development impact of the ROP at this stage is difficult to quantify. Overall the objectives state the desired impact and the priorities the desired results leading to this impacts. A better quantification of this will emerge from the ROP review and implementation system that will increasingly allow ascertaining and measuring the changes that are associated with the ROP. The table below gives an idea of the required impacts that the ROP needs to be able to address over time. The principles are low cost policies, improving linkages and lowering transfer costs whilst developing the location in to a well known international trade service and industrial location.

⁶ See Appendix 3: Regional Partnership Committee Regulation

⁷ Project Management Unit will be established within County structure and will be central place of ROP implementation. See section 4.2.



Table 3.2: Expected Benefits of the ROP Strategy

Sector	Affect on Economy	Potential Efficiency Gains	Effectiveness of Proposed Actions	Strategic Benefit
Agriculture, Forestry and Fisheries	Low cost policy and institutional measures. Benefits from production improvement and specialization, and natural resource management	Low capital input with potentially high rewards. County-wide gains through production specialisation and improved marketing	Addresses problem of limited specialisation. Can be aimed at low income groups and improve vertical integration and resource management	Will increase trade through specialisation of production. Will lay foundation for future growth in rural areas.
Industry	Low direct cost investment enhancement programs and streamlining of investment procedures. Improves linkage between foreign and local industry	Removes initial constraints to investment in industry. Low level of government intervention	Developed special program for each sub-region addressing immediate constraints.	Will create platform for Croatian and foreign investment. Lays foundation for future industrialization. High complementarity
Trade and Investment	Improves regional economy removing barriers to economic activity	Low direct cost to public sector. Improves efficiency by removing administration and control requirements	Highly focused on trade. Directly addresses limitations.	Will directly increase intra- and inter county/national trade. High complementarity.
Transportation and Communication	Will reduce transfer and transport cost in the short run. Substantial benefits from ICT network construction in the medium to long term	Low cost study and institutional measures. Improved efficiency to be determined as result of feasibility studies	Highly focused, will determine investment decision for future transport and communication requirements	Highly complementary in the medium to long-term. Improved transport & telecommunications will accelerate county momentum and location: Pre-requisite for future growth.
Human Resource Development	Major impact on the economy through skill training, educational programs and labour mobility assistance	Improved management of human resources and efficiency savings in local administration.	Very focused on major labour market issue in County	Highly complementary; will accelerate momentum and pave the way for improved business skills in region
Water Infrastructure and waste management	Will improve use of existing capacity and networks.	Efficient use of county resources across borders. Will reduce cost to government	High level sector focus, technical project. Very likely to reach beneficiaries directly.	Will lay foundation for future growth. Will generate wider public buy into the ROP.



Chapter 4: ROP IMPLEMENTATION PLAN

4.1 INTRODUCTION

The Brod-Posavina County ROP consists of a pipeline of projects with demonstrable *developmental impacts*. The projects range from physical infrastructure interventions to business support measures, and actions that can be taken to foster the growth of a vibrant civil society.

However, whether the ROP projects are successful or not depends not just on the innate value of the chosen projects, but also on how the projects are implemented and subsequently managed. *Effective implementation is vital*. Indeed, experience has shown us that “good” projects can fail if badly implemented; and whole strategies, the entire ROP process, could be compromised because of weak implementation, inappropriate financing strategies, and/or poor management over the project lifetime.

The proposed implementation mechanisms, funding strategy and project and programme evaluation and monitoring procedures for the County ROP are described in this Chapter:

- ***Institutional arrangements are described in Section 4.2*** - a description is presented of the institution set-up proposed for the implementation of the ROP. A key role is proposed for the County, the institutional capacity of which is to be strengthened through the formation of a Project Management Unit (PMU) to oversee the implementation of the ROP.
- ***Financing Strategy is described in Section 4.3*** – the ROP is an instrument to be used by a Brod-Posavina County to present a strategic and coherently structured development plan to a number of funders, including the Croatian government, the EC, and a range of bilateral and multilateral donors. This section describes strategy for approaching founding sources.
- ***Monitoring and evaluation procedures are described in Section 4.4*** – the ROP is a “rolling plan” and consists of a pipeline of projects. Circumstances can change, and the ROP strategy, its implementation and constituent projects may have to change accordingly. Effective change can only be undertaken if appropriate comprehensive monitoring and evaluation procedures are put in place at the outset. The proposed monitoring and evaluation procedures are described in this section.
- ***The Future of the ROP is described in Section 4.5*** - how the ROP could evolve and strengthen in the future is outlined in this section. As stated above, the ROP is a rolling development plan that should be revisited, revised and improved every couple of years or as circumstances dictate.
- ***Next steps are described in Section 4.6*** – An overview of necessary steps to turn the ROP from theory into practice is given in this section. It describes the next concrete steps to be taken by April 2006.



4.2 DELIVERY INSTITUTIONS AND MECHANISMS

The elected County Assembly and the county executive are at the heart of ROP delivery. They are the elected representatives and decision makers with the remit to further the development of the County. Within the County a Programme Management Unit (PMU) will be established to co-ordinate ROP delivery and to prepare council decisions. The PMU will be based within the County and will be established around the core working group responsible for co-ordinating the overall ROP process from its beginning.

The Programme Management Unit

This Unit is important because it provides continuity in content and in spirit. It is expected that PMU will safeguard the principles of transparency, partnership, concentration and subsidiarity which guided the formulation process of the ROP to date. A new section of the Economic Development Department responsible for the county's integration into the European Union will be created for this purpose. An additional Head of Section will be recruited in due course. The required budgets are already in place and have been agreed with the County Assembly.

The PMU will consist of: the co-ordinator (same person that was co-ordinator of the Working group during the preparation of the ROP), two people from the Department for economy, entrepreneurship and crafts (persons that were members of the Working group during the preparation of the ROP), new employee within the Department for economy, entrepreneurship and crafts (who will be in charge for European integrations). Technical assistance to the PMU will be given by the CTR Ltd. (existing Brod-Posavina County Regional Development Agency).

The main task of the PMU is to establish appropriate management and co-ordination procedures and ensure that procurement mechanisms are in place and in line with Croatian, EU and other potential donor's requirements. In addition the PMU will be in charge of communicating effectively between the County Assembly, the Brod-Posavina County Development Partnership and the other stakeholders in the process.

The Brod-Posavina County Development Partnership

Beside the County Assembly and its leadership, the "Partnership" is the most important body within the ROP implementation system. The "Partnership" is a new vehicle set up as part of the ROP formulation process and will remain one of the most important features in ROP implementation. It has 23 members who are all representatives of organisations and are major stakeholders in the development of the county.

The partnership is not elected but based on a set of regulations (see Annex 3) that were proposed by the Croatian Ministry of Sea, Tourism, Transportation and Development and adapted to work well in the specific local conditions. The "Partnership" is a consultative group that recommends or rejects proposals made under the ROP. It does not take executive decisions, but makes recommendations to the County Assembly in order to ensure stronger and high quality stakeholder involvement. The Partnership meets regularly and was established under observation of the OSCE to ensure that appropriate procedures and processes were employed in its selection.



The Brod-Posavina Regional Development Agency

The County has a well established and functioning regional development agency⁸ within the existing institutional structure for the implementation of regional development programmes. The Agency is currently registered as a limited liability company (d.o.o.) and is partly owned by the County. Currently the majority of the agency is privately owned.

This agency is an important resource for the county. It is experienced in developing and formulating projects for foreign and national donors and has developed a reputation as a reliable partner where project development is concerned. The Agency is very close to the County and will in future move into County offices in order to actively support ROP implementation. However, the agency does not have the exclusive right to develop projects under the ROP. Projects can be developed by any eligible physical or legal person who matches the criteria of the various funding mechanisms.

The civil and the private sector

Non governmental and community based organisations are key players in the implementation of the ROP and are extremely valuable as they have experience of working in a project based environment. On the whole it is estimated that NGOs and CBOs more than quadruple the funding they source locally from municipalities or the County. They are hence a group of institutions that is actively leveraging funds into the regions through investment for cases that are not or no longer covered by government services. Their presence is strong in the partnership and will need to be strong in order to ensure that the only recently started dialogue between the organisations and the governmental agencies can result in even further investment in the region.

The private sector is the main driver for the sustainable generation of wealth and jobs. This is the most difficult task in the county and the biggest single challenge that will have to be addressed under this ROP. The private sector will have to help in achieving this and they will require responsible and effective government support that enhances the competitiveness of the local economy in the first place. A competitive economy then has to be put into position to generate jobs based on the competitiveness and not on job creation programmes. Neither the private sector nor the NGO/CBO sector are particularly well organised in the region, but both are fully represented in the partnership and are considered core partners in implementation of the ROP even though they may not be fully institutionalised at the moment.

Delivery mechanisms are built around projects that result in development of the county as specified and desired in the development strategy. Hence the key mechanism that is available for successful implementation is the development strategy (see Chapter 3). Within this the project selection criteria is the mechanism that will select the appropriate projects and ensure compliance with the rationale of the strategy, the rules of the donors and the priorities of the selected sectors.

⁸ It is Centre for Technology Development, described in Basic Analysis

**Table 4.1: Organisational Responsibilities vis-à-vis the ROP**

Organisation	Summary of Current Operations	Suggested Actions to Implement the ROP-Role and Responsibilities	Timeline; resource requirements
County	Elected representation and executive organ of the county.	Approves the ROP as a draft version and a final version. Has overall responsibility for implementation	Draft version 30 th June 2005, Final version end July 2005
PMU	To be established	Co-ordinates ROP and reports to County Council and communicates effectively with partnership and individual stakeholders	August to September 2005. Resources are 3 staff, functioning offices able to communicate locally, nationally and internationally through phone, internet other media
Development Agency	Project preparation for Council and for other clients	Support for project preparation as required, but in line with EC procurement limitations.	Fully resourced, additional office space will be provided by County Council by September 2005
Regional Partnership Committee	Is established and meeting regularly to contribute to the ROP formulation.	Advisory body to County Council and stakeholder forum. ROP and ROP projects will have to be reviewed in writing by the Partnership to go to Council for decision.	Little additional resources at the moment; may require overhead coverage and key staff in future.
Private Sector	Is currently investing in opportunities as they arise. Little strategy and little guidance available.	Key stakeholder responsible for creating wealth and sustainable jobs. Will need to make its concerns heard and ensure that they are included in the implementation through the partnership and other forces.	A matter of improved organisation and willingness to communicate from the county and the private sector. Need may arise for improved representative organisations.
NGOs	Is currently more active than initially judged. Very successful at drawing additional funds in the region despite enormous financial constraints and little support.	Key stakeholder together with the private sector. Both are drives of the local economy and employment generators. Both the NGO sector and the County Council NGO co-ordination unit are not well organised and complain about each other without attempts at dialogue from either.	Will need to create the platform for constructive dialogue between public and NGO sector as well as between private sector and NGOs. Funding strategy will need to be drawn up, debated and established.
National Ministries	Is highest technical hierarchical unit involved in ROP preparation. Leads the process through basic guidelines and regulatory support	Co-ordination of the various funding streams to allow effective and efficient interface between ROP based projects and outside funds. Overall monitoring of performance and development of further policy guidelines	Under resourced to accomplish this task. Additional expertise required in joint donor funding mechanisms, development policy management and development monitoring and assessment.



4.3 FUNDING AND FINANCE

Funding and finance is too often the sole focus of development planning. This is dangerous as the County will have to retain control of development processes and themes to attract funding into the projects that will support the county development strategy. There is competition for funds as much as there is competition by donors and funding organisations for “good projects”. Good projects are priority projects that generate development in the direction which is specified in the strategy. *So the strategy drives the funding and not vice versa.*

In Croatia the funding situation is relatively good despite the high level of government borrowing. The Ministry for Sea, Tourism, Transport and Development is currently establishing a joint funding mechanism that co-ordinates most foreign donors such as the European Commission, the European Investment Bank and the World Bank into one overriding regional development funding mechanism. It is estimated that at this stage there is development funding available for Brod-Posavina County of € 150 Million over the next 10 years. This is a conservative estimate and excludes private sector investments and NGO/CBO investments.

Direct European Commission funding is initially € 2,500,000 which is available to date for key priority projects. Absorption capacity of the county, however, is very low at the moment and will need to be raised in order for the County to be able to absorb and effectively and efficiently use the funds available. Capacity building in the County and associated implementation institutions is vital (as is to be addresses through the ROP as well as through other development programmes initiated and sponsored by the National Government).

Given the current lack of financial headroom associated with the County and the compromised financial position of the municipalities of the County, the financing strategy is to access international donor financial assistance (including for example, finance from the EU, the World Bank, and USAID, DFID and other bilateral donors). The aim is to use the available EC funds to lever in and maximise the effects of funds available from the National Government and other multilateral and bilateral donors. As appropriate the County will provide counter-part funding in the form of “in kind” resources and financial resources. The long-term aim is to develop the tax and resource base of the County in order to greatly diminish the reliance on national government subventions and donor assistance.

It is fully recognised that each donor has their own requirements that must be satisfied before financing can be agreed. In general, the projects submitted to a donor must be the type of project that the donor wishes to fund, and must be fully justified (namely must conform to the prevailing development strategy of the area in which the project is situated, and must be accompanied by a positive feasibility assessment / cost-benefit analysis). It will be the tasks of the proposed County PMU to ensure the ROP projects are submitted to donors in an appropriate manner.



4.4 MONITORING AND EVALUATION

Monitoring and evaluation procedures are important mechanisms that allow for smooth, efficient and transparent programme implementation. These procedures are also important as the ROP implementation process becomes a “learning process” and the County and its associated stakeholders develop the capacity to learn and to adapt the ROP to changing circumstances as the need arises. In order to do this we need to ensure that:

- ***Data demonstrating success or otherwise is available*** - it is important that the ROP implementation programme generates data indicating which projects contributed to development of the County, and by how much and in which time span.
- ***Targets and milestones are created and agreed*** - associated with the overall ROP programme and individual ROP projects. It is vital that targets and milestones are devised and agreed among all the stakeholders (with estimated dates by which the targets and milestones are to be reached).
- ***An “evaluation” framework*** - within which the data generated can be managed and assessed. A common framework often used is the “Logical Framework”.

Data and Targets

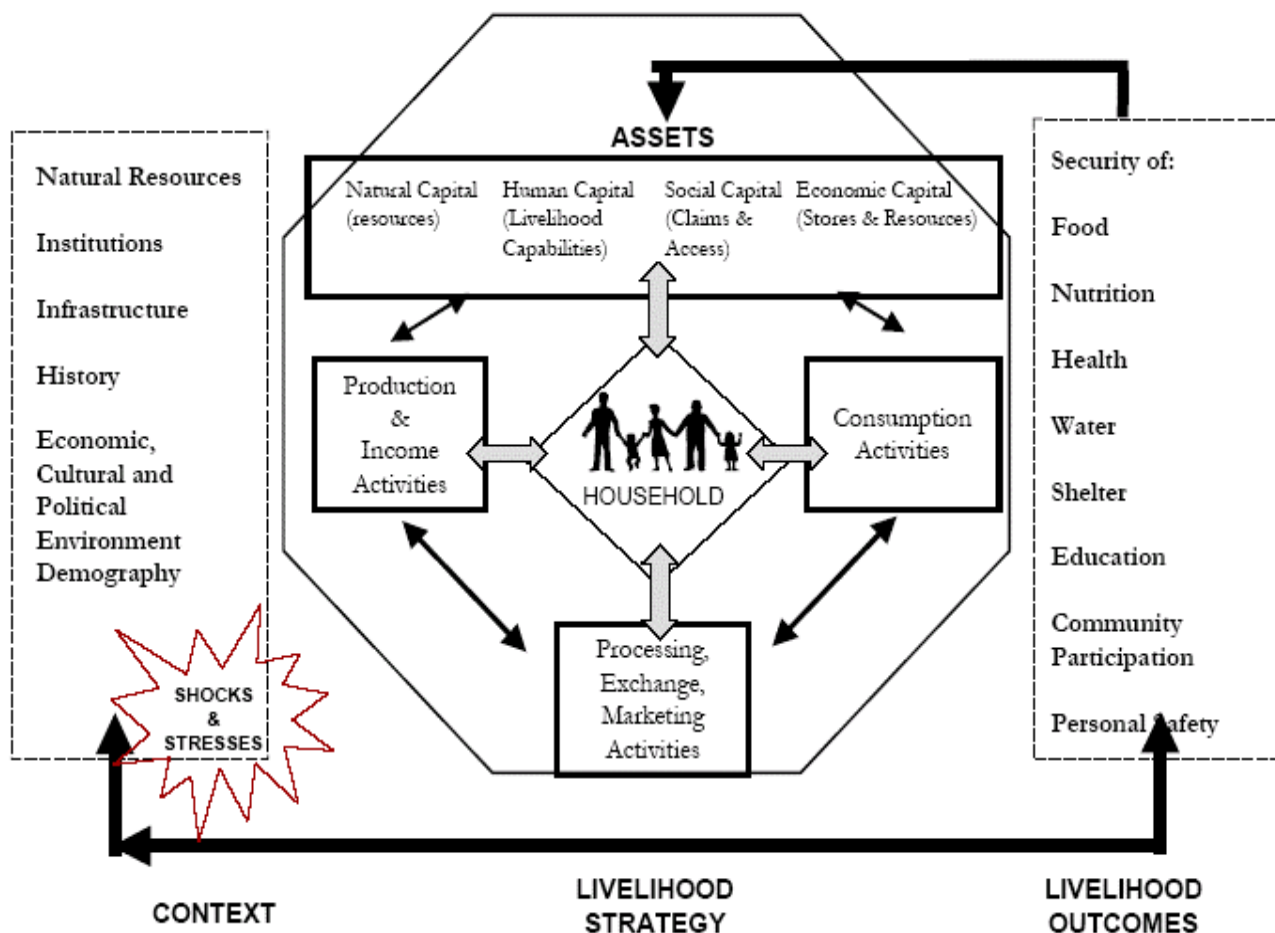
The Basic Analysis has provided some “baseline” data against which to measure the progress of the ROP (indeed this was one function of the basic analysis), and against which to create targets and milestones. However, the process of undertaking the basic analysis indicated that the county is not in the position to comprehensively assess the development status and needs of the County at the moment. A range of basic data is missing, some statistics are unreliable and the ability to analyse the data that is available and reliable is constrained. This means that the county may not be able to determine what are good and bad projects at this moment. However, progress can only be achieved if the success or otherwise of the ROP can be effectively measured and assessed.

Evaluation Frameworks

Figure 4.1 overleaf helps one to understand at which level measuring is meaningful to determine the success or failure of projects and policies. It is necessary to ascertain the resources that are used to delivery the policy and the project and how the policy and project affect the life-chances of individuals and economic circumstances of businesses. The aim is to build appropriate assets in the County which can underpin income generation and employment creation. Productivity and competitiveness are to be improved and the ecological and social environment is not to be put under stress which is beyond the capacities of the County stakeholders to manage.



Figure 4.1: An Evaluative Framework



Source: CARE International, 2002.



In monitoring and evaluation the European Commission uses the following typology of indicators:



- **Indicators of input** measure the financial, administrative and regulatory resources (often called “process”) provided by the Government and donors. It is necessary to establish a link between the resources used and the results achieved in order to assess the efficiency of the actions carried out.
E.g.: Share of the budget devoted to education expenditure, definition of a sector strategy
- **Indicators of output** measure the immediate and concrete consequences of the measures taken and resources used:
E.g.: Number of schools built, number of teachers trained
- **Indicators of outcome** measure the results at the level of beneficiaries. The term ‘results indicators’ is used as well.
E.g.: school enrolment, percentage of girls among the children entering in first year of primary school
- **Indicators of impact** measure the consequences of the outcomes. They measure the general objectives in terms of national development and poverty reduction. These take considerable time to be realised, are difficult to measure and depend on a multitude of factors other than government policies.
E.g.: Literacy rates, unemployment rates

Perhaps the most important evaluation framework to use is the “logical framework”. The logical framework matrix is an important tool to achieve programme monitoring and progress. It links the objectives, the activities and the results with each other and to their respective indicator systems. In this case the results of the ROP are directly derived from the priorities as specified in the strategy. This is only the basis of what needs to be measured and each objective or priority should be broken down into similar packages. However the overall reference is this logical framework matrix.

Table 4.2: Logical Framework for the Brod-Posavina ROP

Intervention Logic	Objective verifiable indicators	Sources of Verification	Assumptions
<p>Overall objective Brod-Posavina County will be a centre of renewed industrial development, based on the modernisation of existing industries and the growth of commercial agriculture. Incomes will approach the EU average within 8 years. The County will be known for its efforts to protect the environment. Local governance and public private partnerships will be effective.</p> <p>ROP Objectives:</p> <ul style="list-style-type: none"> • Strengthening the economy in a manner leading to significant and lasting reduction in unemployment • Provide infrastructure required for the expansion of businesses and the sound management of the environment • Enhanced development of the educational system in a manner that is relevant to the economy • Development of social infrastructure aiming to improve the position of vulnerable groups 	<ul style="list-style-type: none"> ▪ Increase in per capita GDP ▪ Decrease in GINI coefficient of inequality ▪ Decrease in unemployment figures ▪ Increase in number of firms and farms recording a pre tax profit. ▪ Unemployment reduced by 50% within 8 years. ▪ In 2012 business premises and parks that have all required permits in 2007 will be 80% filled and fulfil standards in environmental performance as required. ▪ 20 percent more local high school and university leavers are employed locally and on professional jobs. ▪ Vulnerable groups are identified and their position and needs assessed by 2007. ▪ 80 % of the associated priority social infrastructure is provided by 2012. ▪ At least 4 permanent staff working in the PMU and additional 15 people trained in strategic and technical issues related to 	<p>National Government and County economic statistics</p> <p>Unemployment data from Labour Offices.</p> <p>Records from business parks</p> <p>Surveys on skills and business surveys</p> <p>Vulnerability monitoring</p> <p>Studies and assessment</p> <p>Project reports and ROP reviews</p> <p>Employment and training records</p>	<p>EU Accession remains on track</p> <p>Economic development remains major policy objective in Croatia.</p> <p>Regional development policy will be a priority concern.</p> <p>Alignment of County stakeholder behind the vision maintained</p> <p>Relevant and appropriate information available to measure unemployment.</p> <p>National policy co-ordination is functioning with regard of increasing regional development funding</p> <p>Strategic development planning is maintained as a principle of area based development in Croatia.</p> <p>A strategic programming management to EU standards is available throughout the process</p>
<p>Results</p> <ul style="list-style-type: none"> • Institutional capacity for economic development is improved. 			

<ul style="list-style-type: none"> • regional development, by end 2006. <ul style="list-style-type: none"> ▪ Public sector funding made available from central government and European Commission to the county is fully used annually. ▪ Business support programme is designed according to EU good practice and specifies achievement targets by the end of 2006. ▪ The programme achieves 70% of its targets by the end of 2009. ▪ The plan is produced and agreed. Overall new public investment is matched by private investment in 3 years time. ▪ The county is a recognised business location in Croatia and with the Croatian Foreign Investment Agency and foreign investment support offices in Croatia. 	<ul style="list-style-type: none"> • Business support programme to underpin the growth of companies is working. • A plan to attract foreign and domestic investment is operational. 	<ul style="list-style-type: none"> • Instruments to stimulate high value added production in the County are developed • Agriculture is a vibrant sector of the local economy and contributes to rural development • Communal infrastructure i.e. water and solid waste management and provision of services is improved • Environment protection measures are strengthened; major environmental hazards are removed. 	<ul style="list-style-type: none"> ▪ Average added value per employee in 2012, 200% of the level in 2005. ▪ Total taxable income of registered farmers grows 100% in period 2007-2012. ▪ 50% of income growth in rural areas is from non-farm activity ▪ 20% of all municipalities have access to waste water treatment services and 85% of people have drinking water available. ▪ 95-100% is collected and sufficiently/fully compliant landfill space is available and used. ▪ Illegal waste deposits are identified cleaned up and regulations are enforced. ▪ By 2012 all areas are de-mined, all major environmental hazards are identified and 50% are removed. ▪ Environmental monitoring systems are 	<ul style="list-style-type: none"> ▪ Survey of investment promotion agencies - Croatian and bilateral ▪ Survey data ▪ Tax office data ▪ Survey data ▪ Base line data and situation analysis. ▪ Waste management strategy and monitoring data. ▪ Surveys and curricula 	<ul style="list-style-type: none"> • Inter-Ministerial co-operation remains positive and constructive. • ROPs remain a key activity in County level development planning. • Information on financial flows and allocations to the county is available. • Co-operation at local, regional and national level remains constructive • Relations with neighbouring countries and local authorities in BiH remain stable/improve. • Local regional actors remain committed to partnership based co-operation. • Rural Development will emerge as a key area of government policy
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<ul style="list-style-type: none"> • Educational services and schools are well equipped and education is tied into the needs of the private sector and the local economy • Health and Social Welfare delivery mechanisms include NGOs and are provided with appropriate technical standards and facilities • Quality of life is enhanced based on principles of equality and public safety 	<p>brought to EU level by end 2010.</p> <ul style="list-style-type: none"> ▪ Needs of the private sector are identified and taken account of in curriculum planning ▪ Local influence of curriculum development is maximised to include entrepreneurship training, company placements etc. in education provision ▪ Jointly approved intervention plans in health and social welfare provision are drawn up specifying the roles and activities of NGOs. The plans are budgeted and implemented. ▪ Identified Human Development Indicators agreed, in place and monitored 	<p>Number of partnerships engaged in education and companies participating in education schemes</p> <p>Plans exist and specify monitoring mechanisms.</p> <p>Budgets linked to activities and performance.</p> <p>Monitoring reports</p>
<p>Activities:</p> <ul style="list-style-type: none"> • Co-ordination and co-operation with the respective partner institutions and partnership. • Inter-ministerial co-operation • Grant scheme implementation • Project implementation • ROP monitoring and evaluation 	<p>Estimates of possible inputs:</p> <p>TA from EC €700,000.00</p> <p>EC Funds €2,500,000.00</p> <p>Estimate other donors max €60,000,000.00 for this county</p> <p>Local and national funds for the county: €70,000,000.00</p> <p>Total approx. €150,000,000.00</p>	<p>Specification of costs:</p> <p>Estimated absorption capacity at time of writing: € 70,000,000.00 over 7 year period.</p> <p>Management capacity at ministerial level is sufficient for programme management of this scale.</p> <p>Capacity for handling this programme at donor level is sufficient to allow for smooth and timely implementation.</p>



Monitoring and evaluating can be extremely complex where simple input – output relationships are not clearly identified and defined, e.g. the ROP formulation process may have improved the level of co-operation within the council, but it could be that this improvement was due to the pressure from the Ministry to collaborate rather than the process and the way it was run. Often the closer one gets to looking at “impact” the more difficult it is to make precise judgements. However, precise judgement is what monitoring and evaluation is asked to deliver. It needs to deliver this for each stakeholder in slightly different way. This is summarized in table 4.3 below.

TABLE 4.3: Anticipated key performance areas/ indicators of respective stakeholders in monitoring and evaluation⁹

Stakeholder	Areas of Concern	Core Performance Areas/ Indicator Areas of M&E
National government	<ul style="list-style-type: none"> Economic Development Poverty Reduction Cooperative governance/ inter-governmental relations is working Delivery results Scale is county or macro, including comparative with other counties Activation of new programmes 	<ul style="list-style-type: none"> Baselines from which to measure these Indicators mainly at the output levels with emphasis on quantitative measures To a lesser degree outcome indicators Institutional effectiveness in government, at all levels, IGR, and partnerships
County government	<ul style="list-style-type: none"> Delivery results Improved coordination across departments Use of available resources Improved transport links and integration of areas in the wider region Activation of new programmes Job creation 	<ul style="list-style-type: none"> Baselines from which to measure these Input indicators: including financial, expenditure of funds, personnel assigned, etc. Indicators mainly at the output levels with emphasis on quantitative measures Institutional effectiveness in government, at all levels, IGR, and partnerships
Local government	<ul style="list-style-type: none"> Delivery results: tangible and visible signs Improved coordination across departments Use of available resources Growing attention towards softer aspects and qualitative issues 	<ul style="list-style-type: none"> Baselines from which to measure these Input indicators: including financial, expenditure of funds, personnel assigned, etc. Indicators mainly at the output levels with emphasis on quantitative measures
NGOs & CBOs	<ul style="list-style-type: none"> Process Quality of development, defined more in empowerment terms Participation of stakeholders Livelihood security Social grants Empowerment of vulnerable groups Attention to HIV/AIDS 	<ul style="list-style-type: none"> Qualitative indicators across a range of livelihood security concerns Development process & participation indicators Attention to outcomes and impact Integrated development Poverty and rights focus Output and impact indicators
Business	<ul style="list-style-type: none"> Productivity & improved access to markets Crime reduction and social stability Reduced administrative barriers Access to credit Reduced transaction costs 	<ul style="list-style-type: none"> Output indicators on policy and public investment focusing on: <ul style="list-style-type: none"> Reduction in statutory business requirements Crime and strategically located areas of economic opportunity Outcomes that measure public sector initiative that enables business opportunities
Donors	<ul style="list-style-type: none"> Poverty reduction Cross cutting issues of gender, IT etc 	<ul style="list-style-type: none"> Outcome indicators related to poverty and economic growth Impact indicators

⁹ These should be read as typical areas of interest. A stakeholder may at a given time decide to prioritise other indicators.



The baseline data represent the most crucial input into the system of monitoring and evaluation. It needs to be sound enough to allow for judgements to be made as to the outputs and impacts of a project, and precise enough to ensure that deviations from expected progress can be quickly identified and highlighted and appropriate changes made as early as possible. The basic analysis in Chapter 1 goes a long way towards providing a sound baseline data set, but is restricted to existing and sometimes incomplete or conflicting data sets. The baseline data collected to date will need to be improved and indicator systems around each ROP priority area will need to be defined, tested and adapted to the existing environment. This is a difficult and continuing task, and needs to be driven by the PMU and the County during the early stages of ROP implementation. This will imply additional studies and surveys to develop meaningful and measurable baseline data sets in order to assess the progress of the ROP.

This does not mean that no projects can be implemented before the finalisation of the baseline study, but it does mean that baseline data must be continuously refined and developed if the ROP is to be appropriately assessed. We certainly need to be able to answer the following - Are the ROP projects the right projects for the county or are they the wrong type of projects? The monitoring and evaluation framework will need to address this fundamental issue.

Evaluation will need to be independent and has to take place ex-ante, mid term and ex-post. It will judge whether the mechanism that have been developed will give the expected results, and, if not, what must be changed to get these results as stated in the strategy. It has to be based on monitoring data and on wider economic and social development criteria which remain to be elaborated in the implementation phase.

4.5 THE ROP INTO THE FUTURE

The ROP is not a “One-Off-Plan”. It is a dynamic document that will evolve over time and will require adjustments in focus and content. The ROP, however, does constitute the framework for developing and assessing projects and their respective priority. This framework will need to be attuned to the changes and developments of the county. Therefore the ROP is likely to be changed and become increasingly detailed and targeted over time. These changes will need to be managed and debated in the County in order to ensure that the ROP remains relevant and in tune with the stakeholders’ knowledge the judgements of experts concerning the development blockages and opportunities characterising the County. The following review and assessment schedule is therefore proposed:

- ***An annual review of progress*** - which should be held before the County budget for the following year is agreed. Each ROP objective and priority area should be reviewed to determine progress made and to highlight which projects were successful and which were not. The assessment must be clearly stated and be transparent. The assessment should be complemented with recommendations for change and improvement before the document is passed to the Partnership for comment and ratification. The Partnership can ask for clarifications and make its recommendations to the Council in time to adjust budgets for the following year to reflect the changes in priority assessments or funding availability.



- **A three year assessment** - Every three years the ROP will have to be evaluated and complemented with an assessment focussing more on outcomes and potential impact in relation to the resources used. This is a formal external process that will work with the PMU and its advisors to establish the effectiveness, efficiency, relevance and impact of the programme. The report will be presented to the Partnership which will act as a steering committee on county level together with the European Commission representative (if so requested by the European Commission) to the evaluation and the results will be made available publicly. Proposed changes may be accepted or rejected, but a formal Council decision must be made over what to reject and what to accept based on recommendations of the Partnership.

The review process will serve two important purposes:

1. **Updating the ROP** - that the ROP document is continuously updated and debated, and that results are made accessible in the public domain with formal records of decision making.
2. **Augmenting the Evidence Base** - that increasing amounts of informative and important/relevant data will be made available to improve the ROP and inform decision making on development policy.

The result will be a living plan that allows for change to happen and to impact on the document and on development policy. It will also ensure that the plan remains relevant for the county, and yet allows identifying clear areas where co-operation with other counties, levels of government or indeed neighbouring countries is required to drive the development for Brod-Posavina County in the direction formulated by our vision for our county.

4.6 THE NEXT STEPS – IMPLEMENTING THE ROP

The next steps to be taken in order to implement the ROP are as follows:

STEP 1: ROP document to be agreed by the County Assembly –July 2005

STEP 2: Formal establishment of the Project Management Unit - August 2005

STEP 3: ROP Implementation Team (EU funded contract) commences - August 2005

This team will support the PMU in the implementation of the ROP and notably in ensuring that the PMU builds capacity to manage the ROP, attract funding into proposed projects and prepares projects for funding and can manage the review procedures and evaluations.

For Brod-Posavina County and Požega-Slavonija there will be one long term EU expert available. In addition there will be the possibility to engage short-term specialist consultants as required to develop, assess and provide project implementation support. They will be co-ordinated by the Technical Assistance Team, but will need to be requested by the PMU who in turn will have a decision from the Partnership to proceed with projects as identified in the project pipeline.



STEP 4: Preparation of project pipelines – September to November 2005

STEP 5: County PMU oversees production of first round of pre-and full project feasibility assessments – October 2005 – April 2006

STEP 6: First round of high priority projects commence implementation April 2006.

These projects are:

- Establishment of the Centre for new technologies
- Pilot project for public-private co-operation in skills development
- Rural development funding newsletter and training programme
- Wine road and associated income generation project
- Grant scheme for producer groups
- Development Centre support Nova Gradiška
- Business zone management and development project
- Garčin rural infrastructure project
- Regional water supply project Eastern Slavonija
- Regional Water supply project Western Slavonija
- Citizens Advice and Legal Assistance Centre Slavonski Brod project
- Policy dialogue and increased participation of citizens in decision making project
- Project ideas in Health and Social Care sector will be reviewed, adapted and packaged to improve provision and sustainability of provision based on initial pilot projects by the end of 2005



APPENDIX 1 THE ROP TEAM

Working Group:

1. Marko Pavić (Head of the Administrative Department for Economy, Entrepreneurship and Crafts, Co-ordinator of the Working Group)
2. Gordana Fabčić (Deputy Head of the Administrative Department for Economy, Entrepreneurship and Crafts, secretary of the Working Group)
3. Stjepan Bošnjaković (Deputy Head of the Administrative Department for Economy, Entrepreneurship and Crafts)
4. Davor Vlaović (Head of the Administrative Department for Agriculture, Forestry and Water Management)
5. Ante Nikolaš (Head of the Administrative Department for Construction, Municipal Services and Infrastructure)
6. Vladimir Štefanek (Head of the Administrative Department for Social Activities)
7. Slavica Nikšić (Head of the Administrative Department for Health and Social Welfare)
8. Igor Čižmek (Head of the Spatial Planning Department)
9. Dragan Jelić (Director of the Centre for Technology Development)
10. Zrinka Šporčić (Assistant Manager of the Local Economy Development Agency)

Partnership Committee:

1. Anica Radman (Informative Legal Centre IPS-Sl.Brod)
2. Željka Pergl (County Chamber of Crafts)
3. Mirjana Radman-Funarić (Brod tekstil d.o.o.)
4. Marica Jergović (Free zone Sl. Brod)
5. Marica Markusi (Agriculture Extension Service of Brod-Posavina County)
6. Ljiljana Nikšić (Sušionica Vrpolje d.o.o.)
7. Petar Huljić (Tourist association of Brod-Posavina County)
8. Ivan Užarević (Association of vegetable growers Slavonija povrće, Gundinci)
9. Ivica Galović (Agriculture Cooperative Sibinj)
10. Josip Kovačić (Vodovod d.o.o., Sl.Brod)
11. Ivan Buruš (Komunalac, Sl.Brod)
12. Marinko Stojkov (HEP distribucija d.o.o. – electric energy distribution Sl.Brod)
13. Vlado Prskalo (Secondary school "Matija Antun Reljković", Slavonski Brod)
14. Hrvoje Mitrović (General Hospital "Josip Benčević", Slavonski Brod)
15. Marija Azapović (Centre for Social Welfare, Slavonski Brod)
16. Josip Perčević (Folklore group BROD)
17. Rade Bosanac (Serbian Minority of Brod-Posavina County)
18. Gordana Matanović (Woman's group BROD-Sl. Brod)
19. Frano Piplović (TELECENAR Sl.Brod)
20. Josip Mikšić (Town of Nova Gradiška)
21. Andrea Lazić (Town of Nova Gradiška)
22. Miroslav Jarić (Municipality Podcrkavlje)
23. Tihomir Jakovina (Municipality Bukovlje)



ROP consultants:

1. Dr. Nicholas Miles
2. Christian Weltzien
3. Branka Novosel
4. Davor Ilijašić

ROP poster announcing preparation of the ROP

The poster features a green background with several images: the Brod-Posavina County logo, the Croatian flag, and the European Union flag at the top; a large green machine on the left; a field of sunflowers in the middle; a white building with a red roof on the bottom left; and a landscape with a hill on the bottom right. The text is in bold, blue, and yellow colors.

**BRODSKO-POSAVSKA
ŽUPANIJA do 2010. godine**

**IZRADA REGIONALNOG
OPERATIVNOG PROGRAMA
ŽUPANIJE**

- ◆ **Prošlost neka bude početak**
- ◆ **Bolja kvaliteta života**
- ◆ **Zajedno znamo više**
- ◆ **Zajedno smo jači**

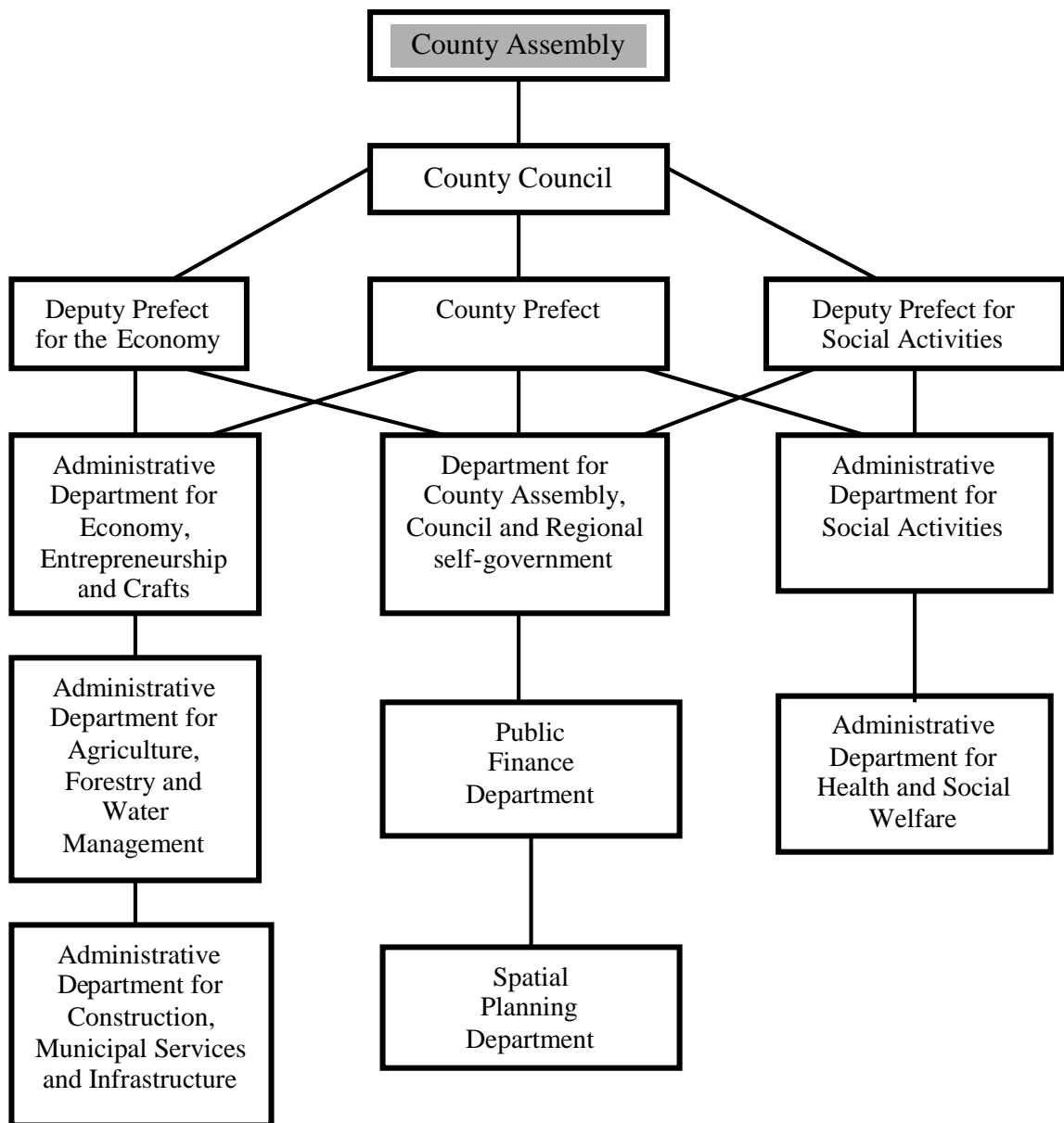
**SADA JE PRILIKA - DAJMO
SVOJ DOPRINOS ZA BOLJI
RAZVOJNI PROGRAM
NAŠE REGIJE**

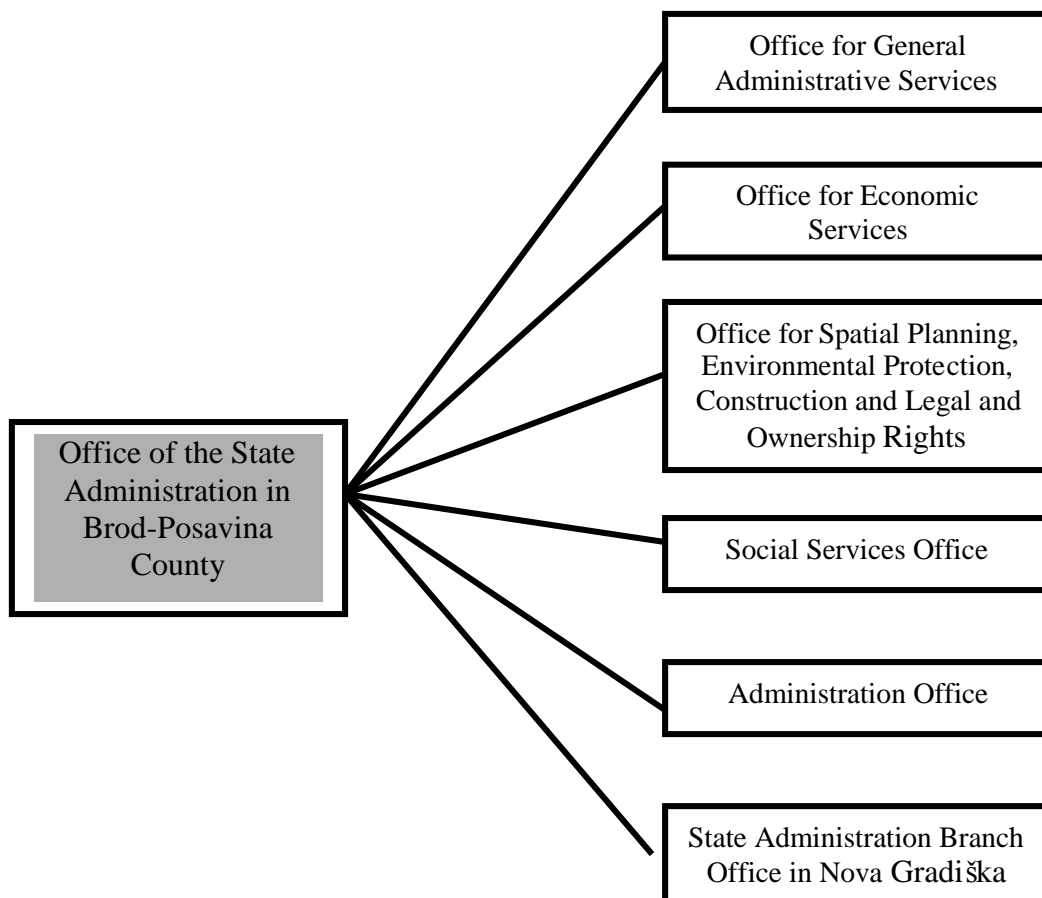
**UKLJUČITE SE U KONZULTACIJE I RASPRAVE
SA SVOJIM PRIJEDLOZIMA**

Radna skupina



APPENDIX 2 ADMINSTRATIVE STRUCTURE







APPENDIX 3 COUNTY MAPS

TOWNS AND MUNICIPALITIES



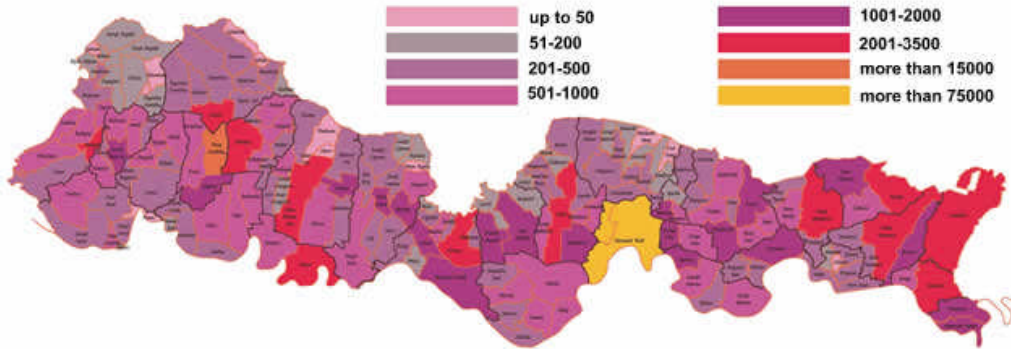
POPULATION DENSITY

Inhabitants/Square Kilometer
(Municipality Level)

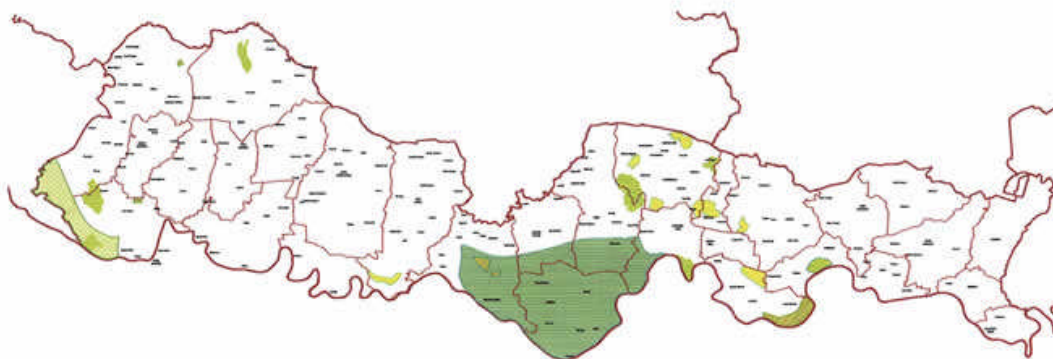




POPULATION DENSITY Inhabitants/Settlement

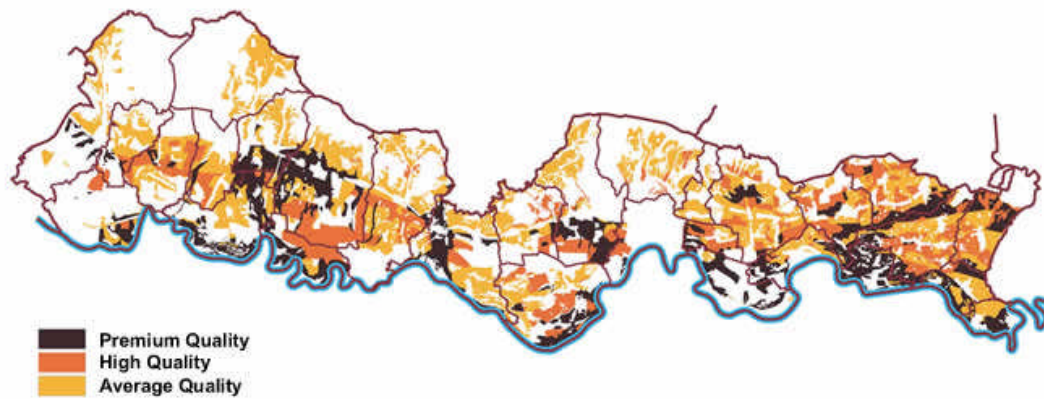


NATURE PRESERVES





ARABLE LAND QUALITY LEVELS



COUNTY WATER SUPPLY SYSTEM



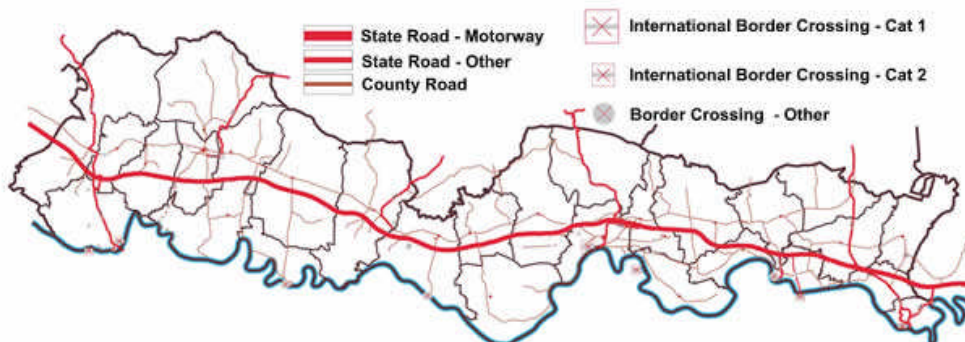


TELECOM NETWORK

POST, TELEPHONE, RADIO, TV

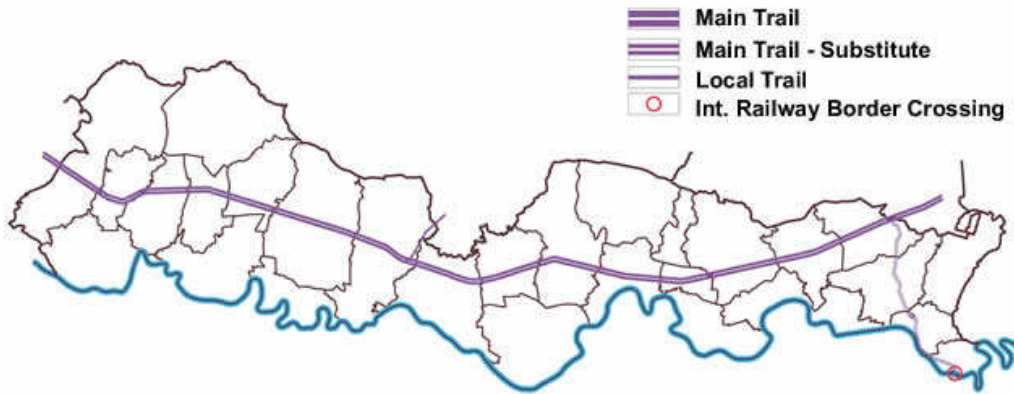


ROAD NETWORK

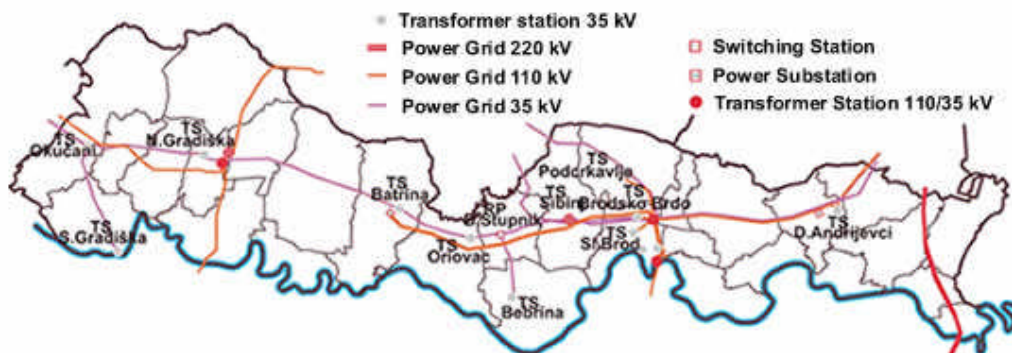




RAILWAY NETWORK



POWER TRANSMISSION NETWORK





WASTE LANDFILLS





APPENDIX 4 PARTNERSHIP REGULATIONS

Chapter I – General provision

Art. 1 Establishment of the RCP

- (1) In order to prepare and implement the ROP / County Development Programme (CDP) in accordance with the principles and standards of the European Union, a Regional Partnership Committee (RPC) is established in the County of Brod-Posavina, for the following purposes:
 - (1.1) To gather the private and public sector stakeholders representing the County and increase their cooperation in order to define, resource and achieve a shared vision of the County's future.
 - (1.2) To participate as a consultative body in the preparation of the ROP.
 - (1.3) To participate as a consultative and overall monitoring body for the implementation of the ROP.
- (2) During the preparation phase of the ROP, the County establishes RPC as a single body. The RPC will be consulted by the County Working Group at each main stage of the preparation of the ROP: basic analysis, development strategy, priorities, measures and budget.
- (3) During the ROP implementation phase, the RPC can establish Thematic Working Groups (see Art.4, bullet 1). The County will coordinate the activities of the above mentioned structure and the Programme Management Unit (PMU) of the County will provide technical support.
- (4) All the Members of the RPC have been clearly identified at the County level.
- (5) The members of the RPC shall perform their tasks free of charge.
- (6) The meetings of the RPC are public.

Art. 2 Role of RPC

The Regional Partnership Committee (RPC) has a consultative role. The recommendations of the RPC should be taken into account for any activity co-financed by the national or regional governments, by the European Union (or other international donors in the framework of the ROP). The preparation, revision or any update of the ROP will have to be elaborated in consultation with the Regional Partnership Committee.



Chapter II – Composition of the RPC

Art. 3 The composition of the RPC

(1) The PC is based on the principle of equality. Nobody shall own the Partnership, and no organization will try to dominate the Partnership. The members of the Partnership should be equal in their contribution they have to make, equal in the level of influence they can have on decisions and equal in the power they hold in the partnership generally.

(2) In view of the above principle the **Regional Partnership Committee** will consist of 23 members of six interest groups: industrial economy, rural economy, physical infrastructure, social infrastructure, civil sector and administration. Representatives are nominated and elected by the interest groups themselves and are coming from the following Institutions or Organizations:

INDUSTRIAL ECONOMY:

1. County Chamber of Crafts (Željka Pergl)
2. Brod tekstil d.o.o. (Mirjana Radman-Funarić)
3. Free zone Sl. Brod (Marica Jergović)

RURAL ECONOMY:

4. Agriculture Extension Service of Brod-Posavina County (Marica Markusi)
5. Sušionica Vrpolje d.o.o. (Ljiljana Nikšić)
6. Tourist association of Brod-Posavina County (Petar Huljić)
7. Association of vegetable growers Slavonija povrće, Gundinci (Ivan Užarević)
8. Agriculture Cooperative Sibinj (Ivica Galović)

PHYSICAL INFRASTRUCTURE:

9. Vodovod d.o.o. – Water supply Ltd., Sl.Brod (Josip Kovačić)
10. Komunalac, Sl.Brod (Ivan Buruš)
11. HEP distribucija d.o.o. – electric energy distribution Sl.Brod (Marinko Stojkov)

SOCIAL INFRASTRUCTURE:

12. Secondary school "Matija Antun Reljković", Slavonski Brod (Vlado Prskalo)
13. General Hospital "Josip Benčević", Slavonski Brod (Hrvoje Mitrović)
14. Centre for Social Welfare, Slavonski Brod (Marija Azapović)
15. Folklore group BROD (Josip Perčević)

CIVIL SECTOR:

16. Serbian Minority of Brod-Posavina County (Rade Bosanac)
17. Informative Legal Centre IPS-Sl.Brod (Anica Radman)
18. Woman's group BROD-Sl. Brod (Gordana Matanović)
19. TELECENTAR Sl.Brod (Frano Piplović)

ADMINISTRATION:

20. Town of Nova Gradiška (Josip Mikšić)
21. Town of Nova Gradiška (Andrea Lazić)
22. Municipality Podcrkavlje (Miroslav Jarić)
23. Municipality Bukovlje (Tihomir Jakovina)



(3) The coordinator of the RPC – and his deputy – will be selected by and amongst the members of the Partnership and confirmed by the County. The selection of the coordinator (and his deputy) should be reached through consensus – and, if not possible, by democratic election.

(4) The list of the Institutions/Organizations represented in the RPC can be modified. Any modification will have to be done according to Chapter V of this Regulation.

(5) In ROP preparation phase RPC will appoint the secretary who will make meeting minutes, while the other technical support will be given to the RPC by core County Working Group. During the ROP / CDP implementation phase, the members of the PMU will act as the Technical Secretary to the RPC.

Art. 4 ROP Implementation Phase - Formation and composition of the Thematic Working Groups (TWGs)

(1) When starting the ROP /CDP implementation phase, if the RPC decides to establish Thematic Working Groups (if and when the need arises), each TWG shall include all stakeholders interested in the theme(s) discussed during the TWG meetings. The RPC shall establish a list of organizations willing to be involved in each TWG, and they will appoint the coordinator amongst themselves. Sometimes the TWG will need specialist expertise to get full understanding of the problems. This may be simply dealt with by having an acknowledged expert in the field to attend TWG meetings.

(2) The TWGs' secretariat shall be provided by the PMU according to the provisions of Art. 8.

Chapter III – Main responsibilities

Art. 5 Responsibilities of the RPC in the preparation (programming) and implementation phases

(1) The responsibilities of the RPC in the programming phase are:

- a) Adopt the draft programming documents prepared by the County Working Group, at each main stage of the preparation of the ROP: basic analysis, development strategy, priorities, measures and budget.
- b) Submits to the attention of the Prefect (Župan) the list of the priorities to be selected and the objectives to be achieved in order to implement (or update) the ROP;
- c) Proposes to the Prefect (Župan) the Measures to be included in the ROP (CDP);
- d) Elaborates recommendations.

(2) The responsibilities of the RPC in the implementation phase are:



- a) Proposes to the Župan the projects to be financed and the grant schemes to be implemented;
- b) Provides overall monitoring to the implementation of the financed programme: projects and grant schemes implemented.

All official recommendations of the PC have to be written and elaborated.

Art. 6 Responsibilities of the TWGs in the implementation phase

The responsibilities of the TWGs in the implementation phase are:

- c) Analyse, on the basis of the agreed selection criteria, the projects to be financed and the grant schemes to be implemented and provide recommendations to the RPC
- d) If and when required, supports the RPC in the overall monitoring of the financed programmes in their specific area of concern (thematic area).

Art. 7 Responsibilities of the RPC coordinators

- e) He/She convokes the RPC and TWGs meetings;
- f) He/She elaborates the agenda of the RPC and TWGs meetings, as well as the documents that should be sent beforehand to the participants;
- g) He/She chairs and facilitates the meetings and tries to promote consensus in the decision-making process;
- h) He/She signs the documents that are elaborated within the RPC and TWGs, including the minutes of the meetings.

Art.8 Responsibilities of the RPC Technical Secretary (PMU):

- i) Prepares and transmits the documents and papers that are needed for convoking the RPC and TWGs meetings;
- j) Participates in the meetings of the RPC and TWGs;
- k) Summarizes and distributes the proposals and comments of the RPC and TWGs members;
- l) Elaborates the minutes of the meetings;
- m) Sends to all the members of each body the minutes of the meeting for comments.



Chapter IV – Functioning of the RPC and TWGs in implementation phase

Art. 9 Functioning of the RPC and TWGs

All operational aspects related to the functioning of the RPC and TWGs – i.e. invitation for the meetings, agenda, frequency (regularity), simple majority, quorum, absences, etc. - will be defined by the members of the Regional Partnership Committee (RPC) and PMU during their first meeting/meetings. The PMU, as a technical secretary, will be in charge of preparing and sending the invitations, and preparing the agendas and the minutes of the meetings.

Chapter V – Final provisions

Art. 10 Adoption and Modification of the Regulation

(1) The present Regulation is adopted by qualified majority of votes (expressed by 2/3 of total voting members). The number of voting members is equal to the number of Institutions and Organizations that have appointed a representative by the date of the first convocation of the Partnership Committee.

(2) Any modification of the present Regulation has to be adopted by qualified majority of votes (expressed by 2/3 of total voting members). The number of voting members is equal to the number of Institutions and Organizations that have appointed a representative by the date the modification is proposed.



APPENDIX 5 COUNTY BUDGET, 2003

B. SUMMARY OF PLANNED AND REALIZED EXPENCES OF BROD-POSAVINA COUNTY BUDGET IN PERIOD 1. JANUARY TO 31. DECEMBER 2003.

Tablica br. 3

Po-zicija	Rač.iz rač. plana	Budget headings	Plan for 2003.	Plan for 2003 after change	Plan for 2003 after redistribution	Realised expences 1.1.-31.12.2003.	% plan realisation	% in total realized expences
1.	2.	3.	4.	5.	6.	7.	8.	9.
3		OPERATIONAL COSTS	65.469.671,90	66.489.336,48	66.324.336,48	61.782.649,29	93,15	57,79
1.	31	EMPLOYEES COSTS	8.534.190,00	8.375.190,00	8.324.800,00	8.016.936,02	96,30	7,50
1.1.	311	Salaries	7.092.180,00	6.892.180,00	6.799.690,00	6.661.332,74	97,97	6,23
1.1.1.	3111	Salaries for regular activities	7.092.180,00	6.892.180,00	6.799.690,00	6.661.332,74	97,97	6,23
1.2.	312	Other expences for employees	213.730,00	263.730,00	320.130,00	290.478,17	90,74	0,27
1.2.1.	3121	Other expences for employees	213.730,00	263.730,00	320.130,00	290.478,17	90,74	0,27
1.3.	313	Proceeds on salaries	1.228.280,00	1.219.280,00	1.204.980,00	1.065.125,11	88,39	1,00
1.3.1.	3131	Proceeds for Pension insurance	632.680,00	173.680,00	173.680,00	108.741,28	62,61	0,10
1.3.2.	3132	Proceeds for Health insurance	533.460,00	933.460,00	919.160,00	861.274,82	93,70	0,81
1.3.3.	3133	Proceeds for employment	62.140,00	112.140,00	112.140,00	95.109,01	84,81	0,09
2.	32	MATERIAL EXPENCES	36.709.374,90	36.179.539,48	36.256.040,48	33.608.878,23	92,70	31,44
2.1.	321	Reimbursement of costs for employees	3.883.490,00	3.716.490,00	3.673.050,00	3.594.690,65	97,87	3,36
2.1.1.	3211	Official travel	1.074.302,00	1.074.302,00	1.089.302,00	1.062.540,65	97,54	0,99
2.1.2.	3212	Amends for transport, field work, location allowance	2.272.100,00	2.292.100,00	2.181.570,00	2.136.018,50	97,91	2,00
2.1.3.	3213	Training of staff	537.088,00	350.088,00	402.178,00	396.131,50	98,50	0,37
2.2.	322	Expences for material and energy	14.548.280,00	13.968.511,58	13.861.242,58	12.908.064,00	93,12	12,07
2.2.1.	3221	Office material and other material expences	3.393.298,00	3.521.662,58	3.619.848,58	3.195.931,36	88,29	2,99
2.2.2.	3222	Supply for restaurant	350.000,00	320.000,00	322.000,00	321.386,25	99,81	0,30
2.2.3.	3223	Energy	8.820.036,00	8.501.903,00	8.279.448,00	7.908.114,85	95,52	7,40
2.2.4.	3224	Material and parts for investment maintainance	1.357.900,00	1.027.900,00	1.042.900,00	931.273,96	89,30	0,87
2.2.5.	3225	Small inventory and car-tires	627.046,00	597.046,00	597.046,00	551.357,58	92,35	0,52
2.3.	323	Expences for services	14.342.786,55	13.562.719,55	13.362.429,55	12.038.206,04	90,09	11,26
2.3.1.	3231	Telephone, post, transport services	6.382.248,00	5.137.248,00	4.991.698,00	5.069.717,08	101,56	4,74
2.3.2.	3232	Maintenance expences	955.800,00	1.165.800,00	1.168.100,00	1.002.933,14	85,86	0,94
2.3.3.	3233	Promotion and informing	989.513,00	1.059.513,00	1.049.713,00	980.148,09	93,37	0,92
2.3.4.	3234	Municipal services	1.576.783,00	1.374.183,00	1.357.213,00	1.259.246,25	92,78	1,18
2.3.5.	3235	Rents	987.926,00	987.926,00	942.926,00	877.276,29	93,04	0,82
2.3.6.	3236	Health and vet services	617.312,00	947.312,00	932.812,00	818.793,76	87,78	0,77
2.3.7.	3237	Intellectual and personal services	1.541.098,00	1.255.131,00	1.240.691,00	426.463,78	34,37	0,40
2.3.8.	3238	Computer services	179.604,00	209.604,00	229.104,00	224.903,97	98,17	0,21
2.3.9.	3239	Other services	1.112.502,55	1.426.002,55	1.450.172,55	1.378.723,68	95,07	1,29
2.4.	329	Other not-mentioned operational costs	3.934.818,35	4.931.818,35	5.359.318,35	5.067.917,54	94,56	4,74
2.4.1.	3291	Fees for representative and supervisory bodies	1.415.000,00	1.250.000,00	1.232.000,00	1.144.350,16	92,89	1,07
2.4.2.	3292	Insurance premiums	269.075,35	589.075,35	579.075,35	553.524,88	95,59	0,52
2.4.3.	3293	Representation	735.486,00	792.486,00	849.486,00	788.787,99	92,85	0,74
2.4.4.	3294	Membership fees	47.715,00	62.715,00	64.215,00	57.496,74	89,54	0,05
2.4.5.	3299	Other not-mentioned operational costs	1.467.542,00	1.567.542,00	1.957.542,00	1.847.922,29	94,40	1,73
3.	34	FINANCIAL EXPENCES	1.182.757,00	1.236.757,00	1.246.247,00	1.208.815,28	97,00	1,13
3.2.	342	Interest rates on loans received	949.267,00	949.267,00	949.267,00	948.951,85	99,97	0,89
3.2.1.	3422	Interest rates on loans received from banks and other financial institutions outside public sector	2.838,49	2.838,49	2.838,49	2.523,34	88,90	0,00
3.2.2.	3421	Interest rates on received loans from other commercial firms	946.428,51	946.428,51	946.428,51	946.428,51	100,00	0,89
3.3.	343	Other financial expences	233.490,00	287.490,00	296.980,00	259.863,43	87,50	0,24
3.3.1.	3431	Bank services and financial transaction costs	233.490,00	287.490,00	296.980,00	259.863,43	87,50	0,24
4.	35	SUPSIDIES	3.005.000,00	2.862.500,00	2.901.500,00	2.571.521,91	88,63	2,41
4.2.	352	Supsidies to companies, craftsmen, SMEs of non-public sector	3.005.000,00	2.862.500,00	2.901.500,00	2.571.521,91	88,63	2,41
4.2.1.	3521	Supsidies to companies, craftsmen, SMEs of non-public sector	0,00	0,00	0,00	0,00	0,00	0,00
4.2.2.	3522	Supsidies to companies of non-public sector	700.000,00	700.000,00	700.000,00	631.661,75	90,24	0,59
4.2.3.	3523	Supsidies to farmers, craftsmen, SMEs	2.305.000,00	2.162.500,00	2.201.500,00	1.939.860,16	88,12	1,81
5.	36	ASSISTANCE PROVIDED ABROAD AND TO THE STATE IN GENERAL	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.	363	Assistance to the state in general	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.1.	3631	Current assistance to the state in general	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.2.	3632	Capital assistance to the state in general	0,00	0,00	0,00	0,00	0,00	0,00
6.	37	TRANSFERS TO THE POPULATION BASED ON INSURANCE AND OTHER	3.962.280,00	4.042.280,00	4.014.360,00	3.860.379,14	96,16	3,61
6.1.	372	Other transfers to the population	3.962.280,00	4.042.280,00	4.014.360,00	3.860.379,14	96,16	3,61
6.1.1.	3721	Transfers to the population and households in money	793.400,00	873.400,00	845.480,00	691.499,14	81,79	0,65
6.1.2.	3722	Transfers to the population and households in kind	3.168.880,00	3.168.880,00	3.168.880,00	3.168.880,00	100,00	2,96
7.	38	OTHER EXPENCES	9.563.070,00	11.323.070,00	11.151.389,00	10.193.648,59	91,41	9,53
7.1.	381	Current donations	7.960.070,00	9.462.070,00	9.350.589,00	8.510.253,83	91,01	7,96
7.1.1.	3811	Current donation in money	7.960.070,00	9.419.070,00	9.307.589,00	8.510.253,83	91,43	7,96
7.2.	382	Capital donations	803.000,00	1.061.000,00	1.040.800,00	977.820,11	93,95	0,91
7.2.1.	3821	Capital donations to non-profit organisations	0,00	258.000,00	258.000,00	247.320,11	95,86	0,23
7.2.2.	3822	Capital donations to citizens and households	803.000,00	803.000,00	782.800,00	730.500,00	93,32	0,68
7.3.	385	Extraordinary expences	800.000,00	800.000,00	760.000,00	705.574,65	92,84	0,66
7.3.1.	3851	Unforseen expences	800.000,00	800.000,00	760.000,00	705.574,65	92,84	0,66
7.3.2.	3852	Other extraordinary expences	0,00	0,00	0,00	0,00	0,00	0,00



Pozicija	Računski plan	Budget headings	Plan for 2003.	Plan for 2003 after change	Plan for 2003 after redistribution	Realised expenses 1.1.-31.12.2003.	% plan realisation	% in total realized expenses
1.	2.	3.	4.	5.	6.	7.	8.	9.
3.	34	FINANCIAL EXPENSES	1.182.757,00	1.236.757,00	1.246.247,00	1.208.815,28	97,00	1,13
3.2.	342	Interest rates on loans received	949.267,00	949.267,00	949.267,00	948.951,85	99,97	0,89
3.2.1.	3422	Interest rates on loans received from banks and other financial institutions outside public sector	2.838,49	2.838,49	2.838,49	2.523,34	88,90	0,00
3.2.2.	3421	Interest rates on received loans from other commercial firms	946.428,51	946.428,51	946.428,51	946.428,51	100,00	0,89
3.3.	343	Other financial expenses	233.490,00	287.490,00	296.980,00	259.863,43	87,50	0,24
3.3.1.	3431	Bank services and financial transaction costs	233.490,00	287.490,00	296.980,00	259.863,43	87,50	0,24
4.	35	SUPSIDIES	3.005.000,00	2.862.500,00	2.901.500,00	2.571.521,91	88,63	2,41
4.2.	352	Subsidies to companies, craftsmen, SMEs of non-public sector	3.005.000,00	2.862.500,00	2.901.500,00	2.571.521,91	88,63	2,41
4.2.1.	3521	Subsidies to companies, craftsmen, SMEs of non-public sector	0,00	0,00	0,00	0,00	0,00	0,00
4.2.2.	3522	Subsidies to companies of non-public sector	700.000,00	700.000,00	700.000,00	631.661,75	90,24	0,59
4.2.3.	3523	Subsidies to farmers, craftsmen, SMEs	2.305.000,00	2.162.500,00	2.201.500,00	1.939.860,16	88,12	1,81
5.	36	ASSISTANCE PROVIDED ABROAD AND TO THE STATE IN GENERAL	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.	363	Assistance to the state in general	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.1.	3631	Current assistance to the state in general	2.513.000,00	2.470.000,00	2.430.000,00	2.322.470,12	95,57	2,17
5.1.2.	3632	Capital assistance to the state in general	0,00	0,00	0,00	0,00	0,00	0,00
6.	37	TRANSFERS TO THE POPULATION BASED ON INSURANCE AND OTHER	3.962.280,00	4.042.280,00	4.014.360,00	3.860.379,14	96,16	3,61
6.1	372	Other transfers to the population	3.962.280,00	4.042.280,00	4.014.360,00	3.860.379,14	96,16	3,61
6.1.1.	3721	Transfers to the population and households in money	793.400,00	873.400,00	845.480,00	691.499,14	81,79	0,65
6.1.2.	3722	Transfers to the population and households in kind	3.168.880,00	3.168.880,00	3.168.880,00	3.168.880,00	100,00	2,96
7.	38	OTHER EXPENSES	9.563.070,00	11.323.070,00	11.151.389,00	10.193.648,59	91,41	9,53
7.1.	381	Current donations	7.960.070,00	9.462.070,00	9.350.589,00	8.510.253,83	91,01	7,96
7.1.1.	3811	Current donation in money	7.960.070,00	9.419.070,00	9.307.589,00	8.510.253,83	91,43	7,96
7.2.	382	Capital donations	803.000,00	1.061.000,00	1.040.800,00	977.820,11	93,95	0,91
7.2.1.	3821	Capital donations to non-profit organisations	0,00	258.000,00	258.000,00	247.320,11	95,86	0,23
7.2.2.	3822	Capital donations to citizens and households	803.000,00	803.000,00	782.800,00	730.500,00	93,32	0,68
7.3.	385	Extraordinary expenses	800.000,00	800.000,00	760.000,00	705.574,65	92,84	0,66
7.3.1.	3851	Unforeseen expenses	800.000,00	800.000,00	760.000,00	705.574,65	92,84	0,66
7.3.2.	3852	Other extraordinary expenses	0,00	0,00	0,00	0,00	0,00	0,00
Pozicija	Računski plan	Budget headings	Plan for 2003.	Plan for 2003 after change	Plan for 2003 after redistribution	Realised expenses 1.1.-31.12.2003.	% plan realisation	% in total realized expenses
1.	2.	3.	4.	5.	6.	7.	8.	9.
4		EXPENCES FOR PROCUREMENT OF NON-FINANCIAL ASSETS	37.004.724,00	43.560.859,42	43.831.859,42	40.040.987,85	91,35	37,45
8.	41	EXPENCES FOR SUPPLY OF NON-PRODUCED ASSETS	0,00	0,00	0,00	0,00	0,00	0,00
8.1.	412	Non-Material assets	0,00	0,00	0,00	0,00	0,00	0,00
8.1.1.	4124	Other rights-????	0,00	0,00	0,00	0,00	0,00	0,00
9.	42	EXPENCES FOR SUPPLY OF PRODUCED LONG-TERM ASSETS	19.577.489,00	23.841.054,76	24.097.054,76	22.047.805,13	91,50	20,62
9.1	421	Construction objects	18.582.489,00	22.085.876,97	22.320.876,97	20.546.516,71	92,05	19,22
9.1.2.	4212	Business premises	8.236.743,00	11.353.130,97	12.090.298,79	12.089.914,88	100,00	11,31
9.1.3.	4213	Roads	4.656.826,00	5.663.826,00	5.413.826,00	4.572.620,27	84,46	4,28
9.1.4.	4214	Other construction objects - water supply network	3.603.920,00	3.211.920,00	3.051.920,00	2.318.181,56	75,96	2,17
9.1.5.	4214	Other construction objects - sewage	2.085.000,00	1.857.000,00	1.764.832,18	1.565.800,00	88,72	1,46
9.2	422	Equipment	625.000,00	778.175,00	799.175,00	619.868,67	77,56	0,58
9.2.1.	4221	Office equipment and furniture	485.000,00	455.000,00	476.000,00	381.843,77	80,22	0,36
9.2.2.	4222	Communication equipment	60.000,00	60.000,00	60.000,00	27.517,56	45,86	0,03
9.2.3.	4223	Maintenance and protection equipment	80.000,00	100.000,00	100.000,00	47.332,34	47,33	0,04
9.2.4.	4227	Machines and equipment for other purposes	0,00	163.175,00	163.175,00	163.175,00	100,00	0,15
9.3	423	Transport means	250.000,00	390.000,00	390.000,00	384.416,96	98,57	0,36
9.3.1.	4231	Means of transportation in road transport	250.000,00	390.000,00	390.000,00	384.416,96	98,57	0,36
9.4	425	Investments in planting material and cattle	0,00	497.002,79	497.002,79	497.002,79	100,00	0,46
9.4.1.	4252	Expenses for cattle (Cattle-breeding centre)	0,00	497.002,79	497.002,79	497.002,79	100,00	0,46
9.5	426	Non-material produced assets	120.000,00	90.000,00	90.000,00	0,00	0,00	0,00
9.5.1.	4262	Software	110.000,00	80.000,00	80.000,00	0,00	0,00	0,00
9.5.2.	4263	Art, literature and science	10.000,00	10.000,00	10.000,00	0,00	0,00	0,00
10.	44	EXPENCES FOR SUPPLY OF PRODUCED SHORT-TERM ASSETS	0,00	1.762.569,66	1.762.569,66	1.762.569,66	100,00	1,65
10.1	441	Expences for stock supply	0,00	1.762.569,66	1.762.569,66	1.762.569,66	100,00	1,65
10.1.1.	4411	Expences for supply of reproduction material (Cattle-breeding centre)	0,00	1.762.569,66	1.762.569,66	1.762.569,66	100,00	1,65
11.	45	EXPENCES FOR EXTRA INVESTMENT ON NON-FINANCIAL ASSETS	17.427.235,00	17.957.235,00	17.972.235,00	16.230.613,06	90,31	15,18
11.1	451	Additional investment on buildings	17.327.235,00	17.857.235,00	17.872.235,00	16.224.889,34	90,78	15,18
11.1.1.	4511	Additional investment on buildings	17.327.235,00	17.857.235,00	17.872.235,00	16.224.889,34	90,78	15,18
11.2	452	Additional investment on machinery and equipment	100.000,00	100.000,00	100.000,00	5.723,72	5,72	0,01
11.2.1.	4521	Additional investment on machinery and equipment	100.000,00	100.000,00	100.000,00	5.723,72	5,72	0,01
Pozicija	Računski plan	Budget headings	Plan for 2003.	Plan for 2003 after change	Plan for 2003 after redistribution	Realised expenses 1.1.-31.12.2003.	% plan realisation	% in total realized expenses
1.	2.	3.	4.	5.	6.	7.	8.	9.
5		EXPENCES FOR FINANCIAL ASSETS AND LOAN REPAYMENTS	5.936.865,00	8.337.865,00	8.231.865,00	5.090.857,19	61,84	4,76
12.	51	Expences on given loans	5.050.000,00	7.450.000,00	7.344.000,00	4.233.580,96	57,65	3,96
12.1	512	Expences on loans given to non-profit organisations, citizens and households	50.000,00	50.000,00	50.000,00	0,00	0,00	0,00
12.1.1.	5121	Expences on loans given to non-profit organisations, citizens and households	50.000,00	50.000,00	50.000,00	0,00	0,00	0,00
12.2	515	Expences on loans given to the banks and other financial organisations of non-public sector	5.000.000,00	7.400.000,00	7.294.000,00	4.233.580,96	58,04	3,96
12.2.1.	5151	Expences on loans given to the banks and other financial organisations of non-public sector	5.000.000,00	7.400.000,00	7.294.000,00	4.233.580,96	58,04	3,96
12.3	516	Izdaci za dane zajmove trgovačkim društvima, obrtnicima, malom i srednjem poduzetništvu izvan javnog sektora	0,00	0,00	0,00	0,00	0,00	0,00
12.3.1.	5161	Dani zajmova tužemnim trgovačkim društvima, obrtnicima, malom i srednjem poduzetništvu izvan javnog sektora	0,00	0,00	0,00	0,00	0,00	0,00
13	52	EXPENCES FOR SECURITIES	30.000,00	30.000,00	30.000,00	0,00	0,00	0,00
13.1	524	Expences for other securities	30.000,00	30.000,00	30.000,00	0,00	0,00	0,00
13.1.1.	5241	Other securities	30.000,00	30.000,00	30.000,00	0,00	0,00	0,00
14.	53	IZDACI ZA DIONICE I UDJELE U GLAVNICI	0,00	0,00	0,00	0,00	0,00	0,00
14.1	534	Dionice i udjeli u glavnici trgovačkih društava izvan javnog sektora	0,00	0,00	0,00	0,00	0,00	0,00
14.1.1.	5341	Dionice i udjeli u glavnici tužemnih trgovačkih društava izvan javnog sektora	0,00	0,00	0,00	0,00	0,00	0,00
15.	54	EXPENCES FOR REPAYMENT OF CAPITAL SUMS OF LOANS RECEIVED	856.865,00	857.865,00	857.865,00	857.276,23	99,93	0,80
15.1	544	Repayment of capital sums of loans received from banks and other financial institutions of non-public sector	96.000,00	97.000,00	97.000,00	96.411,23	99,39	0,09
15.1.1.	5441	Repayment of capital sums of loans received from banks and other financial institutions of non-public sector	96.000,00	97.000,00	97.000,00	96.411,23	99,39	0,09
15.2	545	Repayment of capital sums of loans received from companies, craftsmen, SMEs of non-public sector	760.865,00	760.865,00	760.865,00	760.865,00	100,00	0,71
15.2.1.	5451	Repayment of capital sums of loans received from banks and other financial institutions of non-public sector	760.865,00	760.865,00	760.865,00	760.865,00	100,00	0,71
TOTAL EXPENCES (3+4+5)			108.411.260,90	118.388.060,90	118.388.060,90	106.914.494,33	90,31	100,00



APPENDIX 6 THE BUSINESS SURVEY

Introduction

As a typical transition economy, it is burdened by the disintegration of the previous market, privatization, lagging behind the technological development, increase of unemployment, strengthening of grey economy and negative consequences of the (1991-1995) war. Traditionally strong sectors are metal processing, wood processing, agriculture, construction industry, and paper and textile industry. Out of 1,167 registered companies¹, 93% can be classified by size as small companies; 5.5% as medium and 1.5% as large. The annual turnover of Brod-Posavina County economy is around EURO 770 million², with equal 1/3 ratios of the share in the economy of all company groups (small, medium and large). The ratios of the employed in the economy are the same (26,155)³. The number of the employed in large companies continually declines, while the number of the employed in small companies and crafts increases. Out of the total number of companies, 93% are privately owned; 3% are state-owned; 2.5% are in a combined ownership, while only 1.5 companies are owned by cooperatives. The foreign trade balance is negative; currently, the rate of coverage of imports by exports is around 70%⁴. The main export industries are metal and wood processing. The goods imported consist mainly of various trade products. The strongest trading partners are Bosnia & Herzegovina, Germany, Italy and Slovenia.

A high-quality raw material basis (116.390Ha⁵ of land, 89% of which is arable land and wood-lands) certainly exists, however the development of agriculture is slow. It is hampered by the fragmentation of land, inconsistent development policy, lack of investment funds and "messy" land books.

The tourist industry is modest; its share in the total number of the employed is 2%, and in incomes 0.4%⁶. Although the position of the County is favourable (convergence of roads, vicinity of the state-border), the potentials are utilized poorly. The infrastructure (roads, utility services, accommodation capacities), as well as the business support and available capital needed for the development of industries, are not sufficient.

Banking sector is relatively developed. Almost all more significant banks are operating within the area of this County; however none of these banks is the investment bank. The sector is characterized by the focus on transactions with the construction industry and a limited investment in the development of entrepreneurship, with a restrictive policy towards the investment in small companies and start-ups.

¹ Source FINA, 2003

² Source FINA

³ Source Brod-posavina County

⁴ Source: Croatian Chamber of Commerce, County Chamber Slavonski Brod

⁵ Source Brod-posavina County

⁶ Source: Croatian Chamber of Commerce, County Chamber Slavonski Brod



Survey of Entrepreneurs

The following 10 entrepreneurs or companies were interviewed with the purpose of data collection:

1. Arting, Ltd.
2. Projektgradnja, Ltd.
3. Svjetlost Chromos, Ltd.
4. Potomac, Ltd.
5. Saint Jean Industries, Ltd.
6. Pegaz, Ltd.
7. ININ, Ltd.
8. Wine Business Zdjelarević
9. Agricultural Cooperative Prvča
10. Mijo Veneers, Ltd.

The companies were selected on the basis of sector, size, production/service programmes, and significance for the local economy. In addition to domestic companies, one foreign company also took part in the survey (Saint Jean Industries, Ltd.). The survey data were obtained on the basis of visits to the companies and in direct discussions with entrepreneurs who have impartially expressed the private sector's attitudes and opinions.

In order to obtain as representative results as possible, the sample of the companies surveyed is similar by size to the situation in the economy:

Classification by

Size	Of Sample	
Small	5	50%
Medium	4	40%
Large	1	10%

The classification by activities is similar:

Classification by

Activities	Of Sample	
Wood Industry	1	11%
IT	1	11%
Agriculture	2	22%
Metal Industry	3	33%
Construction Industry	2	22%
Textile Industry	1	11%

Broadly on Entrepreneurs

Men are dominant in the structure of the surveyed entrepreneurs (only 10% of companies from the sample have women on leading positions). The majority of the surveyed companies were created during eighties and nineties only as the investment of private capital, while only 10% of companies from the sample were created by the privatization of some successful state-owned company. 50% of companies were created by the employees



of the previous large systems, who refused to wait for an inevitable bankruptcy and started a private business instead, on the basis of their knowledge and gained experience, continuing to produce the same or similar products as the former large state-owned enterprises. This model is especially visible in the two strongest sectors – metal processing and wood processing. The sample does not include any company that is doing business for less than one year.

Employment

Although the unemployment rate in the County area is higher than in the remaining part of Croatia (according to Brod-Posavina County data, the unemployment rate in 2004 was 30.4%), the information that the majority of the unemployed are unskilled workers that will be hardly, if at all, employable in the future economy which is based on knowledge and professional services is disturbing. The average number of the employed in the sample is 89, however the county average (including crafts) is 8 employees per company; this, presumably, gives flexibility to companies in their appearance on the market, but also makes any serious production without associating into trade/business associations impossible; these are particularly significant in sectors that are basing their appearance on the market on the quantity of production (agriculture, for instance).

The education system is not developing as fast as it should and is in discrepancy with the requirements in the market. This is a reason why some occupations are in short supply (education), and some are redundant (sales person, driver, hair-dresser, etc.). The new economy requires a polyvalent labour force, especially in smaller companies without strong labour division, but where each work position has a wide range of activities. The additional activities demand additional skills – foreign languages, computer literacy, familiarity with legal frameworks, etc. This is why it is essential to start programmes for the additional professional improvement of the employed.

Young experts are not encouraged to return to their local environment after their studies and this is why the supply of high-quality staff is poor. Hence, the companies that deal with modern production have problems with manpower.

The grey economy and illicit employment are issues that exist primarily in smaller companies. New entrepreneurs do not want to register their business primarily because of the lack of knowledge rather than because of high taxes and levies that regularly serve as an excuse for not registering. The state social policy is strong and fails to encourage the unemployed to seek a job; it is, instead, one of the key generators of the informal sector (i.e. grey economy). While the assessment of companies is that the cost of labour is not high, the levies from and on the salary have an ascending trend, as well as the taxes, and this creates additional costs.

Key details:

- ✓ The majority of companies are privately owned
- ✓ Spin-off economy (a private business is started after a career in public sector)
- ✓ Rare cases of successful privatization
- ✓ Small share of women on leading work positions
- ✓ Education in disharmony with the requirements of the economy
- ✓ Lack of programmes for constant education and professional improvement
- ✓ Strong grey economy
- ✓ Labour force is not expensive, but the levies for the State are



Business trends

50% of the companies surveyed believe that they have enough clients for their goods and services. They even have a restrictive sales policy because of problems with non-payment. Their policy is simple: it is better to keep the goods in stores and wait for a buyer that can pay than selling the goods and not collecting any money for it. Rare (small and medium) companies have a solved system for the financing of buyers, whether because of the lack of capital, or because of the unfamiliarity with modern financial mechanism. The other half of companies put emphasis on the attracting new buyers and accessing new markets. They base their strategy on the price in 40% of cases, as much as that (40%) on the quality, and only 20% on the marketing and post-sale services. All companies believe that their market will slowly grow in the future period; 80% of them are planning investments in the circulating capital and capital investments, and only 20% in the marketing, development of new products and human resources.

The sample companies are in 40% of cases oriented towards the foreign market in addition to the domestic market. On the average, in the surveyed sample, 24% of the total sale falls on foreign markets, 49% of sale is made on the local market, and 27% on the national/regional market. The exporting firms believe that the system of export incentives should be accelerated and simplified. The difficulty for smaller companies is also the lack of the Croatian Bank for Reconstruction and Development (CBRD) regional or county offices, as this is the only state bank that supports exports; this lack of CBRD offices slows down the procedure for getting support and makes it more expensive.

Key details

- ✓ The companies invest more in capital facilities and circulating capital than in the promotion, human resources and development of new products
- ✓ 24% of production is exported, mainly the semi-products of metal and wood industry
- ✓ 20% of the companies are exporters, other companies sell their products in the domestic market
- ✓ The companies are expecting a slow growth of the market (3-5%) in the future period

Business Development Problems

80% companies in the sample have specified that they have problems in their business operation. The companies have specified three times more external problems (public sector responsibility) than the problems within their companies, which they can control directly. The entrepreneurs believe that they are less responsible for their own problems than the State.

External problems are prioritized in the following way:



No.	Description	Percentage of votes
1.	Slow state bureaucracy	80%
2.	High taxes and other levies to the State	80%
3.	Slow judiciary system – weak protection of creditors	70%
4.	Non-payment – insolvency of firms	60%
5.	Limited market	50%
6.	Reluctance of banks to borrow capital to small entrepreneurs and start-ups	50%
7.	Messy land books	50%
8.	Unfair competition – grey economy	40%
9.	Lacking – inadequate infrastructure	30%
10.	Weak support from business institutions	30%
11.	High labour costs	20%
12.	Low purchasing power	10%

Internal problems of companies arranged by the percentage of votes:

No.	Description	Percentage of votes
1.	Unfamiliarity with Croatian and EU legal-customs procedures and with EU funds	60%
2.	Lack of quality certificates	50%
3.	Lack of high-quality labour force	40%
4.	Development and promotion of own trade mark	40%
5.	High indebtedness (loans)	20%
6.	Outdated technology	10%
7.	Organization of day-to-day business operation	10%
8.	Lack of basic knowledge and training in the business management	10%
9.	High construction or rental costs	10%

These problems of local companies are clearly suggesting that the State should take more care of the efficiency of its bodies involved in the economic development. Non-payment, i.e. illiquidity of companies is present in the part of the business operation with the State, particularly in the case of construction industry. If the State fails to make payments on time, the whole chain of payments becomes weaker and brings small companies with not enough circulating capital on the verge of bankruptcy regardless to the high quality of their products.

Pegaz Ltd. produces and sells equipment for the catering industry. Their business developed slowly, on the bases of family tradition. Today, their main problem is non-payment by buyers. The company has solid growth rates, develops new products and takes up new markets; however, they have



difficulties with the financing of the retail trade, as the circulating capital is (too) expensive, and the non-payment by buyers significant. The owners are thinking of selling of ownership shares to investment funds as an optimal method for the fresh capital inflow, although such funds do not, by rule, invest in such local companies.

The grey economy is strong, partly because of the strong social policy. A great number of the unemployed do not want to lose their regular social benefit that they are receiving from the Croatian Health Institute (HZZ) and thus are working illegally („black labour“).

The infrastructure for the business development (water supply system, sewage system, energy sources, roads, waste management) in the area of Brod-Posavina County is developed unevenly, or does not exist at all in most of the County parts. Thus, the entrepreneurs make investments in towns and start businesses within residential areas.

Projektgradnja Ltd. is with 500 employees the largest construction company in the County area, although the majority of their works are performed outside the County. The infrastructure and business facilities are mainly built in urban areas while the rural areas are neglected; the result of this is an uneven economic development and depopulation of rural areas. The quality of life in rural areas is much lower than in urban areas as the entrepreneurship is developing more slowly there, which leads to the lack of work positions. This is why it is necessary to develop the infrastructure in villages, especially the infrastructure that leads to the development of agriculture, which has always been and still is, regardless to former ideologies, the greatest potential of rural areas.

The entrepreneurs have assessed the banking sector as extremely conservative and reserved when investments in small and medium companies are in question. Only the projects that can ensure good collaterals, exclusively real estate properties, are getting the requested funds. At the local level, the foreign banks (with business experience gained in advanced markets) are rarely offering to companies the modern methods of crediting (redemption agreements, future deliveries, entering in the ownership structure, etc.).

The entrepreneurs from the sample believe that the investments in the physical infrastructure, regardless to the obvious need for this, are not sufficient by themselves to be able to attract foreign and domestic entrepreneurs. To date, not one large foreign (global) investor came to Brod-Posavina County, excluding the retail business sector. The local authorities should make an inventory of investment opportunities and then actively promote their potentials. But before this it is necessary to create an efficient support mechanism that would provide all relevant services to investors in one place. The motorway Zagreb-Lipovac is not utilized sufficiently as a signpost for potential investors.

The company Saint Jean Industries, Ltd. is a part of group with headquarters in France. It deals with the production of parts for car industry (PSA group). After negotiations with other companies, quite accidentally and through private channels, they have learned that a part of the company within Đuro Đaković holding is going to be sold. With a declarative support from the Croatian Government level they spent almost two years in buying the plants



and starting the production, although the production was regularly going on in that same plant before the 1991-95 war. At the local level, the SJI Company was faced with many administrative (e.g., the obtaining of location and construction permit for the production plant, regardless to the fact that the plant was already in use) and other practical problems (e.g. connection to gas). While there is a readiness at the local level to solve all complicated administrative procedures, the cooperation with the higher bodies of authority, which are making decisions on solutions for problems, is poor; thus, one has the impression that there are no developed mechanisms in practice for quick solutions of problems that the (foreign) investors are faced with. This is why it is necessary to simplify all procedures upon the coming of investors and allow for the local authorities a higher degree of autonomy in the decision making on the property-rights relations. One would not have to wait then for over a year just to obtain a building inspection certificate, for example. Foreign entrepreneurs, if they do not have their own experienced local managers, simply can not clearly see who does what at the local level, as there is not a simplified and transparent system of support for investors, such as a specialized Development Agency that would provide support services by investments. Although the SJI Company invested large amounts of funds and employed around 70 people, they are obviously uninteresting to local authorities, as these authorities have never showed any interest for a serious contact with this Company.

Only 10% of the surveyed companies have foreign companies or individuals in their ownership structure. Small and medium entrepreneurs are not ready to compete with the foreign competition, as their knowledge on merger, joint projects; redemption of one part of company or a whole company is very limited. In despite of this, 80% of the companies surveyed answered that the joining of Croatia to EU will have a positive effect on their business; only 10% of them think that this will have a negative effect. Since the imported goods and services are largely present in the local market already, the entrepreneurs believe that the competition will not be intensified additionally. They all see the EU accession as a positive impulse for the public sector reform, which will make this sector more transparent and more oriented towards the providing of high-quality services to all clients.

The changes in the world economy, globalization and inauguration of "knowledge-based economy" as the future drive of the development, are not felt at the local level. The investments in IT, hardware and software, are low, although the supply of equipment is satisfactory. Software producers are finding their market at the national level, as the interest at the local level is not sufficient. The awareness of the significance of IT utilization as a background in the business decision-making is not adequately developed in small and medium companies. The advanced technologies and infrastructure for the broadband Internet (xDSL, wireless internet) outside the urban areas does not exist as yet.

Inin Ltd. is an IT Company with 7 employees. They are doing business since 1993, dealing with business applications (software). The quality of their products is at the level of the similar products in the world; however, their turnover in the local market is only 10%. Their main problems are the untrained buyers - small entrepreneurs without adequate business knowledge and awareness of the need for business applications that would improve



significantly their business operation. The IT sector in the County is marginalized and frequently identified with the IT equipment trade; in addition to this, nothing is done for this sector's development. The utilization of IT in the public sector (for instance, in judiciary) is low, which is the cause of an inefficient business operation. The faculty of Mechanical Engineering in Slavonski Brod is not integrated sufficiently in the business sector and is not used as the source of knowledge and new technologies.

The Potomac Company Ltd., a producer of luxury textile products under the trade mark Croata, has a manufacturing facility in the place Davor, near Nova Gradiška. They are one of the largest employers at the micro location. During the construction of their new business facility they were faced with high costs associated with the construction of the plant, as well as with difficulties and too complicated procedures related to the obtaining of all required permits. As the place Davor is located at the bank of the Sava River, they are also planning to extend their business to the sector of tourism, offering nature as a product. The Sava River is not used at all for tourism purposes, although such potential exists (from the construction of micro-hydroelectric power stations to traditional water-mills).

Although the County manages the significant natural potentials the agricultural sector is developed only partially. Large systems of the previous State, that once had a monopoly, have disappeared from the market. One part of these companies has been privatized, while the other companies are going through a multi-year process of bankruptcy due to the complicated property-rights relations. Small farmers, who were systematically discouraged during the past 50 years to undertake any more serious production, are now trying to find their place in a liberalized but volatile market of agricultural products. There are no strategic branches of industry at the local level and thus the farmers are left to themselves and the market freaks, although they are quite unprepared for that; this frequently ends up either with surpluses of products that are then sold below the price, or deficits of particular products. The liberal importing of final products has already occupied a large part of the market, which makes the situation even more difficult for local producers. This sector is, thus, in great crisis. The new cultures and new technologies are breaking through very slowly. In addition to some traditional productions, only the milk production has recorded some growth in the recent years. The farmers are not unified; due to the lack of education and some historical false beliefs the cooperative movement is underdeveloped, as the farmers do not fully understand the advantages of cooperation. The large chain of stores are not waiting for the farmers' cooperation – they have already started the organization of their own capacities, which is an additional threat for the emergence of small producers in the market; soon, they will not have any buyers of their products and will be condemned to deal with the primary production, unattractive in terms of income.

The farmland management policy is important in the field, and the further development of agriculture depends on the implementation of this policy. The farmers are trying to obtain greater land parcels, through a long-term lease or purchase. The prices of land greatly differ from one location to another; however they are incomparably lower than those in the EU. Land books that aren't updated are slowing down the buy off process; however it is in the interest of all that the land is allocated efficiently.



Organic production is great potential for the future, but the unclear, complicated and expensive certification and supervision procedures are preventing the growth of this segment. Two misconceptions around the organic production are present in the field: the first one is that if the land is not treated by protective substances for several years it will become suitable for the organic production; and the second one is that the EU market has a craving for organic products and that it is ready to accept anything that is produced.

The agricultural cooperative Prvča is one of rare cooperatives in the entire County. This business was started in 1990, as a store for the sale of materials necessary for production. Currently, they have 67 employees and around 1500 cooperates, to whom they sell the reproduction materials and from whom they buy off particular types of products, which are then marketed to manufacturers. Although they are called a "cooperative", actually they are not a cooperative, as their cooperants are not members of the cooperative. The Agricultural Cooperative Palča simply facilitates for them the procurement of production materials (lower prices, crediting), and collects from them certain amount of fees for such services. The majority of cooperants are small producers that could not realize any incentives for the production alone. For the further development of agriculture it is necessary to develop the infrastructure (irrigation system, access-roads) and to extend the farms so that the production becomes competitive.

The Wine Production Zdjelarević is a family business started in the nineties. Today, they are one of the largest high-quality wine producers in the County area. Following the world practice and trends in their business sector, they made a decision to extend their business to rural tourism. They built a hotel and a restaurant and connected this functionally with their primary activity, creating thus an entity in the offer. For the future development it is necessary to plant additional vineyards and to constantly invest in new technologies. The rural tourism is a niche at the local market that could be utilized additionally; however this requires the investment in the building of awareness on the local values that could be offered to tourists and, primarily, the change of an introvert mentality in the native people.

Svjetlost Cromos Ltd. Lužani deals with the production of paints and varnishes for the construction industry. Today they have around 70 employees; they are present in the domestic and regional market, but are planning to extend their sale in the East European market. In cooperation with the CEI BAS international programme, they achieved the ISO 9001/9014 certificate that guarantees high-quality products and that is a precondition for the appearance on the foreign markets. It is necessary to base the development of the local economy on larger companies, encouraging them to cooperate with small and medium entrepreneurs, creating thus single production entities. Only the larger companies have enough resources to finance the development of new products and services, which is, by rule, not the case with small companies; therefore they cannot be considered as the development drives. The development of technology and



new products brings about new risks for the environment as well, which is the next large investment of the company. The investment in the waste disposal system is necessary, as this is the way not only to protect the environment, but also to meet the strict EU regulations that will have to be respected once when Croatia becomes the EU member .

80% of the surveyed companies are active members of some business associations (Croatian Chamber of Commerce - HGK; Croatian Chamber of Crafts - HOK). The entrepreneurs are trying to solve the problems that they are faced with in their business alone, although they are frequently not trained for this. If they cannot solve a problem alone, they are trying to find a solution within the narrow circle of trustworthy people, i.e. family and friends. After that, they are trying to find solutions in the business associations, and, ultimately, they are seeking help from professional advisors (consultants). 40% of those that seek services from business associations are satisfied. The main causes for dissatisfaction are a limited range of services (for example, organization of fairs rather than specialized services) and slow response to urgent inquiries.

The local consulting market does exist (private and public service providers); however they are operating mainly according to the principle of subsidized services. A commercial market of services for small and medium entrepreneurs does not exist, while large companies are slowly beginning to understand the advantages of the engagement of consultants for specialized areas.

Key details

- ✓ The entrepreneurs believe that the State must reduce the bureaucracy and simplify the procedures for start-ups
- ✓ The local authorities must stimulate the banking sector to open itself for small entrepreneurs and start-ups
- ✓ The joining of Croatia to EU will have positive effects on the economy
- ✓ The entrepreneurs are „starving“ for the information on EU aid programmes
- ✓ The entrepreneurs do not invest in the development of new products, their own trade marks and promotion
- ✓ The attracting of new investments is not organized

Development Perspectives

The previous system has reserved the planning issues and strategic decision-making for top political officials as their exclusive right; as a result of this the private sector did not participate actively in any planning. Presently, the majority of small and medium entrepreneurs do not think of the county development strategies but are occupied with day-to-day management of their own companies. The large companies have shown a wider scope of views on the development in the local context. The following sectors are prominent as those with the strongest potential:

- Metal processing
- Wood processing



- Agriculture (organic)

The private sector believes that larger companies, with well-established production and the captured market are the motors of the development, while small and medium companies can be successful partners in the implementation of major projects. The local economy must insist on the de-politicization and further deregulation of the market. One should not insist on the start-ups of larger number of crafts and companies, as the rate of survival of new companies in the market is increasingly lower; instead of that, the start-ups should be supported with the training and building of awareness on the complexity of business operation under the local conditions. The larger companies need assistance in the introduction of quality certificates, new technologies and specialized skills in order to increase the competitiveness.

Tourism, especially the tourism in transit, is an industry that has a potential and that should be developed in the County that connects, by its roads, the central and east Croatia, and is also near the border with B & H. A full effect would be achieved if this industry is combined with local agricultural products for which the tourists in transit would be a good distribution channel.

The ROP should provide assistance in the construction of infrastructure, particularly in the rural areas of the County. It should provide assistance in the integration of the education system with the economy, and it should help the local government to transform itself into an efficient system for the delivery of services to citizens.



APPENDIX 7. LIST OF PROJECT IDEAS

In March 2005 Brod-Posavina County announced a public call to collect project ideas in the County. Project ideas have been analysed and divided into five major groups, according to current labour division and department setup of the County:

1. Economy and Trade
2. Agriculture
3. Infrastructure and Construction (regional projects separated)
4. Social Activities and Education
5. Health and Social Welfare

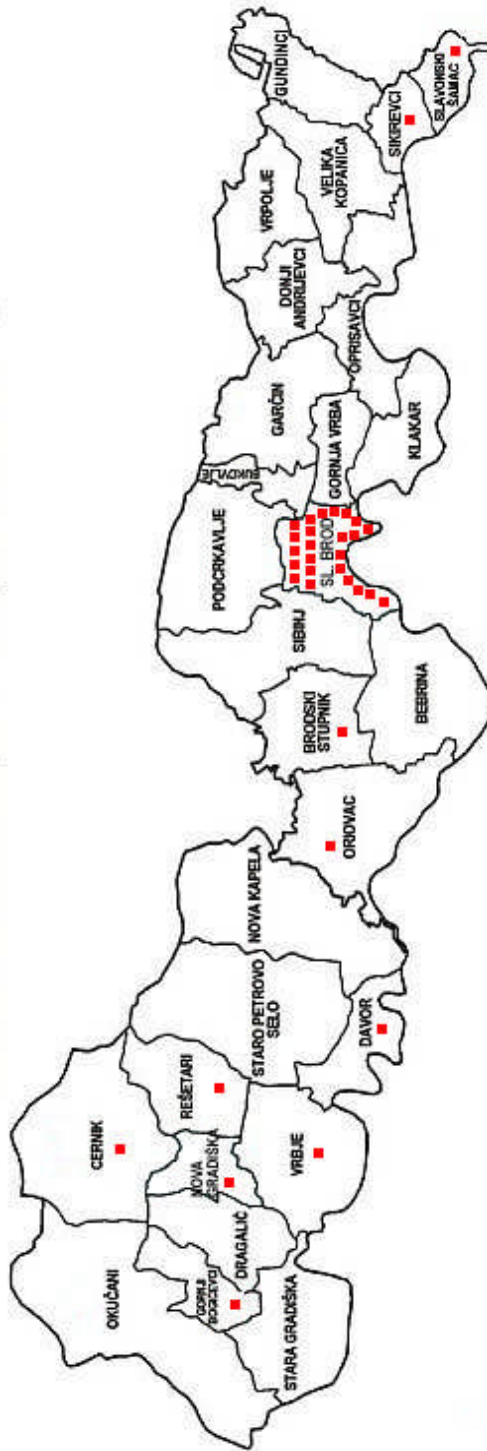
Based on information supplied via application form, an overall overview of the project ideas has been prepared. To provide complete information all data has been put in table, from general details (number of projects, applicant name, short description, foreseen activity, catchments area, number of beneficiaries), financial aspects (total project cost, invested so far, asked from ROP) and level of preparation (draft study, feasibility study, cost-benefit analysis, location permit, construction permit, phase and start plan). Red and green colours are used to emphasise the readiness of project ideas. Each table is followed by the map of Brod-Posavina County, filled with dots representing territorial span of project ideas.

Economy and Trade

Nr.	Institution	Project	Activity	Town-Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost Benefit	Site Permit	Building Permit	Phase Start
1	Amfibijski RST d.o.o.	Use of solar energy for housing	R&D, Production	Sl.Brod		-	-	-	NO	NO	NO	NO	NO	
2	ARGO d.o.o.	Elderly Home	Construction	Sl.Brod		-	-	-	NO	NO	NO	NO	NO	
3	BIROTEHNA d.o.o.	PC screwdriver factory	ITC Box moving	SB County		1.840.000,00	600.000,00	1.240.000,00	YES	YES	YES	YES	YES	YES
4	BROD PAMUK d.o.o.	Textile workers training	Textile	SB County	288	2.640.000,00	1.422.000,00	1.218.000,00	NO	YES	YES	NO	NO	
5	Brodin Business Incubator	Expansion of premises to let (to startups)	SME Support	SB County	500	4.500.000,00	2.100.000,00	2.400.000,00	NO	NO	NO	NO	NO	YES
6	Brodski Stupnik Municipality	Business Zone Project (preparation, construction)	SME Support	Brodski Stupnik		16.298.800,00	3.298.800,00	13.000.000,00	YES	YES		YES	NO	NO
7	Cernik Municipality	Business Zone (documentation, infrastructure development)	SME Support	Cernik		-	-	-	NO	NO	NO	YES	YES	NO
8	Đuro Đaković Free Trade Zone	Reconstruction of infrastructure, CCTV cams, roads	SME Support	Sl.Brod	3500	34.468.850,00	12.791.000,00	21.677.850,00	YES	YES	NO			
9	Economists Society (Association)	New business, industrial and free-trade zone	Construction	SB County	40000	200.000.000,00	140.000.000,00	60.000.000,00	YES	NO	NO	NO	NO	NO
10	Ekomejar - Baya	Production of 'ecological' furniture	Wood processing	SB County		1.100.000,00	-	1.100.000,00	NO	NO	NO	NO	NO	
11	Gornji Bogičevci Municipality	Business Zone Infrastructure Development	SME Support	Gornji Bogičevci	100	1.200.000,00	200.000,00	1.000.000,00	YES	NO	NO	YES	YES	NO
12	Haurdt Upholstery craft	Protection of local furniture producers	Furniture prod.	SB County		-	-	-						
13	Iligsoft d.o.o.	City network of interact. multimedia kiosks (booths)	ITC	Sl.Brod		352.500,00	96.000,00	256.500,00	YES	NO	NO	YES	YES	YES
14	Iligsoft d.o.o.	Brod Fortress Interactive Tourist Guide System	ITC	Sl.Brod		255.000,00	142.500,00	112.500,00	YES	NO	NO	YES	YES	YES
15	Industrial Park Nova Gradiška	Infrastructure development (utilities, business services)	SME Support	Nova Gradiška	1000	30.000.000,00	15.080.000,00	14.920.000,00	YES	YES	YES	YES	YES	YES
16	Ivan Črljen craft	Traditional Housing in Tourism	Tourism	SB County	10	1.860.000,00	1.639.950,00	220.050,00	YES	NO	NO	YES	YES	NO
17	LEDA Western Slavonia	SME Startup Training Programme	SME Support	SB County	120	3.750.000,00	3.450.000,00	300.000,00	YES	NO	NO	YES	YES	NO
18	LEDA Western Slavonia	High School Graduates' Training in Business Basics	SME Support	SB County	200	250.000,00	80.000,00	170.000,00	YES	NO				
19	Mladen Jurković	Production of the traditional music instruments	Wood processing	Sl.Brod	5	262.500,00	212.475,00	50.025,00	NO	NO	NO	NO	NO	NO
20	Oriovac Municipality	Business Zone Project (preparation, construction)	SME Support	Oriovac		3.000.000,00	500.000,00	2.500.000,00	NO	NO	NO	NO	NO	NO
21	Plin projekt d.o.o.	Extension of a gas supply network	Utility supply	SB County	60.549	69.283.000,00	34.641.500,00	34.641.500,00	YES	YES	YES	YES	NO	YES
22	Potomac d.o.o.	Traditional water-run mills on Sava river (tourism)	Tourism	Davor	10	750.000,00	450.000,00	300.000,00	YES	YES	YES	NO	NO	
23	Prosoft d.o.o.	Development of a hospital ERP (information) system	ITC	SB County		2.500.000,00	300.000,00	2.200.000,00	YES	NO	NO	NO	NO	NO
24	Rešetari Municipality	Civil planning blueprint development (for the Business Zone)	SME Support	Rešetari	7000	500.000,00	100.000,00	400.000,00	YES	NO				NO
25	Sikirevci Municipality	Business Zone Infrastructure Development	SME Support	Sikirevci	3500	2.000.000,00	-	2.000.000,00	YES	NO	NO	NO	NO	NO
26	Slavonski Brod City	Strengthening Brodin Business Incubator (see #5)	SME Support	Sl.Brod	800	2.700.000,00	1.200.000,00	1.500.000,00						
27	Slavonski Brod City	Selling up a local branch of HAMAG	SME Support	Sl.Brod		-	-	-						
28	Slavonski Brod City	Guarantee Scheme	SME Support	SB County		1.100.000,00	-	1.100.000,00						
29	Slavonski Brod City	Selling up an SME Support Centre	SME Support	Sl.Brod	6000	66.500.000,00	36.500.000,00	30.000.000,00	YES	YES	YES	NO	NO	NO
30	Slavonski Brod City	Bjelis SME Business Zone (archeological research req)	SME Support	Sl.Brod										
		SME Business Zone (near Đuro Đaković Free Trade Zone)	SME Support	Sl.Brod	1500	7.100.000,00	3.100.000,00	4.000.000,00	YES	YES	YES	NO	NO	NO

Nr.	Institution	Project	Activity	Town-Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
31	Tončić sobe craft	Rural tourism - service range extension	Tourism	Sl.Brod	800	750.000,00	600.000,00	150.000,00	YES	NO	YES	YES	YES	NO
32	Vrblje Municipality	Business Zone Infrastructure Development	SME Support	Vrblje	-	-	-	-	NO	NO	NO	YES	YES	NO
33	Slavonski Samac Municipality	Business Zone Infrastructure Development	SME Support	Sl.Samac	2600	3.335.550,00	1.530.000,00	1.805.550,00	YES	YES	YES	NO	NO	NO

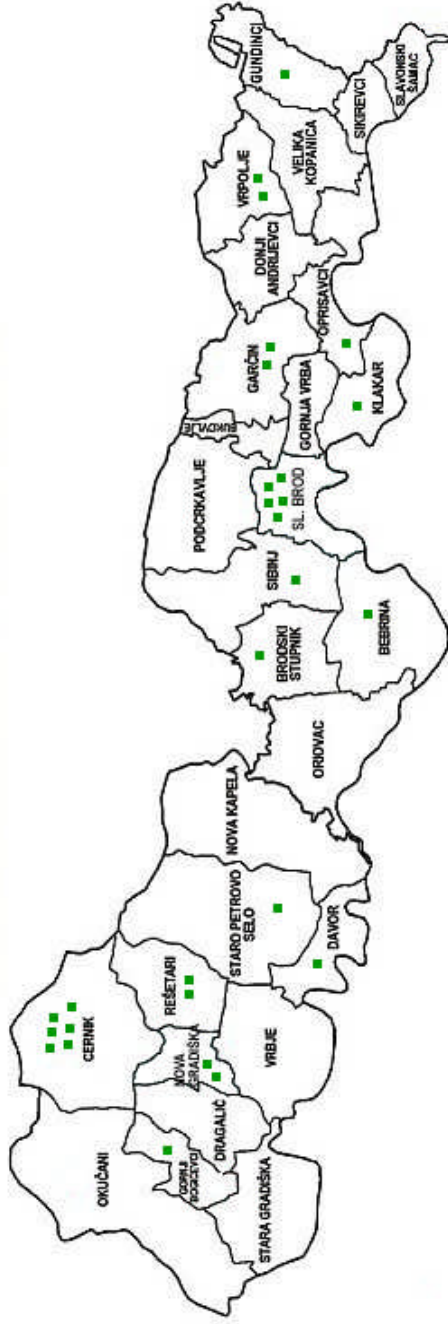
Brod-Posavina County - ROP Project Ideas Economy and Trade



Agriculture

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
1	Biomar Association	Trial organic food production (training for farmers)	SB County		750.000,00	150.000,00	600.000,00	YES	NO		NO	NO	NO
2	Brezine Agri Cooperative	Setup of a 100ha cooperative orchard (plums)	Gornji Bogičevci	300	11.000.000,00	7.500.000,00	3.500.000,00	YES	NO	NO	YES	NO	YES
3	Brod Ecology Association	Organic breeding of a domestic livestock variety	Oprisavci	100	550.000,00	400.000,00	150.000,00	YES	NO		YES	NO	
4	Dragovoljac Agri Cooperative	Management of targeted agri. production	Rešetari	600	1.000.050,00	497.550,00	502.500,00	YES	YES	YES	NO	NO	NO
5	Ekomp 21	Organic spices and herbs production	SB County	50	50.000,00	-	50.000,00	YES	YES	NO	NO	NO	NO
6	Euro-kompost	Production of compost (for mushrooms)	Vrpolje, St.Perk.	60	90.000.000,00	60.000.000,00	30.000.000,00	YES	YES	YES	YES	NO	YES
7	Futura Association	Development of organic agriculture in the County	Rešetari	200	1.000.050,00	250.050,00	750.000,00				NO	NO	NO
8	Grading d.o.o.	Setup of a distillery (rakija-spirits)	Cernik		2.000.000,00	1.400.000,00	600.000,00	YES	YES	YES	YES	NO	
9	Grading d.o.o.	Setup of an ULO cooling storage	Cernik	100	7.500.000,00	4.500.000,00	3.000.000,00	YES	YES	YES	YES	NO	
10	Grading d.o.o.	Apple production on 5ha	Cernik	15	1.000.000,00	500.000,00	500.000,00	YES	YES	YES	NO	NO	
11	Grading d.o.o.	Cherry production on 10ha	Cernik	15	1.000.000,00	500.000,00	500.000,00	YES	YES	YES	NO	NO	
12	Grading d.o.o.	Williams Pear production on 5ha	Cernik	20	1.100.000,00	650.000,00	450.000,00	YES	YES	YES	NO	NO	
13	Grading d.o.o.	Setup of vineyards	Cernik	10	600.000,00	375.000,00	225.000,00	YES	YES	YES	NO	NO	
14	Grape-growers Association	Expansion of vineyards, setup of a cooperative	SB County	100	4.000.050,00	800.025,00	3.200.025,00	YES	NO		NO	NO	NO
15	Kadić Ivan Farm production	Purchase of a combine (harvester) and a mobile dryer	Gundinci	60	1.200.000,00	75.000,00	1.125.000,00	YES	YES				NO
16	Krizanic mushroom	Distribution centre (cold storage), production	Nova Gradiska	100	8.000.000,00	2.000.000,00	6.000.000,00	NO	NO	NO	NO	NO	NO
17	Misar Farm	Organic prod. of veg.oil,setup of storage, dryer/cereals	Garčin	1500	3.750.000,00	-	3.750.000,00	YES	YES	YES	YES	YES	YES
18	Nova Agri Cooperative	Production of bio-diesel (oil beet)	Nova Gradiska	5000	75.000.000,00	37.500.000,00	37.500.000,00	YES	YES	YES	YES	NO	NO
19	Obitelj Cooperative	A Dairy Coop Development	Bebrina, DA Gu, Op	60	21.500.000,00	14.450.000,00	7.050.000,00	YES	YES	YES	YES	YES	YES
20	Pajkovi-Dryer and Silos	Production of fodder (animal food)	Klakar		2.000.000,00	400.000,00	1.600.000,00	NO	NO	NO	NO	NO	NO
21	Pig Breeders Association	Management of pig breeding (supply chain)	SB County		1.500.000,00	300.000,00	1.200.000,00	YES	NO	NO	NO	NO	NO
22	Potomac d.o.o.	Traditional silk-cotton production (bugs, trees)	Davor	200	200.000,00	50.000,00	150.000,00	YES	NO	NO	NO	NO	
23	Promat d.o.o.	Management of targeted agri. Production	Garčin	1500	3.750.000,00	-	3.750.000,00	YES	YES	YES	YES	YES	YES
24	Sibinj Agri Cooperative Slavonija povrće association	Management of a coop- agricultural production	Sibinj	800	1.300.000,00	250.000,00	1.050.000,00	NO	YES	NO	YES	YES	NO
25	Slavonski svinjopiac coop	Management of market oriented vegetable production	Vrpolje, S.P.Selo	200	750.000,00	150.000,00	600.000,00	YES	YES	NO			NO
26	Staro Petrovo Selo Municipality	Management of a coop pig breeding	SB County		2.250.000,00	450.000,00	1.800.000,00	YES	YES	NO	NO	NO	NO
27	Staro Petrovo Selo Municipality	Tourism Development (agriculture cooperative setup)	Staro Petrovo Selo	200	-	-	-	NO	NO	NO	NO	NO	NO
28	Zdjelarevic Winegrowing	Investment in new vineyards and the cellar upgrade	B.Sušupnik		16.500.000,00	16.500.000,00	-	NO	NO	NO	NO	NO	NO

Brod-Posavina County - ROP Project Ideas Agriculture



Infrastructure

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
1	Basketball Club SlavonSKI Brod	Indoor sport hall	Sl.Brod	4500	5.120.000,00	2.620.000,00	2.500.000,00	NO	NO	NO	NO	NO	NO
2	Brod plin d.o.o.	Gas supply network	Sl.Brod	20000	44.460.000,00	22.230.000,00	22.230.000,00	YES	YES	YES	YES	NO	NO
3	Brod-Posavina County	Bus stop booths (105)	SB County	177558	1.460.000,00	364.775,00	1.095.225,00	YES	NO	NO	YES		YES
4	Brod-Posavina County	Railways crossing	SB County	177558	8.500.000,00	2.000.000,00	6.500.000,00	YES	NO	NO			
5	Brod-Posavina County	Pump station and water gate for regional irrigation system	Sl.Samac et.al.	2000	-	-	-	NO			NO	NO	NO
6	Brodski Stupnik Municipality	Reconstruction of 13km of local roads	Brodski Stupnik	3800	2.283.622,00	1.524.026,00	759.596,00	YES	YES		YES	YES	YES
7	Brodski Stupnik Municipality	Adaptation and reconstruction of municipal buildings	Brodski Stupnik	3800	1.200.000,00	800.000,00	400.000,00	YES	YES	NO	YES	YES	
8	Brodski Stupnik Municipality	Waste water system project preparation	Brodski Stupnik	3800	31.875.000,00	21.185.900,00	10.689.100,00	YES	YES	NO	YES	NO	NO
9	Brodski Stupnik Municipality	Water supply system completion	Brodski Stupnik	3800	9.100.000,00	8.000.000,00	1.100.000,00	YES	YES		YES	YES	YES
10	Brodski Stupnik Municipality	Road floods protection project	Brodski Stupnik	1700	1.850.000,00	900.000,00	950.000,00	YES	YES		NO	NO	NO
11	Bukovlje Municipality	Reconstruction of 3km of local roads	Bukovlje	3200	4.500.000,00	1.500.000,00	3.000.000,00	YES	YES	YES	YES	YES	YES

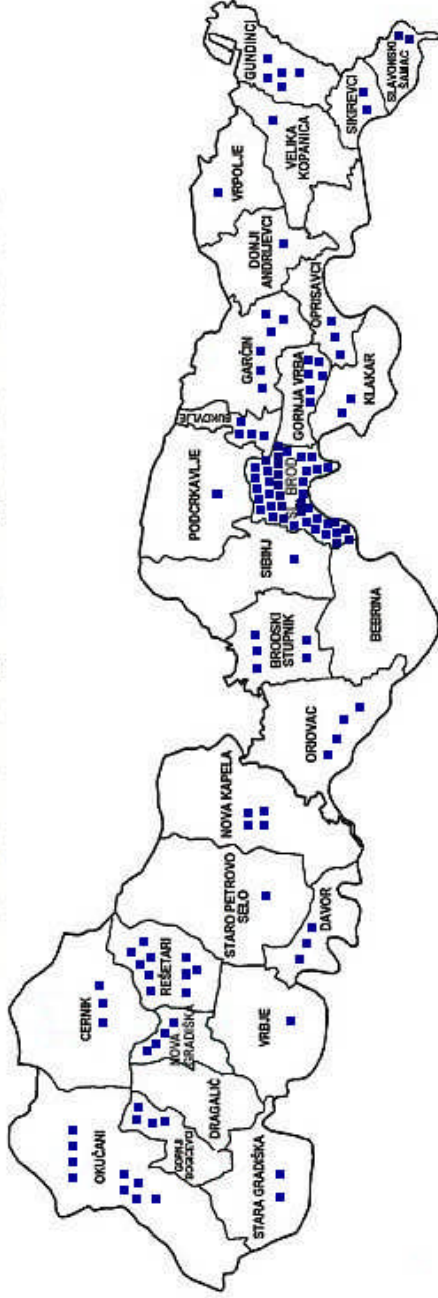
Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
12	Bukovlje Municipality	Ljeskovac eco-tourism centre	Bukovlje	1500	750.000,00	400.000,00	350.000,00	NO	YES	NO	YES	YES	NO
13	Bukovlje Municipality	Waste water system project	Bukovlje	3000	10.500.000,00	3.000.000,00	7.500.000,00	YES	NO	YES	YES	YES	YES
14	Bukovlje Municipality	Water supply network	Bukovlje	1100	1.500.000,00	250.000,00	1.250.000,00	YES	YES	YES			YES
15	Cernik Municipality	Waste water system	Cernik	5200	12.000.000,00	5.000.000,00	7.000.000,00	YES	NO	NO	YES	YES	YES
16	Cernik Municipality	Reconstruction of Strmac - local tourist destination	Cernik	-	-	-	-	NO	NO	NO	NO	NO	NO
17	Cernik Municipality	Water supply network (Bačindol, Baniševac, Opalovac)	Cernik	1300	270.000,00	110.000,00	160.000,00	NO	NO	NO	NO	NO	NO
18	Davor Municipality	C-51 waste water pump station and the high pressure pipeline	Davor	2600	3.000.000,00	999.975,00	2.000.025,00	YES	YES	YES	YES	YES	NO
19	Davor Municipality	Waste water system (still water canals)	Davor	2600	11.000.025,00	6.999.975,00	4.000.050,00	YES	YES	YES	YES	YES	YES
20	Davor Municipality	Reconstruction of municipal roads (asphalt)	Davor	3250	1.800.000,00	799.950,00	1.000.050,00	YES	YES	YES	YES	YES	YES
21	Donji Andrijevci Municipality	City morque	Donji Andrijevci	4500	900.000,00	300.000,00	600.000,00	YES	NO	NO	YES	YES	YES
22	Garčin Municipality	Reconstruction of local roads (8km)	Garčin	6000	4.000.000,00	800.000,00	3.200.000,00	YES	YES	YES	YES	YES	NO
23	Garčin Municipality	Adaptation and recon. of municipal buildings (Bicko Selo)	Garčin	750	2.000.000,00	1.100.000,00	900.000,00	YES	YES	YES	YES	YES	NO
24	Garčin Municipality	Adaptation and recon. of municipal buildings (Vrhovina)	Garčin	350	600.000,00	120.000,00	480.000,00	YES	YES	YES	YES	YES	NO
25	Garčin Municipality	City morque (Trnjani)	Garčin	1800	1.500.000,00	300.000,00	1.200.000,00	YES	YES	YES	YES	NO	NO
26	Garčin Municipality	Waste water system	Garčin	4500	16.000.000,00	8.700.000,00	7.300.000,00	YES	YES	YES	YES	YES	NO
27	Garčin Municipality	Water supply network (throughout the municipality)	Garčin	4500	16.000.000,00	8.700.000,00	7.300.000,00	YES	YES	YES	YES	YES	NO
28	Gornja Vrba Municipality	Street lights network for housing and business areas	Gornja Vrba	6000	5.300.000,00	3.300.000,00	2.000.000,00	YES	YES	NO	YES	YES	YES
29	Gornja Vrba Municipality	Local roads (project preparation and construction)	Gornja Vrba	6000	10.100.000,00	8.000.000,00	2.100.000,00	YES	YES	YES	YES	YES	YES
30	Gornja Vrba Municipality	Business zones waste water system	Gornja Vrba	2000	8.500.000,00	3.500.000,00	5.000.000,00	YES	NO	NO	NO	NO	NO
31	Gornja Vrba Municipality	Municipal waste water system	Gornja Vrba	4000	20.000.000,00	15.000.000,00	5.000.000,00	YES	YES	NO	NO	NO	NO
32	Gornja Vrba Municipality	Business zones water supply network	Gornja Vrba	2000	3.500.000,00	2.000.000,00	1.500.000,00	NO	YES	NO	NO	NO	NO
33	Gornja Vrba Municipality	Municipal water supply network	Gornja Vrba	4000	10.470.000,00	4.655.000,00	5.815.000,00	YES	YES	YES	YES	YES	NO
34	Gornji Bogičevci Municipality	Solid waste collecting and closing down illegal waste dumps	Gornji Bogičevci	2350	500.000,00	50.000,00	450.000,00	NO	NO	NO			NO
35	Gornji Bogičevci Municipality	Waste water system (completion)	Gornji Bogičevci	900	6.750.107,00	1.422.515,00	5.327.592,00	YES	NO	NO	YES	YES	YES
36	Gornji Bogičevci Municipality	Smrnc community water supply network	Gornji Bogičevci	1000	7.600.000,00	200.000,00	7.400.000,00	YES	NO	NO	YES	NO	NO
37	Gornji Bogičevci Municipality	Dubovac community water supply	Gornji Bogičevci	450	2.000.000,00	-	2.000.000,00	NO	NO	NO	NO	NO	NO
38	Gundinci Municipality	Tarmac roads (agriculture use)	Gundinci	12000	6.000.000,00	-	6.000.000,00	NO			NO	NO	NO
39	Gundinci Municipality	City morque (Gundinci)	Gundinci	399.875,00	399.875,00	149.875,00	250.000,00	YES	YES	YES	YES	YES	YES
40	Gundinci Municipality	Gas supply network	Gundinci	1500	2.500.000,00	1.910.000,00	590.000,00	YES	YES	YES	YES	YES	NO
41	Gundinci Municipality	Waste water system	Gundinci	2300	17.800.000,00	8.900.000,00	8.900.000,00	YES	YES		NO	NO	NO

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
42	Gundinci Municipality	Water supply network	Gundinci	2300	6.630.000,00	3.315.000,00	3.315.000,00	YES	YES		NO	NO	NO
43	Klakar Municipality	Waste water system project technical documentation	Klakar	2500	800.000,00	600.000,00	200.000,00	YES	YES		YES	NO	NO
44	Klakar Municipality	Water supply network	Klakar	1400	3.000.000,00	2.000.000,00	1.000.000,00	YES	YES	NO	YES	NO	NO
45	Komunalac d.o.o.	Development of an all-round solid waste management system	SI.Brod	100000	-	-	-						
46	Komunalac d.o.o.	Vitiš - Jug illegal solid waste dump closing down	SI.Brod	100000	48.370.000,00	21.766.500,00	26.603.500,00	YES	YES	YES	YES	YES	YES
47	Komunalac d.o.o.	Expansion of the main market place (new trade posts and parking lots)	SI.Brod	100000	-	-	-	NO	NO	NO	NO	NO	NO
48	Komunalac d.o.o.	Installation of new booths and the roof (at the main market place SI.Brod)	SI.Brod	100000	1.500.000,00	70.000,00	1.430.000,00	YES	NO	NO	YES	NO	NO
49	Komunalac d.o.o.	Identification and protection of memorial graves and tombs	SI.Brod	100000	-	-	-						
50	Luka Brod (Port)	Junction east (Highway - Port road)?	SI.Brod		50.000.000,00	-	50.000.000,00	YES	YES	YES	NO	NO	NO
51	Luka Brod (Port)	Commercial Dock Draft Project Study	SI.Brod		300.000,00	-	300.000,00	NO	NO	NO	NO	NO	NO
52	Luka Brod (Port)	River Dock (Pier)	SI.Brod		20.000.000,00	10.000.000,00	10.000.000,00	YES	NO	NO	NO	NO	NO
53	Luka Brod (Port)	Port railway track	SI.Brod		25.000.000,00	10.000.000,00	15.000.000,00	YES	NO	NO	NO	NO	NO
54	Nova Gradiska City	Waste deposit site cleaning and construction	Nova Gradiska	80000	40.000.000,00	13.650.000,00	26.350.000,00	NO	NO	NO	NO	NO	YES
55	Nova Gradiska City	Highway access road (south)	Nova Gradiska	10000	-	-	-						
56	Nova Gradiska City	Ljupina Waste water system	Nova Gradiska	1600	8.000.000,00	400.000,00	7.600.000,00	YES	NO	NO	YES	YES	NO
57	Nova Gradiska City	Waste water treatment unit (filtering and separation)	Nova Gradiska	20000	19.000.000,00	10.000.000,00	9.000.000,00	YES	NO	NO	NO	NO	YES
58	Nova Kapela Municipality	Local road network	Nova Kapela	5000	2.000.000,00	1.000.000,00	1.000.000,00	NO	YES	YES	NO	NO	NO
59	Nova Kapela Municipality	Adaptation and reconstruction of municipal buildings	Nova Kapela	5000	2.500.000,00	1.250.000,00	1.250.000,00	YES	YES	YES	YES	YES	YES
60	Nova Kapela Municipality	Waste water system project	Nova Kapela	3000	8.000.000,00	4.000.000,00	4.000.000,00	NO	NO	NO	NO	NO	NO
61	Nova Kapela Municipality	Water supply network	Nova Kapela	5000	10.657.200,00	5.328.600,00	5.328.600,00	YES	YES	YES	YES	YES	NO
62	Okučani Municipality	Reconstruction of Kralja Tomislava Street (1,2km of asphalt)	Okučani	500	500.000,00	250.000,00	250.000,00	YES	NO	NO	NO	NO	NO
63	Okučani Municipality	Reconstruction of L. Ibrašimovića Street (0,9km of asphalt)	Okučani		400.000,00	200.000,00	200.000,00	NO	NO	NO	NO	NO	NO
64	Okučani Municipality	Waste water system	Okučani	2000	12.000.000,00	7.000.000,00	5.000.000,00	YES	NO	NO	NO	NO	NO
65	Okučani Municipality	Sidewalks in Bodegraj and Ladevac communities (4,4km)	Okučani	850	400.000,00	200.000,00	200.000,00	NO	NO	NO	NO	NO	NO
66	Okučani Municipality	City parking (1200 sq.m.)	Okučani	4000	450.000,00	150.000,00	300.000,00	YES	NO	NO	NO	NO	NO
67	Okučani Municipality	Reconstruction of the centre square in Okučani (Trg F. Tudmana)	Okučani	3000	250.000,00	100.000,00	150.000,00	YES	NO	NO	YES	NO	NO
68	Okučani Municipality	Business zone water supply network	Okučani	400	1.500.000,00	500.000,00	1.000.000,00	NO	NO	NO	NO	NO	NO
69	Okučani Municipality	Cage community water supply network	Okučani	500	2.000.000,00	700.000,00	1.300.000,00	NO	NO	NO	NO	NO	NO
70	Okučani Municipality	Okučani water supply network (Kralja Tomislava Street)	Okučani	350	400.000,00	200.000,00	200.000,00	NO	NO	NO	NO	NO	NO

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
71	Oprisavci Municipality	Gas supply network	Oprisavci	3000	10.000.000,00	2.000.000,00	8.000.000,00	YES	YES		YES	YES	NO
72	Oprisavci Municipality	Waste water system	Oprisavci	3.000	45.000.000,00	15.000.000,00	30.000.000,00	YES	YES		YES	YES	NO
73	Oprisavci Municipality	Water supply network	Oprisavci	3000	50.000.000,00	38.750.000,00	11.250.000,00	YES	NO		YES	YES	NO
74	Oriovac Municipality	Paving Vladimir Nazor Street (asphalt, sidewalks)	Oriovac		1.370.000,00	500.000,00	870.000,00	YES	NO	NO	YES	YES	YES
75	Oriovac Municipality	Reconstruction of Malimo-Sl. Kobaš road (asphalt)	Oriovac	6500	2.500.000,00	500.000,00	2.000.000,00	NO	NO	NO	NO	NO	NO
76	Oriovac Municipality	Waste water system	Oriovac	6500	30.000.000,00	20.000.000,00	10.000.000,00	YES	NO	NO	YES	YES	NO
77	Podcrkavje Municipality	Reg. solid waste collection and separation site (docs, study, setup)	Podcrkavje	300000									
78	PPK d.o.o.	Irrigation of 400ha of arable land for soya and maize (processing)	Nova Gradiska	90	-	-	140.000.000,00	YES	YES	NO	NO	NO	NO
79	Rešetari Municipality	Bus stop booths (10)	Rešetari	5200	187.500,00	37.500,00	150.000,00	NO	NO		NO	NO	NO
80	Rešetari Municipality	Reconstruction of local roads (3.8km)	Rešetari	1000	2.400.000,00	800.000,00	1.600.000,00	YES	YES		YES	YES	YES
81	Rešetari Municipality	Asphalting local roads (4km) in Rešetari and Adžamovci communities	Rešetari	3300	1.600.000,00	500.000,00	1.100.000,00	NO	NO				NO
82	Rešetari Municipality	Construction of sidewalks in Adžamovci community	Rešetari	2200	500.000,00	150.000,00	350.000,00	NO	NO				NO
83	Rešetari Municipality	Waste water system for six communities	Rešetari	2500	600.000,00	150.000,00	450.000,00	NO	NO		NO	NO	NO
84	Rešetari Municipality	Waste water system Rešetari	Rešetari	2700	17.000.000,00	4.000.000,00	13.000.000,00	YES	YES		YES	YES	YES
85	Rešetari Municipality	Extension of regional water supply network Davor-Nova Gradiska	Rešetari	25000	7.000.000,00	4.140.000,00	2.860.000,00	YES	YES		YES	YES	YES
86	Rešetari Municipality	Water supply network (municipal)	Rešetari	3800	10.000.000,00	3.000.000,00	7.000.000,00	NO	NO		NO	NO	NO
87	Rešetari Municipality	Water supply network (municipal) project documentation preparation	Rešetari	3800	500.000,00	150.000,00	350.000,00	NO	NO		NO	NO	NO
88	Rešetari Municipality	Water tank (to serve local supply network) project preparation	Rešetari	25000	320.000,00	100.000,00	220.000,00	YES	YES		YES	NO	NO
89	Sibinj Municipality	Completion of municipal water supply network	Sibinj	7548	7.500.000,00	1.000.000,00	6.500.000,00	YES	YES		YES	YES	
90	Sikirevci Municipality	Waste water system for Sikirevci and Jaruge communities	Sikirevci	3500	20.000.000,00	-	20.000.000,00	NO	NO	NO	NO	NO	NO
91	Sikirevci Municipality	Water supply network	Sikirevci	3500	10.000.000,00	-	10.000.000,00	YES	YES		NO	NO	NO
92	Slavonski Brod City	Waste deposit site cleaning and construction	Sl.Brod	70000	48.000.000,00	28.000.000,00	20.000.000,00	NO	NO	NO	NO	NO	YES
93	Slavonski Brod City	Reconstruction of utility infrastructure in business zones	Sl.Brod		40.000.000,00	20.000.000,00	20.000.000,00	NO	NO	NO	NO	NO	NO
94	Slavonski Brod City	Air pollution control station	Sl.Brod		2.000.000,00	1.000.000,00	1.000.000,00	NO	NO	NO	NO	NO	NO
95	Slavonski Brod City	Waste recycling facility	Sl.Brod	70000	2.000.000,00	500.000,00	1.500.000,00	NO	NO	NO	NO	NO	NO
96	Slavonski Brod City	Highway exit - border crossing (junction east)	Sl.Brod		100.000.000,00	50.000.000,00	50.000.000,00	YES	NO	NO	NO	NO	NO
97	Slavonski Šamac Municipality	Water supply network	Sl.Šamac	2600	6.704.025,00	4.704.000,00	2.000.025,00	YES	YES	YES	YES	YES	YES
98	Slavonski Šamac Municipality	Waste water system	Sl.Šamac	3000	25.127.025,00	15.126.975,00	10.000.050,00	YES	YES	YES	NO	NO	NO
99	Stara Gradiska Municipality	Water supply network	Stara Gradiska	485	8.800.000,00	5.050.000,00	3.750.000,00	YES	NO		YES	YES	NO

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
100	Stara Gradiška Municipality	Waste water system	Stara Gradiška	1380	12.083.026,00	2.110.000,00	9.973.026,00	YES	NO		YES	NO	NO
101	Stara Petrovo Selo Municipality	Waste water system, water supply network, gas supply network, roads	Stara Petrovo Selo	6352		-		NO	NO	NO	NO	NO	NO
102	Sušionica d.o.o.	Irrigation of 50ha of arable land for vegetable production (processing)	Vrpolje	50	-	-	17.500.000,00	YES	YES	NO	NO	NO	NO
103	Toplina d.o.o.	Major update of the city's central heating network (technology, managem.)	Slavonski Brod	14792	49.906.000,00	2.906.000,00	47.000.000,00	YES		YES	YES	YES	YES
104	Urban Planning Office Sl.Brod	Brod-Posavina County Geographical Information System	Slavonski Brod		3.200.000,00	1.000.000,00	2.200.000,00			NO			NO
105	Velika Kopanica Municipality	Construction of farmac. road Grabovšće-Kladavac	Velika Kopanica	12000	5.000.000,00	-	5.000.000,00				NO	NO	NO
106	Vodovod d.o.o.	Road floods protection project (2.5km)	Slavonski Brod	3500	3.750.000,00	1.750.000,00	2.000.000,00	YES			NO	NO	NO
107	Vodovod d.o.o.	Main waste water collector unit	Slavonski Brod	5000	9.000.000,00	4.000.000,00	5.000.000,00	YES			YES	YES	NO
108	Vodovod d.o.o.	Main water supply pipeline for Budainka area (2,2km)	Slavonski Brod	8500	2.000.000,00	1.150.000,00	850.000,00	NO	NO		YES	NO	NO
109	Vodovod d.o.o.	Main water supply pipeline for Andrije Stampara Street (0,9km)	Slavonski Brod	3500	1.800.000,00	900.000,00	900.000,00	YES	NO		YES	YES	NO
110	Vodovod d.o.o.	Main water supply pipeline for Zrinski-Franskopian res. area (5,5km)	Slavonski Brod	20000	6.000.000,00	3.300.000,00	2.700.000,00	YES	NO		YES	YES	NO
111	Vodovod d.o.o.	Sill water draining network (Podvinje and Brodsko vinogorje)	Slavonski Brod	1500	3.900.000,00	1.900.000,00	2.000.000,00	YES			NO	NO	NO
112	Vodovod d.o.o.	Water supply network (high altitude zone)	Slavonski Brod	6500	10.000.000,00	4.650.000,00	5.350.000,00	NO	NO		NO	NO	NO
113	Vodovod d.o.o.	Sill water draining network project (2.5km) Slavonski Brod east G. Vriha	Slavonski Brod	18500	11.500.000,00	4.500.000,00	7.000.000,00	NO	NO		NO	NO	NO
114	Vodovod d.o.o.	Water supply pipeline Slavonski Brod - Rušćica (2,1km)	Slavonski Brod	11000	3.000.000,00	1.400.000,00	1.600.000,00	NO	NO		NO	NO	NO
115	Vodovod d.o.o.	Water supply pipeline Slavonski Brod - Gornja Vriha (3,1km)	Slavonski Brod	18500	4.500.000,00	1.700.000,00	2.800.000,00	NO	NO		NO	NO	NO
116	Vodovod d.o.o.	Sill water draining network (1,5km) Podvinje	Slavonski Brod	1500	2.700.000,00	1.200.000,00	1.500.000,00	YES			NO	NO	NO
117	Vodovod d.o.o.	Main waste water collector unit (Veliko Polje)	Slavonski Brod	4500	17.000.000,00	12.000.000,00	5.000.000,00	YES			YES	YES	NO
118	Vodovod d.o.o.	Water supply network tank (Brodsko brdo)	Slavonski Brod	80000	6.000.000,00	1.900.000,00	4.100.000,00	NO	NO		NO	NO	NO
119	Vodovod d.o.o.	Water supply network tank (Oriovac)	Oriovac	17000	2.300.000,00	1.200.000,00	1.100.000,00	NO	NO		NO	NO	NO
120	Vrblje Municipality	Water supply network, reconstruction of municipal roads	Vrblje	2906		-		YES	NO	NO	YES	NO	NO
121	Vrpolje Municipality	Waste water system project study preparation	Vrpolje	2000	3.000.000,00	600.000,00	2.400.000,00	YES	NO	NO	YES	NO	NO
122	Zemlja Enviro. Prot. Association	Walking-trekking-running track (path) and the park	Sl.Brod	100000	1.120.000,00	-	16.000.000,00	YES	NO	NO	NO	NO	NO

Brod-Posavina County - ROP Project Ideas Infrastructure



Infrastructure – regional projects

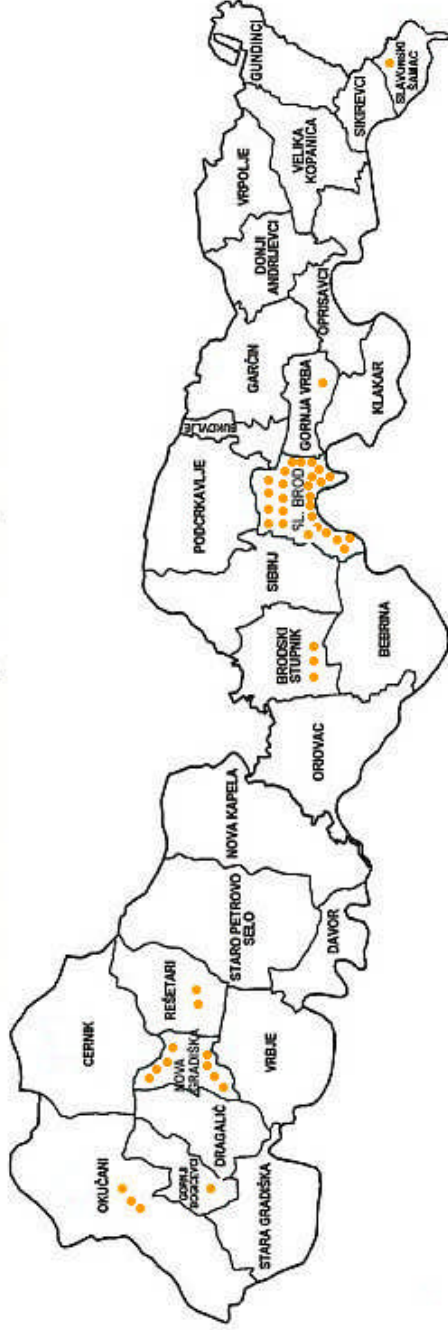
Nr.	Institution	Project	Activity	Town-Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
5	Brod-Posavina County	Brod-Posavina county water supply system	Water	SB County	52000	360.000.000,00	130.000.000,00	230.000.000,00	YES	YES	YES	NO		
7	Brod-Posavina County	Regional water supply system (western Slavonia-Davor well)	Water	Nova Gradiška	20000	125.000.000,00	65.000.000,00	60.000.000,00	YES	YES	YES			
8	Brod-Posavina County	Regional water supply system (eastern Slavonia)	Water	Gundinci et al.	25000	190.000.000,00	40.000.000,00	150.000.000,00	YES	YES	YES	NO	NO	NO

Social Activities and Education

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
1	Agency for NGO Development	Selling up the Agency for NGO Development (A. Radman/T.Goll)	Sl.Brod		650.000,00	100.000,00	550.000,00						
2	Brod-Posavina Museum	Reconstruction and adaptation of the museum building	Sl.Brod	177588	8.000.000,00	3.900.000,00	4.100.000,00	YES	NO		YES	YES	YES
3	Brodski Stupnik Municipality	Rural Tourism Development Project (training of farmers)	Brodski Stupnik	1100	2.500.000,00	500.000,00	2.000.000,00	NO	NO				
4	Brodski Stupnik Municipality	Adaptation of the municipal library (children playhouse)	Stupnik	3800	1.056.680,00	545.000,00	511.680,00	YES	YES				NO
5	Brodski Stupnik Municipality	Cultural heritage protection	Brodski Stupnik	5000	1.880.000,00	380.000,00	1.500.000,00	NO	NO		NO	NO	NO
6	Europe House Sl. Brod	Reconstruction of Europe House premises within Brod Fortress	Sl.Brod	35000	1.500.000,00	1.400.000,00	100.000,00	YES	NO	YES		NO	YES
7	Gornja Vrba Municipality	Elementary School (project preparation and construction)	Gornja Vrba	400	5.500.000,00	3.000.000,00	2.500.000,00	NO	NO		NO	NO	NO
8	Gornji Bogičevci Municipality	NGO Office refurbishment	Gornji Bogičevci	500	430.000,00	50.000,00	380.000,00	YES	NO	NO	YES	YES	NO
9	Nova Gradiška City	Reconstruction of the City Museum	Nova Gradiška	52416	4.400.000,00	1.200.000,00	3.200.000,00						
10	Nova Gradiška Grammar School	Reconstruction of the school building	Nova Gradiška	600		-	-						
11	Nova Gradiška Grammar School	Indoor sport hall	Nova Gradiška	600	7.500.000,00	-	-						
12	Okučani Municipality	Indoor sport hall	Okučani	3000	6.000.000,00	2.000.000,00	4.000.000,00	NO	NO	NO	NO	NO	NO
13	Okučani Municipality	Cage community outdoor playground	Okučani	600	200.000,00	100.000,00	100.000,00	NO	NO	NO	NO	NO	NO
14	Okučani Municipality	Bodegraj-Ladevac community outdoor playground	Okučani	800	200.000,00	100.000,00	100.000,00	NO	NO	NO	NO	NO	NO
15	Rešetari Municipality	Indoor sport hall	Rešetari	3600	6.000.000,00	3.000.000,00	3.000.000,00	YES	YES		YES	YES	NO
16	Rešetari Municipality	Adaptation of the municipal kindergarten building	Rešetari	5200	850.000,00	600.000,00	250.000,00	YES	NO		YES	YES	NO
17	Slavonski Brod City	Children Playground - Jelac area	Sl.Brod			-	-						
18	Slavonski Brod City	Children Playground - Kotonija area	Sl.Brod			-	-						
19	Slavonski Brod City	Kindergarten - Kotonija area	Sl.Brod			-	-						
20	EDUCO Association	To protect environment and organic food via education	SB County		750.000,00	150.000,00	600.000,00	YES	YES				NO
21	GONG Association	Support to civil society development and cooperation with local authority	SB County		530.000,00	120.000,00	410.000,00						
22	Slavonski Brod City	Technology transfer center	SB County		8.500.000,00	4.500.000,00	4.000.000,00						
23	Metal process vocational school	New technology education centre	Nova Gradiška	1000	5.000.000,00	-	5.000.000,00	YES	YES	NO	YES	YES	NO
24	Legal Information Centre	Free legal assistance for vulnerable groups	SB County	1500	1.351.680,00	-	1.351.680,00						
25	Horse breeders assoc. Gundinci	Agriculture themed (HR.EU.CAP.subsidies) free newsletter for farmers	SB County	30000	2.000.000,00	380.000,00	1.620.000,00	NO	YES	YES			
26	Slavonski Brod City	Disabled persons specialized workshop	SB County		-	-	-						
27	Elementary School A. Mihanovic	Reconstruction and expansion of the school building (Mali Partiz)	Sl.Brod		-	-	-	NO	NO	NO	NO	NO	NO

Nr.	Institution	Project	Town/Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
28	Elementary School Đuro Pilar	Indoor sport hall	Sl.Brod		-	-	-						
29	Elementary School Hugo Badalić	Indoor sport hall	Sl.Brod		-	-	-						
30	Elementary School M.Lovrak NG	Expansion of the school building	Nova Gradiska	9500	3.000.000,00	-	3.000.000,00	YES	YES	NO	YES	NO	NO
31	High School M.A.Rešković	Pupils' practice field for vegetable fruit and wine growing, livestock technology development and transfer centre for IT, entrepr.and management	Sl.Brod	100000	13.000.000,00	8.000.000,00	5.000.000,00	YES	YES	NO	YES	YES	YES
32	Mechanical Engineering Faculty	Telecentar 3L - continuous education (IT, languages) for low-income people	SB County		16.271.126,00	9.553.276,00	6.717.850,00						
33	Telecentar Slavonski Brod		SB County	500	750.000,00	150.000,00	600.000,00	YES					YES
34	Tourist Board BP County	Rural Tourism Development Project (education, promotion, bike road)	SB County	1200	135.000,00	35.000,00	100.000,00	NO	NO				
35	Tourist Board Nova Gradiska	18th century soldier-Slavonski granicari: uniforms (museum display)	Nova Gradiska		150.000,00	75.000,00	75.000,00	YES					YES
36	Tourist Board Nova Gradiska	Network of local bike tracks (tourist service range expansion)	Nova Gradiska		100.000,00	50.000,00	50.000,00	YES	YES	YES			YES
37	Tourist Board Nova Gradiska	Region's trade mark Slavča Venera figure souvenir promotion	Nova Gradiska		215.000,00	140.000,00	75.000,00	YES					YES
38	Tourist Board Slavonski Brod	Slavonski Brod - A City of Ivana Brilić Mazuranić's Fairytales	Sl.Brod	800	250.000,00	200.000,00	50.000,00						
39	Tourist Board Slavonski Brod	Living History Programme-traditional soldiers' uniforms.audio guides	Sl.Brod	200	1.100.000,00	900.000,00	200.000,00		NO				YES
40	Hipokrat Association	You have the right to know (medical patients rights' protection)	SB County		116.600,00	-	116.600,00						
41	Mislav Znanje	IT education for disabled people	SB County	100	300.000,00	80.000,00	220.000,00						
42	SB County Folk Groups Association	Folk Groups Centre (strengthening amateur folk movement)	SB County	2000	2.000.000,00	400.000,00	1.600.000,00	NO	NO		NO	NO	NO
43	Slavonski Brod City	Allround Education Programme on Importance of Environment Protection	Sl.Brod		1.000.000,00	500.000,00	500.000,00	NO	NO	NO	NO	NO	NO
44	Slavonski Šamac Municipality	Construction of the high school in Slavonski Šamac	SlŠamac	30000	12.000.000,00	-	12.000.000,00	NO	NO	NO	NO	NO	NO

Brod-Posavina County - ROP Project Ideas Social-Education

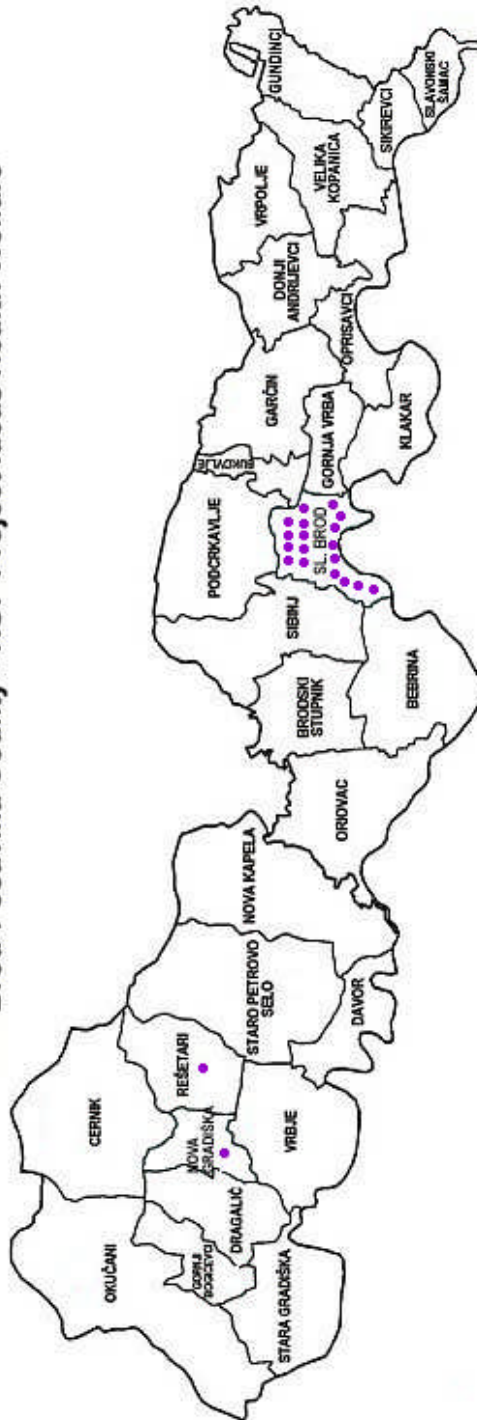


Health and Social Welfare

Nr.	Institution	Project	Town-Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
1	Association of Disabled SI.Brod	Help the forsaken (psychological treatments, awareness raising campaign)	SB County	200	160.000,00	80.000,00	80.000,00						
2	City Healthcare Facility SI.Brod	First Aid service update (premises, equipment, vehicles, staff)	SB County	174000	11.000.000,00	2.000.000,00	9.000.000,00	YES	NO	NO	NO	NO	NO
3	City Healthcare Facility SI.Brod	Palliative service (premises, staff, equipment) upgrade	SB County		14.000.000,00	5.000.000,00	8.000.000,00	NO	NO	NO	NO	NO	NO
4	Elderly Home SI.Brod	Automated emergency call centre for occupants and home based patients	SB County	300	700.000,00	-	700.000,00	YES	YES	NO	NO	NO	NO
5	Elderly Home SI.Brod	Palliative service (premises, staff, equipment) upgrade	SB County	15	500.000,00	-	500.000,00	NO	YES	NO	NO	NO	NO
6	Elderly Home SI.Brod	Day stay service - a trial phase for future occupants	SB County	50	700.000,00	300.000,00	400.000,00	NO	YES	NO	NO	NO	NO
7	First Aid Staff Association Inclusion Promotion	CPR Training for hospital staff and volunteers	SB County		1.500.000,00	-	1.500.000,00						
8	Local Working Group? Nova Gradiška General Hospital	Rehabilitation Centre (various activities) for disadvantaged (retarded)	SB County	80	7.600.000,00	100.000,00	7.500.000,00	NO	YES	NO	NO	NO	NO
9	Local Working Group? Nova Gradiška General Hospital	Regional re-socialization of former drug addicts	SB County	200	1.400.000,00	400.000,00	1.000.000,00						
10	Local Working Group? Nova Gradiška General Hospital	Expansion of the hospital building (surgery unit)	Nova Gradiška	80000	16.000.000,00	1.000.000,00	15.000.000,00	NO	YES	NO	NO	NO	NO

Nr.	Institution	Project	Town-Area	Beneficiary	Total cost (Kuna)	Invested (Kuna)	Asked from ROP (Kuna)	Draft	Feasibility	Cost-Benefit	Site Permit	Building Permit	Phase Start
11	Public Health Office	Early treatment of BEN-Balkan Endemic Nephropathy programme	SB County	10865	454.654,00	104.654,00	350.000,00	YES	YES	YES			
12	Rešetarji Municipality	Municipal infirmary (general health and dental)	Rešetarji SB County	5500	1.300.000,00	350.000,00	950.000,00	YES	YES		NO	NO	NO
13	SB County	Improving public services accessibility for disabled	SB County	17000	8.000.000,00	500.000,00	7.500.000,00	YES	NO	NO	YES	YES	NO
14	SB County	Network of Anonymous Alcoholics Clubs	SB County	1200	3.000.000,00	-	3.000.000,00						
15	SB County	Indoor pool + improving sport facilities accessibility for disabled	SB County	17000	7.500.000,00	-	7.500.000,00						
16	SB County	Family Centre (see #17)	SB County	4000	8.500.000,00	1.000.000,00	7.500.000,00	NO	NO	NO	NO	NO	NO
17	Slavonski Brod General Hospital	Trauma centre	SB County	3000	10.000.000,00	1.000.000,00	9.000.000,00	NO	NO		NO	NO	NO
18	Slavonski Brod General Hospital	ERP Solution (Enterprise Resources Planning - Integrated Information System)	SB County	300000	9.000.000,00	1.875.000,00	7.125.000,00	YES	YES	YES			NO
19	Slavonski Brod General Hospital	Cardiology Department - Purchase of a special equipment (coronangiography)	SB County	800	6.200.000,00	-	6.200.000,00						
20	Welfare Service Centre SI Brod	Family Centre (for disfunctional youth and parents)	SB County	1000	3.950.000,00	1.350.000,00	2.600.000,00						

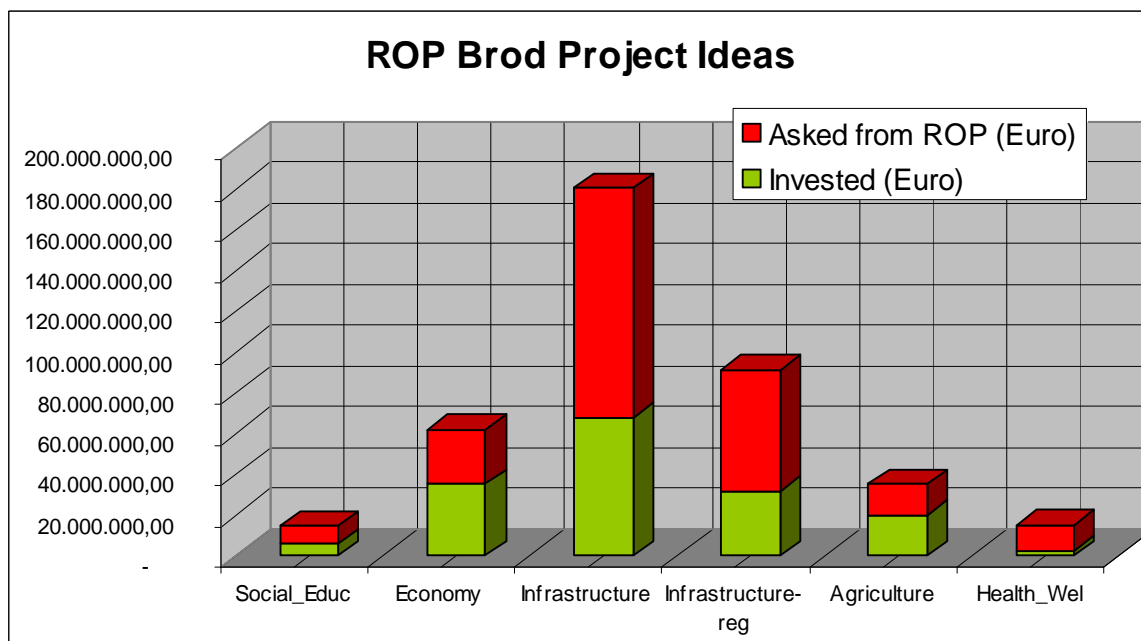
Brod-Posavina County - ROP Project Ideas Health Welfare





Total of 250 project ideas have been received. Financial analysis provided basic data on total value of submitted projects, total amount invested so far and total amount of funds asked from ROP.

Total Budget	Projects (Euro)	Invested (Euro)	Asked from ROP (Euro)
Social_Educ	15.565.687,30	5.690.307,57	8.861.866,22
Economy	61.931.918,92	35.139.760,14	26.792.158,78
Infrastructure	157.312.622,30	68.080.617,03	112.526.599,86
Infrastructure-regional	91.216.216,22	31.756.756,76	59.459.459,46
Agriculture	35.033.804,05	20.222.652,03	14.811.152,03
Health_Wel	15.062.791,08	2.170.223,51	12.892.567,57
TOTAL	376.123.039,86	163.060.317,03	235.343.803,92





APPENDIX 8. THE CHILDREN'S VISION

Brod-Posavina County had asked primary school children to make a painting based on the vision of the County. The winning painting was made by Eduard Dokuzović, primary school "Ivan Goran Kovačić", Staro Petrovo Selo; and is placed on the cover page of the ROP document.





Dr Nicholas Miles and Eduard Dokuzović, author of a winning drawing.





APPENDIX 9. PARTNERSHIP BOARD'S RECOMMENDATION AND COUNTY COUNCIL ADOPTION OF THE ROP

On the basis of Article 2 of the Brod - Posavina County Partnership Council Regulations, Regional Partnership Board on its session held on 5th of April 2005 made a

RECOMMENDATION

**For adoption of draft
Regional Operational Programme
of Brod – Posavina County**

I

The members of the Regional Partnership Board have unanimously adopted and accepted the draft Regional Operational Programme for Brod – Posavina County.

II

Regional Partnership Board recommends to the County Council of the Brod-Posavina County the adoption of the draft Regional Operational Programme for Brod-Posavina County.

**COORDINATOR
of the Regional Partnership Board**

Anica Radman

Signature

Slavonski Brod, 5th April 2005



On the basis of Article 21 of the Brod-Posavina County Statute (official gazette "Službeni vjesnik Brodsko-posavske županije", no. 11/01, purified text, 4/03) County Council has on its 3rd session held on 19th of July 2005, made the following

DECISION
On the adoption of the Regional Operational Programme (ROP)
of Brod-Posavina County

I

The Brod-Posavina County Regional Operational Programme for 2005 to 2012 is adopted.

II

Regional Operational Programme, as a framework strategic document for mid-term development of the County, will be regularly revised and harmonised with the Regional Development Strategy of Republic of Croatia which is a part of the National Development Plan, legislation and new suggestions that might result from the evaluation and monitoring of the Programme implementation.

III

County Assembly points out that in the Annex 7 of the ROP, List of project ideas, all parts of the County are not equally represented. Thus, it is suggested to the County Council that relevant County services should publish another call for project proposals and invite the municipalities and towns which have not replied to the call for proposals from March 2005 to submit their project ideas which the Regional Partnership Board will include on the above mentioned List.

IV

Since Regional Operational Programme is not emphasising enough the link between agriculture and tourism, especially rural tourism which can be the driving force for development and employment, development of family farms, and related to that the way to keep young and educated people in their villages, the County Assembly suggests that during its implementation the ROP should be supplemented with projects that address above mentioned concern.

V

The number of members of the Regional Operational Programme is not fixed and in order to achieve balanced representation from the whole County it should be enlarged with the representatives from the Town Slavonski Brod, western part of the county and areas of special state concern.

COUNTY ASSEMBLY OF THE BROD-POSAVINA COUNTY

Class:302-01/05-01/1
RegNo: 2178/1-01-05-1
Slavonski Brod, 19th July 2005.

PRESIDENT OF THE
ASSEMBLY
Ružica Vidaković, oec.

Stamp and signature

Na temelju članka 2. Pravilnika Regionalnog partnerskog odbora Brodsko-posavske županije, Regionalni partnerski odbor je na sastanku održanom 5. travnja 2005. godine donio

PREPORUKU

za usvajanje nacrt Regionalnog operativnog programa Brodsko-posavske županije

I.

Članovi Regionalnog partnerskog odbora jednoglasno su usvojili i prihvatili nacrt Regionalnog operativnog programa Brodsko-posavske županije.

II.

Regionalni partnerski odbor predlaže Županijskom poglavarstvu Brodsko-posavske županije usvajanje nacrt Regionalnog operativnog programa Brodsko-posavske županije.

KOORDINATORICA
Regionalnog partnerskog odbora

Anica Radman



Slavonski Brod, 05. travanj 2005.

Na temelju članka 21. Statuta Brodsko-posavske županije («Službeni vjesnik Brodsko-posavske županije broj 11/01-pročišćeni tekst i 4/03.) Županijska skupština je na 3. sjednici održanoj 19. srpnja 2005. godine donijela

ODLUKU
O usvajanju Regionalnog operativnog programa
Brodsko-posavske županije (ROP)

I.

Usvaja se Regionalni operativni program Brodsko-posavske županije 2005-2012. godine.

II.

Regionalni operativni program kao okvirni strateški dokument srednjoročnog razvoja Županije u postupku provedbe bit će predmet redovite revizije, ali i usklađivanja, osobito sa Strategijom regionalnog razvitka Republike Hrvatske, kao sastavnog dijela Nacionalnog razvojnog plana, zakonodavnom regulativom, te novim prijedlozima i sugestijama proizašlih iz analize praćenja provedbe Programa.

III.

Županijska skupština posebno skreće pozornost da u ROP-u - Dodatak 7. Popis projektnih ideja, nisu ravnomjerno zastupljeni svi dijelovi županije, pa predlaže Županijskom poglavarstvu da putem nadležnog Upravnog odjela još jednom pozove gradove/općine koje se nisu odazvale javnom pozivu za prikupljanje projektnih ideja iz ožujka 2005. godine, da naknadno dostave svoje projektne ideje, koje će Regionalni partnerski odbor uvrstiti u spomenuti Popis.

IV.

Budući u Regionalnom operativnom programu nije dovoljno naglašena povezanost poljoprivrede i turizma, osobito ruralnog, koji može biti pokretač razvoja i zapošljavanja, razvoja seoskih obiteljskih gospodarstava, a s tim u svezi i zadržavanja mladih i školovanih ljudi u svojim selima, Županijska skupština sugerira dopunjavanje ROP-a takvim projektima tijekom njegove provedbe.

V.

Broj članova Regionalnog operativnog programa nije zadana veličina i isti zbog zastupljenosti predstavnika s područja cijele županije treba proširiti predstavnicima grada Slav. Broda, zatim zapadnog dijela županije i područja posebne državne skrbi.

ŽUPANIJSKA SKUPŠTINA BRODSKO-POSAVSKE ŽUPANIJE

Klasa: 302-01/05-01/1
Urbroj: 2178/1-01-05-1
Slavonski Brod, 19. srpnja 2005.

